

Vishay Limited

Report and Financial Statements

31 December 2021

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COMPANIES HOUSE

Vishay Limited

Registered No: 886870

Directors

J Wheeler
L M Bell

Secretary

L M Bell

Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Barclays Bank Plc
53 Fawcett Street
Sunderland
Tyne and Wear
SR4 6XS

Solicitors

Edwin Coe Solicitors
2 Stone Buildings
Lincoln's Inn
London
WC2A 3TH

Registered Office

Suite 7a
Tower House
St Catherine's Court
Sunderland
Tyne and Wear
SR5 3XJ

Directors' report

Registered No. 886870

The directors present their report and audited financial statements for the year ended 31 December 2021

Principal activities and review of the business

The company's principal activity is to provide support to the Group's European sales entity.

Results and dividends

The profit for the year, after taxation, amounted to £152,000 (2020: profit of £40,000). The company closed the pension scheme to future accruals from 30 November 2020. The directors do not propose the payment of a dividend.

The principal business of the company is to provide sales and technical support to the United Kingdom and Ireland customer base on behalf of Vishay Europe Sales.

The company does not monitor any KPIs as its main operation is to provide services to Vishay Europe Sales.

Future developments

The company will continue to support the European Sales organization. It does not see any further changes to the current status in the foreseeable future. The cost base is expected to remain stable in line with UK inflation.

Directors

The directors who served during the year and to the approval date of the financial statements were as follows:

G W Paul (resigned 31st August 2020)

L M Bell

J Wheeler (appointed 31st August 2020)

Principal risks and uncertainties

The company's principal risks and uncertainties are those relating to its principal financial instruments. The company's principal financial instruments comprise cash, group receivables and group borrowings.

The main risks associated with the company's financial assets and liabilities are set out below.

Given that the majority of the risks below derive from transactions with other Vishay Intertechnology Inc group companies, the company does not undertake any hedging activity locally. Significant financial risks from a group perspective are addressed on a case-by-case basis at group level.

Interest rate risk

The company invests surplus cash in group cash pooling arrangements and in an interest yielding bank deposit account. Interest is received at variable rates on group balances and bank deposit accounts, but not charged on group borrowings. Therefore, financial assets, interest income and cash flows can be affected by movements in interest rates, but the directors do not consider there to be any significant exposure.

Directors' report (continued)

Principal risks and uncertainties (continued)

Credit risk

Group policies are aimed at minimising such losses and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations. Flexibility is maintained by retaining surplus cash in readily accessible bank accounts and group cash pooling arrangements.

Foreign currency risk

The company's principal transactions in foreign currency are group receivables and borrowings denominated in US dollars. As a result, the company's future cashflows arising from these receivables and borrowings can be affected by movements in the US dollar exchange rate. No hedging activity is undertaken locally to mitigate this risk, other than investments made in overseas undertakings.

COVID risk

Vishay Limited provides administrative services to the wider Vishay Group, and is therefore dependent upon the demand for such services by other group companies. Outbreaks and lockdowns overseas, can therefore impact the demand for such services, adversely impacting financial results. The company manages the risk by maintain constant communication with other group companies.

Going concern

The directors have considered the company's current and future prospects and its availability of financing. The directors have prepared forecasts for a period to 31 December 2023 and has considered the impact of COVID-19 on activities including ability of staff to work from home, recoverability of debtors and liquidity. The directors have received confirmation of parent support from its ultimate parent undertaking, Vishay Intertechnology Inc, should additional liquidity be necessary, covering a period of at least to that of 31 December 2023.

The directors are therefore satisfied that the company can continue to pay its liabilities as they fall due for a period of at least to that of 31 December 2023. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

Disclosure of information to auditors

So far as each director, who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps he/she is obliged to take as a director in order to make himself /herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Special provisions relating to small companies

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006, applicable to small companies.

Directors' report (continued)

Re-appointment of auditors

In accordance with S485 and S489 of the Companies Act 2006 to dispense with the obligation to appoint auditors annually. Ernst & Young LLP are therefore deemed to be reappointed.

By order of the Board



L M Bell
Director

16th September 2022

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 "The Financial Reporting standard applicable in the UK and the 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 of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently.
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Vishay Limited

Opinion

We have audited the financial statements of Vishay Limited for the year ended 31 December 2021 which comprise the Income statement, the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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 company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard [and the provisions available for small entities, in the circumstances set out in the Directors' Report], 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 were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statement is not appropriate; or
- the directors' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditors' report (continued)

to the members of Vishay Limited

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

Independent auditors' report (continued) to the members of Vishay Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct tax compliance regulations in the United Kingdom.
- We understood how Vishay Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities, where applicable.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing focusing on specific risk criteria and utilising data analytics in respect of our testing of revenue.

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

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.



Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
20 September 2022

Income statement

for the year ended 31 December 2021

	Notes	2020 £000	2020 £000
Turnover	2	-	-
Net operating income	3	163	38
		<u>163</u>	<u>38</u>
Other operating loss	7	(2)	(4)
Operating profit	4	161	34
Bank and other interest receivable	8	1	4
Net interest on pension scheme assets and liabilities	9	(10)	2
		<u>152</u>	<u>40</u>
Profit before taxation		152	40
Tax charge on profit	10	-	-
		<u>152</u>	<u>40</u>
Profit retained for the financial year		<u>152</u>	<u>40</u>

All of the activities of the company are classed as continuing.

Statement of comprehensive income

for the year ended 31 December 2021

		2021 £000	2020 £000
Profit for the financial year		152	40
Re-measurement gain/(loss) recognised on defined benefit pension scheme	17	258	(1,408)
		<u>410</u>	<u>(1,368)</u>
Total comprehensive gain/(loss) for the financial year		<u>410</u>	<u>(1,368)</u>

Statement of changes in equity

for the year ended 31 December 2021

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At January 2020	10	5,240	5,250
Profit for the year	-	40	40
Actuarial loss	-	(1,408)	(1,408)
At 1 January 2021	10	3,872	3,882
Profit for the year	-	152	152
Actuarial gain	-	258	258
At 31 December 2021	10	4,282	4,292

Statement of financial position

at 31 December 2021

Registered No: 886870

	Notes	2021 £000	2020 £000
Fixed assets			
Tangible assets	11	8	8
		<u>8</u>	<u>8</u>
Current assets			
Debtors	12	5,982	7,176
Cash and cash equivalents		830	387
		<u>6,812</u>	<u>7,563</u>
Creditors: amounts falling due within one year	13	(2,528)	(2,533)
		<u>4,284</u>	<u>5,030</u>
Net current assets		<u>4,284</u>	<u>5,030</u>
Total assets less current liabilities		<u>4,284</u>	<u>5,030</u>
Net assets excluding pension liability		<u>4,292</u>	<u>5,038</u>
Defined benefit pension liability	16	-	(1,156)
		<u>4,292</u>	<u>3,882</u>
Net assets		<u>4,292</u>	<u>3,882</u>
Capital and reserves			
Called up share capital	14	10	10
Profit and loss account	17	4,282	3,872
		<u>4,292</u>	<u>3,882</u>
Shareholders' funds		<u>4,292</u>	<u>3,882</u>

These financial statements were approved and authorised for issue by the Board on 16th September 2022 and signed on their behalf by:



L M Bell
Director

Notes to the financial statements

at 31 December 2021

1. Accounting policies

Statement of compliance

Vishay Limited is a limited liability company incorporated in England. The Registered Office is Suite 7a, Tower House, St Catherine's Court, Sunderland, Tyne and Wear, SR5 3XJ.

The company's financial statements have been prepared in compliance with FRS 102 for the period ended 31 December 2021.

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- the requirements of Section 33.7 and 33.1A Related Party Disclosures

The group in which the results of the Company are consolidated is Vishay Intertechnology Inc

Consolidated financial statements are available at 63 Lancaster Avenue, Malvern, PA 19355-2120, United States of America.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards. The accounting principles used to prepare the financial statements are based on historical cost, unless stated otherwise.

The financial statements are prepared in GBP sterling which is the functional currency of the company i.e., to the nearest thousand.

Going concern

The directors have considered the company's current and future prospects and its availability of financing. The directors have prepared forecasts for a period to 31 December 2023 and has considered the impact of COVID-19 on activities including ability of staff to work from home, recoverability of debtors and liquidity. The directors have received confirmation of parent support from its ultimate parent undertaking, Vishay Intertechnology Inc, should additional liquidity be necessary, covering a period of at least to that of 31 December 2023.

The directors are therefore satisfied that the company can continue to pay its liabilities as they fall due for a period of at least to that of 31 December 2023. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date, and the amounts reported for revenues and expenses during the period.

However, the nature of estimation means that actual outcomes could differ from those estimates.

The company did have significant estimates or judgements at either year end because we have a de-risking pension project which will not be completed until 2023.

Other significant accounting policies

Leased assets

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

Notes to the financial statements

at 31 December 2021

1. Accounting policies (continued)

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the Statement of financial position and amortised on a straight-line basis over its expected useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if any event or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation

Fixed assets are measured at cost minus accumulated depreciation and depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Plant, machinery, and equipment	-	over 3 to 10 years
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Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions.

Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents in the Statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences arising are taken directly to the income statement.

Notes to the financial statements

at 31 December 2021

1. Accounting policies (continued)

Pension costs

The company operates a defined benefit pension scheme with a defined contribution underpin which is funded by contributions made by the company and employees.

The cost of providing benefits under the defined benefit plan is determined in accordance with FRS 102, using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the income statement on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the charge in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The company's current expectation is that the surplus at the balance sheet will not be recoverable through either of these options and therefore no surplus has been recognised.

The company also operates a defined contribution scheme. Contributions are charged in the income statement as they become payable in accordance with the rules of the scheme.

2. Turnover

The principal business is to provide support to other legal entities within the Vishay Intertechnology Inc group we recharge at cost plus a margin, and it is included in Net Operating Income.

Segmental analysis has not been disclosed as Vishay Limited's ultimate parent undertaking provides segmental accounting disclosures in compliance with the relevant standard and which includes the company's results.

3. Operating Income

Expenditure is incurred by this company, for services to other entities within the Vishay Intertechnology Inc group. A charge is made to those group entities for the services provided. In the current year this has resulted in a charge to other group entities, in excess of costs incurred of £163,000 (2020 £38,000)

Notes to the financial statements

at 31 December 2021

4. Operating profit

Operating profit is stated after charging:

	2021	2020
	£000	£000
Operating lease rentals - property	21	29
Operating lease rentals – plant and machinery	23	16
Auditors' remuneration - audit services	26	21
Depreciation of owned fixed assets	5	4
Amortisation of goodwill	-	97
Exchange losses	2	4

Non audit fees amounted to £5,687 (2020: £875) and related to taxation compliance services.

5. Emoluments of directors

	<i>Highest paid director</i>		<i>All directors</i>	
	2021	2020	2021	2020
	£000	£000	£000	£000
Directors' fees and remuneration	-	53	-	53
Company contributions paid to money purchase pension schemes	-	12	-	12

At 31 December 2021 no director participated in the defined benefit pension scheme (2020: no director). There have been no directors' emoluments paid or payable by the company during the year. The directors invoice Vishay Ltd on a service basis as and when required.

A management charge of £2,917 (2020: £3,046) in respect of administration costs has been made by Vishay Electronic GmbH, in relation to Jeffrey Wheeler's services as a Director of Vishay Ltd. Also, in respect of administration costs has been made by Vishay Ltd of £5,000, in relation to Laura Bell's services as a Director of Vishay Ltd.

6. Staff costs

	2021	2020
	£000	£000
Wages and salaries	995	915
Social security costs	115	116
Pension costs - defined benefit scheme (note 16)	-	(258)
- other pension costs	100	110
	1,210	883

The average monthly number of persons employed by the company during the year, including directors, was as follows:

	2021	2020
	No.	No.
Selling	11	11
Administration	1	2
	12	13

Notes to the financial statements

at 31 December 2021

7. Other operating loss

	2021	2020
	£000	£000
Exchange losses	(2)	(4)
	<u>(2)</u>	<u>(4)</u>

8. Bank and other interest receivable

	2021	2020
	£000	£000
Bank interest receivable	1	4
	<u>1</u>	<u>4</u>

9. Net interest on pension scheme assets and liabilities

	2021	2020
	£000	£000
Interest on net defined pension liability (note 16)	(10)	2
	<u>(10)</u>	<u>2</u>

10. Tax on profit

	2021	2020
	£'000	£'000
(a) Analysis of charge in year		
Current tax:		
UK Corporation tax	-	-
Total current tax (note 10(b))	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax charge on profit on ordinary activities	<u>-</u>	<u>-</u>

Notes to the financial statements

at 31 December 2021

10. Tax on profit (continued)

(b) Factors affecting current tax charge for the year

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 £'000	2020 £'000
Profit before tax	152	37
Profit at standard rate of corporation tax in the UK of 19% (2020: 19%)	29	7
Effects of:		
Expenses not deductible for tax purposes (including goodwill amortisation)	1	8
Group relief surrendered not paid for	65	56
Deferred tax not provided	(95)	(71)
Current tax charge for the year (note 10(a))	-	-

(c) Deferred taxation

There is an unrecognised deferred tax asset as at 31 December 2021 and 31 December 2020.

There is no potential deferred tax liability.

	2021		2020	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Capital allowances in advance of depreciation	-	(104)	-	(80)
Losses	-	(105)	-	(51)
Timing difference - trading	-	(65)	-	(220)
Deferred tax asset	-	(274)	-	(351)

The deferred tax asset as at 31 December 2021 and 31 December 2020 has not been provided for as there is insufficient certainty over the level of future taxable profits against which the deferred tax asset could be relieved.

(d) Factors that may affect future tax expenses

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2020 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the companies' deferred tax balances.

Notes to the financial statements

at 31 December 2021

11. Tangible fixed assets

	<i>Plant, machinery and equipment £000</i>
Cost:	
At 1 January 2021	24
Additions	5
Disposal	(4)
At 31 December 2021	<u>25</u>
Depreciation:	
At 1 January 2021	16
Charge for year	5
Disposal	(4)
At 31 December 2021	<u>17</u>
Net book value:	
At 31 December 2021	<u>8</u>
At 31 December 2020	<u>8</u>

12. Debtors

	<i>2021 £000</i>	<i>2020 £000</i>
Prepayments and accrued income	23	33
Other taxes and social security costs	6	17
Amounts due from group undertakings - loans	5,953	7,126
	<u>5,982</u>	<u>7,176</u>

Included in amounts due from group undertakings are amounts totalling £nil which are due after more than one year (2020: £nil), of which £nil (2020: £nil) is due from the parent undertaking. All balances are repayable on demand and are interest free.

Notes to the financial statements

at 31 December 2021

13. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	27	64
Amounts owed to group undertakings - trading	273	279
Amounts owed to group undertakings - loan	1,872	1,872
Other taxes and social security costs	38	41
Accruals and deferred income	318	277
	<u>2,528</u>	<u>2,533</u>

The above amounts due to group undertakings are unsecured, repayable on demand and interest free.

14. Allotted and issued share capital

	<i>Allotted, called up and fully paid</i>	
	2021 £000	2020 £000
Ordinary 'A' shares of 5p each	5	5
Ordinary 'B' shares of 5p each	5	5
	<u>10</u>	<u>10</u>

15. Financial commitments

At 31 December 2021 the company had total commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	2021 £000	2020 £000	2021 £000	2020 £000
Leases expiring				
Within one year	22	17	33	51
Within two to five years	90	90	26	27
Over 5 years	6	28	-	-
	<u>118</u>	<u>135</u>	<u>59</u>	<u>78</u>

16. Pension commitments

The company contributes to a defined contribution pension scheme. The charge for the year amounted to £100,000 (2020: £110,000).

The company operates a defined benefit scheme in the UK, the Vishay Components Pension Scheme. A full actuarial valuation was carried out at 6 April 2020 and updated to 31 December 2021 by a qualified independent actuary using assumptions consistent with those required under FRS 102.

The company closed the scheme to future accruals effective from 30 November 2020, resulting in the link of the then active members' benefits to future salaries being severed at the date. This event has resulted in a curtailment gain of £362,000 as shown below in year 2020.

Notes to the financial statements

at 31 December 2021

16. Pension commitments (continued)

The assets and liabilities of the scheme at 31 December are:

	<i>Percentage of plan assets 31 December 2021 %</i>	<i>Fair value at 31 December 2021 £000</i>	<i>Percentage of plan assets 31 December 2020 %</i>	<i>Fair value at 31 December 2020 £000</i>
Equities	42%	4,999	37%	3,917
Bonds	53%	6,281	56%	5,976
Properties	4%	514	6%	596
Cash	1%	112	1%	148
Total market value of assets		11,906		10,637
Present value of Scheme liabilities		(9,812)		(11,793)
Deficit in the scheme		(2,094)		(1,156)
Effect of pension asset surplus cap		2,094		-
Net pension liability		-		(1,156)

The pension scheme has not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The company's current expectation is that the surplus at the balance sheet will not be recoverable through either of these options and therefore no surplus has been recognised.

The amount recognised in the income statement, and in the statement of total recognised gains and losses for the year, are analysed as follows:

	<i>2021 £000</i>	<i>2020 £000</i>
<i>Recognised in the income statement</i>		
Current service cost (including member contributions)	-	66
Less member contributions	-	(5)
Losses due to benefit charges	-	43
Gains on curtailments	-	(362)
Recognised in arriving at operating profit (note 6)	-	(258)
Expected return on pension scheme assets (after deduction of administration expenses)	(153)	(235)
Interest on pension scheme liabilities	163	233
Net interest on pension scheme assets and liabilities (note 9)	10	(2)
Total recognised in the income statement	10	(260)

Notes to the financial statements

at 31 December 2021

16. Pension commitments (continued)

	2021	2020
	£000	£000
<i>Taken to the statement of other comprehensive income (OCI)</i>		
Actual return less expected return on scheme assets	543	379
Experience gains and losses arising on the scheme liabilities	1,193	(59)
Changes in assumptions underlying the present value of the scheme liabilities	616	(1,728)
Changes in amount of surplus that is not net recoverable	(2,094)	-
	<u>258</u>	<u>(1,408)</u>
Actuarial gain/(loss) recognised in OCI		

Approximate valuations have been carried out on a set of assumptions consistent with those required under FRS102 by a qualified actuary. The major assumptions and calculation dates for these valuations were:

	2021	2020
	%	%
Rate of increases in salaries	-	4.5
Rate of increase in pensions in payment	-	2.0
Discount rate for pensioners	1.8	1.4
Discount rate for active and deferred members	1.8	1.4
Inflation assumption - RPI	3.4	3.0
Inflation assumption - CPI	2.9	2.5
Expected rate of return on scheme assets		
Equities	4.3	3.8
Bonds	1.9	1.4
Gilts	1.2	0.7
Property	4.3	3.8
Other	0.30	0.10

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumption is that a member who retired in 2021 at age 65 will live on average for a further 21.5 years after retirement if they are male and for further 23.3 years after retirement if they are female. Similarly, life expectancy at age 65 for male and female non-pensioners (currently aged 45) is assumed to be 22.8 years and 24.8 years respectively. The mortality assumption has been updated to be based on more recent mortality tables, published for the Institute and Faculty of Actuaries, as well as projected improvements in future mortality. This is consistent with the assumption that will be used for the triennial valuation of the Scheme.

The assumptions have been derived using consistent methodology to the prior year end, but updated for market conditions to the year end

The assumptions have been derived based on market conditions as at the year end, using consistent methodology to that used at the prior year end, with the exception of the following:

- The mortality assumption has been updated to use the more recently published CMI 2020 model with the same parameters as used for the 2019 model. The 2020 model introduced a further parameter to allow the user to determine how much weight is put on 2020 data, given the exception experience during the year. The default approach of applying no weighting to 2020 has been used, given it is unlikely that 2020 is a helpful predictor in the future improvements.
- The post retirement mortality base table has been updated to 108% of S3PMA/S3PFA_M tables which is the equivalent of 100% of the ClubVita 2019 tables, used in the Statutory Funding Valuation.

The duration as at the year end is 19 years, compared to 19 years at the prior year end. The duration has been based on projected cashflows based on membership data as at the census date, but using accounting assumptions as at prior year end

Notes to the financial statements

at 31 December 2021

16. Pension commitments (continued)

The assumption for the long-term rate of return on assets for bonds has been adjusted for the historical level of risk premium associated with other classes. The assumption for the long-term rate of return on assets was based on bank base rates at the balance sheet dates. The notional rate of return on bonds was based on the yield on UK long dated government and corporate bond yields. The long term expected rate of return on cash is determined by reference to bank base rates at the balance sheet dates. The long term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

The best estimate of contributions to be paid by the company to the scheme for the period commencing 1 January 2022 is nil as the scheme has ceased future benefit accrual.

Changes in the present value of the defined benefit obligations are analysed as follows:

	2021	2020
	£000	£000
As at 1 January	11,793	11,426
Total service cost (including member contributions)	-	66
Other finance expense	163	233
Benefits paid	(335)	(1,400)
Actuarial (gain)/loss	(1,809)	1,787
Gains on curtailment	-	(362)
Losses due to benefit changes	-	43
As at 31 December	9,812	11,793

Changes in the fair value of plan assets are analysed as follows:

	2021	2020
	£000	£000
As at 1 January	10,637	11,358
Expected return on plan assets	153	235
Total contributions	908	65
Benefits paid	(335)	(1,400)
Actuarial gain	543	379
As at 31 December	11,906	10,637

The cumulative amount of actuarial gains and losses recognised in the statement of total other comprehensive income is a net gain of £3,282,000 (2020: (£3,024,000)).

17. Reserves

Profit and loss account

This reserve records the cumulative amount of profit and loss and other comprehensive income and loss less any distribution of dividends.

18. Parent undertaking and controlling party

The company's immediate parent undertaking is Ecomal UK Limited, which is incorporated in England and Wales, registered number 4286911. Copies of their financial statements can be obtained from the registered office: 3 Sadler Court Lincoln LN6 3RG.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Vishay Intertechnology Inc, which is incorporated in the United States of America. Its financial statements, which include Vishay Limited, can be obtained from 63 Lancaster Avenue, Malvern, PA19355 – 2120 USA.

Notes to the financial statements

at 31 December 2021

19. Related party transactions

The company has not disclosed transactions with other Group companies or key management personnel, as it has taken advantage of the exemption contained within FRS 102.33.1A and FRS102.33.7 on the grounds that the subsidiaries are wholly owned.

20. Financial Instruments

	2021	2020
	£	£
<i>Financial assets measured at amortised cost</i>		
Cash and cash equivalents	830	387
Amounts due from group undertakings	5,953	7,126
	2021	2020
	£	£
<i>Financial liabilities measured at amortised cost</i>		
Trade creditors	(27)	(64)
Other creditors and accruals	(318)	(277)
Amounts owed to group undertakings	(2,145)	(2,151)