
MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

THURSDAY



ACFGSY9T

A22

02/11/2023

#121

COMPANIES HOUSE

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

COMPANY INFORMATION

Directors	M Cooper T Bizen S J Pimpis S Mikami
Company secretary	J Ridley
Registered number	01621112
Registered office	Power Solutions House Presley Way Crownhill Milton Keynes Buckinghamshire MK8 0ES
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditor's Report	6 - 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 29

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Business review

Following a 44% year on year growth in revenue for the year ended 31 March 2023 and with strong forward orders and demand for its technologies the company is confident that it will continue to meet the challenges and uncertainties in the new financial year. Inflation and the rising cost of living will have an impact on the company however cost control has always been an essential part of our financial strategy and we will continue to monitor all expenses in real time, and address variances accordingly.

The company operates from a position of strength due to having sufficient cash reserves to meet its liabilities as they fall due, and having no financial loans or debt. The company closely monitors its supply chain and holds sufficient stocks should lead times extend as a result of logistical issues or shortages in supply.

Operating profit remained strong with additional gains being made in the revaluation of the cash reserves held in USD. The company's cash reserves are held in USD due to its transaction currency being mainly in USD.

Our balance sheet and cash holdings remain very strong which allows us to continually invest in supporting our long-term strategy of continual investment in the business to further expand our market share. This includes a continued push on production automation. The attainment of TS16949 Automotive standard approval has continued to open the expansion and development of products within the automotive sector. We continue to develop and innovate in the existing business areas in order to maximise our growth potential.

Principal risks and uncertainties

The company is exposed to potential component and raw material price risk and raw material shortages. However, we have longstanding business relationships with our suppliers that limit many of these risks and our policy is not to be restricted to single source procurement as part of our structured planning process.

The company operates in a multi-currency environment so there is an element of foreign currency exchange risk. We maintain close contact with our financial partners to ensure we have a longer term view on our main currencies and any anticipated changes to exchange rates short and long term. The company will continue to monitor the pertinent exchange rates, specifically USD/GBP, and engage with our financial partners to take steps to mitigate the risk should the fluctuations be unfavourable.

Our revenue stream is almost entirely within the Murata group structure. Due to strength of the ultimate parent company, there is little or no bad debt risk.

Financial key performance indicators

	2023	2022
	£	£
Turnover	31,803,205	22,027,792
Profit before tax	6,192,459	1,622,239

Turnover has increased in line with the global recovery following the coronavirus disease. Profit has seen favourable movements on foreign exchange supported by suitable internal hedging policies.

Inflation and the rising cost of living will have an impact on the company in future years however cost control will continue to be a key focus of our financial strategy and we will tailor our responses to these and other macroeconomic factors as needed.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

This report was approved by the board on 31/10/2023 and signed on its behalf.

Matthew Cooper

M Cooper
Director

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Results and dividends

The profit for the year, after taxation, amounted to £5,028,709 (2022: £1,277,200). The net current asset during the year amounts to £20,422,123 (2022: £15,468,649).

The dividend amounting to £Nil (2022: £Nil) was paid during the period.

Directors

The directors who served during year and after year end were:

M Cooper
T Bizen
S J Pimpis
S Mikami

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

Research and development activities

Research and development activities in the period have been carried out in order to improve existing products and to develop new products.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Qualifying third party indemnity provisions

During the period and up to the date of this report, the company maintained liability insurance and third party indemnification provisions for its directors, under which the company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the exception of their powers, duties and responsibilities as directors of the company.

Going Concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. With the impact of macro-economic uncertainties such as Brexit, the ongoing situation in Russia and Ukraine, and the cost of living crisis on the global economy the company is in the strong position to have sufficient cash reserves to cope with any downturn in revenues and to manage its supply chain. The company currently trades across a wide range of market sectors and within a global market. There are a wide range of the company's products that are in industrial applications and markets that are in essence 'recession proof' and although it could suffer some downturn in revenue, there is still a strong need for these applications. The company therefore continues to adopt the going concern basis in preparing the financial statements.

Future developments

The long-term target of our ultimate parent, through its subsidiary companies, is growth of market share in key identifiable product specific industrial sectors. Automotive is a significant area of opportunity, which we have addressed through our TS standard certification. The Murata Group have already developed a range of patented products through which our growth in this key area has already started to develop in the reporting year and beyond.

Our goal is to achieve our business objective through continuing innovative research, design and development, which we are renowned for, both locally and globally. We will work closely with other Murata affiliates, sales organisations and key customers to develop and adapt our product portfolio to attain our mission of market growth in the coming years. We are committed to a planned investment in plant, machinery and human resource in order to maximise the opportunities available to us over the coming years. This is supported by the financial strength of our Balance Sheet, and our business and strategic planning. We have every confidence that our business model will evolve and develop over future years due to strength of the financial footprint that we have had in place over many years since becoming part of the global Murata family.

Matters covered in the Strategic Report

As permitted by paragraph 1A of schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report. The matters related to a description of principal risks and uncertainties.

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'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's auditor is aware of that information.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

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 31/10/2023 and signed on its behalf.

Matthew Cooper

M Cooper
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

Qualified opinion

We have audited the financial statements of Murata Power Solutions (Milton Keynes) Limited (the 'company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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, except for the matters described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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 qualified opinion

With respect to the 31 March 2021 stock with carrying amount of £989,844, the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 March 2021, since it was considered impracticable due to factors brought about by COVID-19. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the related stock quantities by using other audit procedures. This qualified opinion remains applicable for the comparative information included in these financial statements.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED (CONTINUED)

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and the situation in Russia and Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 themselves. 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

Except for the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED (CONTINUED)

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

Except for the matter described in the basis for qualified opinion section of our report, 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 Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

In respect solely to the issue described in the basis for qualified opinion section of our report:

- we have not received all the information and explanations we require for our audit.
- 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
 - certain disclosures of directors' remuneration specified by law are not made; or
 - the financial statements are not in agreement with the accounting records and returns.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- 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 frameworks (FRS 102 and Companies Act 2006).
- We enquired of management and those charged with governance, concerning the company's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations; and
 - the detection and response to the risks of fraud.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquires to relevant supporting documentation.
- Audit procedures performed by the engagement team included:
 - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED (CONTINUED)

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates;
 - understanding of the legal and regulatory requirements specific to the company including:
 - ◆ the provisions of the applicable legislation;
 - ◆ the applicable statutory provisions.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A stylized, textured signature of "Grant Thornton UK LLP" in a dark, ink-like font.

Taras Kulyk ACCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 31/10/2023

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover	4	31,803,205	22,027,792
Raw materials and consumables		(19,500,856)	(14,772,880)
Other external charges		(1,588,713)	(1,513,103)
Staff costs		(4,332,662)	(3,861,968)
Depreciation and other amounts written off tangible and intangible fixed assets		(322,228)	(359,180)
Operating profit	5	6,058,746	1,520,661
Other income	9	133,713	101,578
Profit before tax		6,192,459	1,622,239
Tax on profit	10	(1,163,750)	(345,039)
Profit for the financial year		5,028,709	1,277,200
Total comprehensive income for the year		5,028,709	1,277,200

There was no other comprehensive income for 2023 (2022: £Nil).

All amounts relate to continuing activities.

The notes on pages 14 to 29 form part of these financial statements.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED
REGISTERED NUMBER:01621112

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	11	1,034	6,131
Tangible fixed assets	12	2,660,330	2,563,052
		<u>2,661,364</u>	<u>2,569,183</u>
Current assets			
Stocks	13	1,956,853	1,053,823
Debtors: amounts falling due within one year	14	2,573,717	2,771,975
Cash at bank and in hand	15	19,504,093	13,833,440
		<u>24,034,663</u>	<u>17,659,238</u>
Creditors: amounts falling due within one year	16	(3,612,540)	(2,190,589)
Net current assets		<u>20,422,123</u>	<u>15,468,649</u>
Total assets less current liabilities		<u>23,083,487</u>	<u>18,037,832</u>
Provisions for liabilities			
Deferred tax	17	(117,202)	(100,256)
		<u>(117,202)</u>	<u>(100,256)</u>
Net assets		<u><u>22,966,285</u></u>	<u><u>17,937,576</u></u>
Capital and reserves			
Called up share capital	18	12,325	12,325
Share premium account	19	211,675	211,675
Profit and loss account	19	22,742,285	17,713,576
Total shareholders' funds		<u><u>22,966,285</u></u>	<u><u>17,937,576</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31/10/2023

Matthew Cooper

M Cooper
Director

The notes on pages 14 to 29 form part of these financial statements.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2022	12,325	211,675	17,713,576	17,937,576
Comprehensive income for the year				
Profit for the year	-	-	5,028,709	5,028,709
Total comprehensive income for the year	-	-	5,028,709	5,028,709
At 31 March 2023	12,325	211,675	22,742,285	22,966,285

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2021	12,325	211,675	16,436,376	16,660,376
Comprehensive income for the year				
Profit for the year	-	-	1,277,200	1,277,200
Total comprehensive income for the year	-	-	1,277,200	1,277,200
At 31 March 2022	12,325	211,675	17,713,576	17,937,576

The notes on pages 14 to 29 form part of these financial statements.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. General information

Murata Power Solutions (Milton Keynes) Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at Power Solutions House, Presley Way, Crownhill, Milton Keynes, Buckinghamshire, MK8 0ES. The company was a wholly owned indirect subsidiary of Murata Manufacturing Co Ltd for the year ended 31 March 2023. The company will be included in the consolidated financial statements of Murata Manufacturing Co Ltd for the year ended 31 March 2023.

The principal activity of the company is the design and manufacturer of magnetics and DC / DC supplies.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Murata Manufacturing Co Ltd as at 31 March 2023 and these financial statements may be obtained from its registered office at 10-1, Higashikotari 1-chome, Nagaokakyo-shi, Kyoto 617-8555, Japan.

2.3 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. With the impact of macro-economic uncertainties such as Brexit, the ongoing situation in Russia and Ukraine, and the cost of living crisis on the global economy the company is in the strong position to have sufficient cash reserves to cope with any downturn in revenues and to manage its supply chain. The company currently trades across a wide range of market sectors and within a global market. There are a wide range of the company's products that are in industrial applications and markets that are in essence 'recession proof' and although it could suffer some downturn in revenue, there is still a strong need for these applications. The company therefore continues to adopt the going concern basis in preparing the financial statements.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.4 Revenue

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

Revenue recognition point is either on dispatch or delivery depending on the agreed intercompany terms per order.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs	-	5 years
----------------------------	---	---------

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

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 company 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 company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2.5% - 6.67%
Plant & machinery	-	15%
Fixtures & fittings	-	15%
Office equipment	-	25%

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

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

2.7 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

2.8 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.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.9 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.

2.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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 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 company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2.11 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.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.12 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'.

2.13 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

2.15 Interest income

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

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the company 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 Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of Financial Position.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position, 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 reporting date.

2.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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:

3.1 Critical management judgement in applying accounting policies

In the process of applying the entities accounting policies, management has made no critical management judgements, apart from those involving estimation, which have the most significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Valuation of ship and debit accrual

An accrual is provided for anticipated ship and debit rebates calculated on the volume of sales made to the distributors in the period.

4. Turnover

Analysis of turnover by country of destination:

	2023 £	2022 £
Rest of Europe	11,532,839	8,118,344
Rest of the world	20,270,366	13,909,448
	<u>31,803,205</u>	<u>22,027,792</u>

All turnover generated by the company relates to the sales of goods.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2023 £	2022 £
Depreciation of tangible fixed assets	317,050	349,602
Amortisation of intangible assets	5,097	9,578
Exchange differences	<u>(1,107,211)</u>	<u>(530,819)</u>

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

6. Auditor's remuneration

During the year, the company obtained the following services from the company's auditor:

	2023 £	2022 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	35,050	33,500
Fees payable to the company's auditor and its associates in respect of:		
Accounts production, tax compliance and iXBRL tagging	2,200	8,000
Tax compliance	4,300	2,550
Other services	18,750	48,495
	<u>25,250</u>	<u>59,045</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	3,669,026	3,209,841
Social security costs	349,288	319,487
Cost of defined contribution scheme	207,280	203,876
	<u>4,225,594</u>	<u>3,733,204</u>

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

	2023 No.	2022 No.
Production	71	65
Selling and distribution	6	7
Administration	12	11
	<u>89</u>	<u>83</u>

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	169,590	157,005
Company contributions to defined contribution pension schemes	19,657	19,001
	<u>189,247</u>	<u>176,006</u>

During the year retirement benefits were accruing to one director (2022: one) in respect of defined contribution pension schemes.

During the year, T Bizen, S J Pimpis and S Mikami were remunerated for their services to the group by Murata Manufacturing Co. Ltd. Their remuneration is disclosed in the accounts of that company. It is not considered practicable to allocate their remuneration between the companies of which they are a director.

9. Other income

	2023 £	2022 £
Tax recoverable	<u>133,713</u>	<u>101,578</u>

Tax recoverable pertains to research and development claim.

10. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	1,122,886	286,178
Adjustments in respect of previous periods	23,918	19,300
Total current tax	<u>1,146,804</u>	<u>305,478</u>
Deferred tax		
Origination and reversal of timing differences	16,946	20,395
Effect of tax rate change on opening balance	-	19,166
Total deferred tax	<u>16,946</u>	<u>39,561</u>
Taxation on profit on ordinary activities	<u>1,163,750</u>	<u>345,039</u>

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022: *higher than*) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>6,192,459</u>	<u>1,622,239</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	1,176,567	308,226
Effects of:		
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	14,082	1,304
Fixed assets differences	(16,175)	(7,852)
Adjustments to tax charge in respect of prior periods	23,918	19,300
Short-term timing difference leading to an increase (decrease) in taxation	-	24,061
R&D expenditure credits	(38,710)	-
Remeasurement of deferred tax for changes in tax rates	4,068	-
Total tax charge for the year	<u><u>1,163,750</u></u>	<u><u>345,039</u></u>

Factors that may affect future tax charges

The Finance Bill 2021 was substantively enacted on 10 June 2021, as a result the main rate of corporation tax will rise from 19% to 25% from 1 April 2023. On this basis deferred tax has been calculated at the future rate of 25%.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Intangible assets

	Software development £
Cost	
At 1 April 2022	200,776
At 31 March 2023	<u>200,776</u>
Amortisation	
At 1 April 2022	194,645
Charge for the year on owned assets	5,097
At 31 March 2023	<u>199,742</u>
Net book value	
At 31 March 2023	<u><u>1,034</u></u>
At 31 March 2022	<u><u>6,131</u></u>

Amortisation on intangible assets is charged to administrative expenses.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

12. Tangible fixed assets

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Office equipment £	Total £
Cost					
At 1 April 2022	2,465,925	3,369,724	155,205	347,269	6,338,123
Additions	-	411,430	-	2,979	414,409
Disposals	-	(651)	-	-	(651)
At 31 March 2023	2,465,925	3,780,503	155,205	350,248	6,751,881
Depreciation					
At 1 April 2022	760,947	2,620,043	96,358	297,723	3,775,071
Charge for the year on owned assets	82,868	188,339	12,543	33,300	317,050
Disposals	-	(570)	-	-	(570)
At 31 March 2023	843,815	2,807,812	108,901	331,023	4,091,551
Net book value					
At 31 March 2023	1,622,110	972,691	46,304	19,225	2,660,330
At 31 March 2022	1,704,978	749,681	58,847	49,546	2,563,052

Included within freehold property is land of £525,000 (2022: £525,000), which is not depreciated.

There are no assets, which are pledged as security or held under finance lease.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Stocks

	2023 £	2022 £
Raw materials and consumables	1,092,690	770,946
Work in progress	476,505	204,893
Finished goods and goods for resale	387,658	77,984
	<u>1,956,853</u>	<u>1,053,823</u>

Inventories are stated after provisions for impairment of £484,217 (2022: £430,923).

14. Debtors

	2023 £	2022 £
Amounts owed by group undertakings	1,981,340	1,822,378
Other debtors	63,230	76,459
Corporation tax repayable	405,961	601,319
Prepayments	123,186	271,819
	<u>2,573,717</u>	<u>2,771,975</u>

A provision for bad debt was provided against trade debtors in the year of £11,110 (2022: £4,307).

Amounts owed by group undertakings represent balances which are repayable on demand, unsecured and non-interest bearing.

15. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	<u>19,504,093</u>	<u>13,833,440</u>

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	733,880	471,685
Amounts owed to group undertakings	802,834	679,845
Other taxation and social security	3,624	3,509
Accruals	2,072,202	1,035,550
	<u>3,612,540</u>	<u>2,190,589</u>

Amounts owed to group undertakings represent balances which are repayable on demand, unsecured and non-interest bearing.

17. Deferred taxation

	2023 £	2022 £
At beginning of year	(100,256)	(60,695)
Charged to profit or loss	(16,946)	(39,561)
At end of year	<u>(117,202)</u>	<u>(100,256)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(194,980)	(137,455)
Short term timing difference	77,778	37,199
	<u>(117,202)</u>	<u>(100,256)</u>

Details of deferred tax is contained in note 10.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

18. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
123,250 (2022: 123,250) ordinary shares of £0.10 each	<u>12,325</u>	<u>12,325</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

19. Reserves

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account – includes all current and prior period retained profits and losses.

20. Contingent liabilities

The company has given a counter indemnity to HM Revenue and Customs to the value of £40,000 (2022: £40,000).

21. Capital commitments

Contractual commitments to purchase assets at the year end were £208,000 (2022: £Nil).

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £207,280 (2022: £203,876). Contributions totalling £Nil (2022: £Nil) were payable to the fund at the reporting date.

23. Related party transactions

As wholly owned subsidiary of Murata Manufacturing Co Ltd the company has taken advantage of the exemption under terms of FRS 102 from disclosing related party transactions with other entities which are wholly owned group on the grounds that each set of consolidated accounts are publicly available.

MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

24. Immediate and ultimate controlling party

The immediate parent undertaking is NCL Holdings Limited, a company registered in England and Wales.

The smallest and largest group for which consolidated accounts are prepared and in which this company is included is Murata Manufacturing Co. Ltd, a company incorporated in Japan. Copies of the group financial statements of Murata Manufacturing Co Limited are available from its registered office at 10-1, Higashikotari 1-chome, Nagaokakyo-shi, Kyoto 617-8555, Japan and are publicly available from the relevant company website.

No individual owns 50% or more of the share capital of Murata Manufacturing Co. Ltd, therefore the directors view is that there is no ultimate controlling party.