

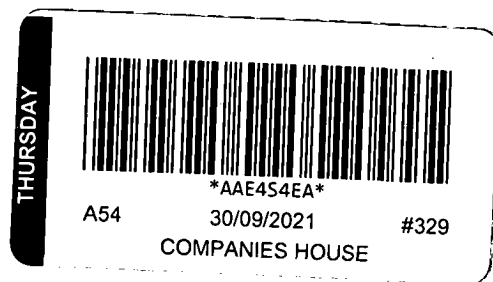
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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**



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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M Cooper T Bizen N Nakajima (resigned 25 June 2020) S J Pimpis S Mikami (appointed 1 July 2020)
<b>Company secretary</b>	J Ridley
<b>Registered number</b>	01621112
<b>Registered office</b>	Power Solutions House Presley Way Crownhill Milton Keynes Buckinghamshire MK8 0ES
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**CONTENTS**

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	Page
<b>Strategic Report</b>	1 - 2
<b>Directors' Report</b>	3 - 4
<b>Independent Auditor's Report</b>	5 - 9
<b>Statement of Comprehensive Income</b>	10
<b>Statement of Financial Position</b>	11
<b>Statement of Changes in Equity</b>	12
<b>Notes to the Financial Statements</b>	13 - 28

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## **MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021**

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#### **Business review**

Following a 5% year on year growth in revenue for the year ended 31 March 2021, and with strong forward orders and demand, the company finds itself in a strong position to navigate its way in a world post COVID-19 and beyond Brexit. The company is forecasting further growth in terms of revenue for the coming financial year. There remains some challenges and uncertainties over the new financial year and anticipate some risks in respect to COVID-19, global economic uncertainty and any risks on trade war between the US and China.

Losses in the year were reported after operating profit due to revaluation of the cash reserves held in USD. The company's cash reserves are held in USD due to it's transaction currency being mainly in USD.

Our cash flow and Balance Sheet remain strong and this allows us where as part of our long term strategy, we continually invest in the business and to expand our market scope potential. This includes production automation. The attainment of TS16949 Automotive standard approval at both Milton Keynes site and its manufacturing site in Dongguan, China 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 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. However, we feel that due to the strong cash position in our Balance Sheet any impact should not be business critical.

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

#### **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 COVID-19 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.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**


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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2021**


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**COVID-19 risk**

The impact of COVID-19 on the global economy has cast uncertainty across all sectors of the UK and global economy over the past year. Murata Power Solutions (Milton Keynes) has navigated the current financial year through the global pandemic and has managed to grow its revenues. The company remains cautiously optimistic over the next financial year and believes it is well positioned in its current markets to continue further growth. The success of the UK vaccine program and the roll out of the vaccine program in all of its major territories there is strong optimism and demand within the markets and equally the company is now better positioned to react to any potential future restrictions that could impact business. The company is in the strong position to have sufficient cash reserves to meet its liabilities as they fall due. The company closely monitors its supply chain and able to hold sufficient stocks should lead times extend as a result of logistical issues or shortages in supply. This strong cash position together with no financial loans or debt leaves the company in a strong position to maintain a much lower breakeven point. The Engineering team remain focused on new product development to enhance our product portfolio and to further strengthen our market position and future revenue growth. 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.

**Financial key performance indicators**

	2021	2020
	£	£
Turnover	20,097,443	19,128,031
(Loss)/profit before tax	<u>(631,613)</u>	<u>1,695,013</u>

This report was approved by the board on 27/9/2021

and signed on its behalf.

*Matthew Cooper*

**M Cooper**  
Director

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## MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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The directors present their report and the financial statements for the year ended 31 March 2021.

#### Results and dividends

The loss for the year, after taxation, amounted to £409,016 (2020: *profit* £1,511,880).

The dividend amounting to £Nil (2020: *£Nil*) was paid during the period.

#### Directors

The directors who served during the year were:

M Cooper  
T Bizen  
N Nakajima (resigned 25 June 2020)  
S J Pimpis  
S Mikami (appointed 1 July 2020)

#### 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;
- 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.

#### 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.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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 product 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.

**Post Balance Sheet events**

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

**Audit Opinion Qualification**

The Directors recognise the audit opinion in respect of the stock held by the company as at 31 March 2021. The audit evidence was limited as it was impractical to perform the physical stock count due to factors brought about by COVID-19.

The Directors are confident that although a physical count was not possible, due to the accuracy of physical stock counts in prior years, and the accuracy of the current ERP system, the stock figures held in the accounts, and in turn the cost of sales reflect an accurate view of the financial results of the business.

**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.

**Auditor**

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

This report was approved by the board on 27/9/2021 and signed on its behalf.

*Matthew Cooper*

**M Cooper**  
Director



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

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### Qualified opinion

We have audited the financial statements of Murata Power Solutions (Milton Keynes) Limited (the 'company') for the year ended 31 March 2021, 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 matter 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 2021 and of its loss 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 stock having a carrying amount of £989,843 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 March 2021 as 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 stock quantities by using other audit procedures. Consequently, we were unable to obtain sufficient appropriate audit evidence regarding the existence and condition of inventory and accuracy of cost of sales, as required by International Auditing Standard 501.

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.





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

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**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.

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 Brexit and COVID-19, 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.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

As described in the basis for qualified opinion section above, we were unable to obtain sufficient appropriate audit evidence regarding the existence and condition of inventory and accuracy of cost of sales as attending stocktake was considered impracticable due to factors brought about by COVID-19 and performing alternative procedures was considered not possible.

Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.



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

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**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, except for the matter described in the basis for qualified opinion section of our report, 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.

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

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, except for the matter described in the basis for qualified opinion section of our report.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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.

**Responsibilities of directors for the financial statements**

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.



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

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 applicable to the company and the industry in which it operates. We determined that the following laws and regulations were most significant: UK GAAP (FRS102), Companies Act 2006 and the relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including laws and regulations relating to employment matters, data security and protection, health and safety, quality management and environmental and sustainability.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of policies and minutes;
- We enquired of management, 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 this through our review of professional fees incurred during the year;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - challenging assumptions and judgements made by management in making its significant accounting estimates;
  - identifying and testing journal entries, in particular any large or unusual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and



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

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- assessing the extent of compliance with certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements.
- 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;
- It is the audit partner's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations;
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operations, including the nature of its revenue sources, services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the applicable statutory provisions
  - the rules and interpretative guidance issued by the Financial Conduct Authority
  - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breached of requirements are appropriately investigated and reported.

**Use of our report**

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

*Grant Thornton UK LLP*

Hannah Cox BSc FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Milton Keynes  
Date: 27/9/2021

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

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	Note	2021 £	2020 £
Turnover	4	20,097,432	19,128,031
Change in stocks of finished goods and work in progress		(980,634)	(103,052)
Raw materials and consumables		(12,278,730)	(12,672,054)
Other external charges		(3,461,245)	(878,241)
Staff related costs		(3,645,902)	(3,397,899)
Depreciation and amortisation		(362,534)	(381,772)
<b>Operating (loss)/profit</b>	5	<b>(631,613)</b>	<b>1,695,013</b>
Interest receivable and similar income	9	-	13
<b>(Loss)/profit before tax</b>		<b>(631,613)</b>	<b>1,695,026</b>
Tax on (loss)/profit	10	222,597	(183,146)
<b>(Loss)/profit for the financial year</b>		<b>(409,016)</b>	<b>1,511,880</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>(409,016)</b>	<b>1,511,880</b>

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

All amounts relate to continuing activities.

All profits are attributable to the owners of the parent undertakings.

The notes on pages 13 to 28 form part of these financial statements.

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	11	15,709	28,888
Tangible fixed assets	12	2,629,930	2,659,021
		<u>2,645,639</u>	<u>2,687,909</u>
<b>Current assets</b>			
Stocks	13	989,844	1,019,735
Debtors: amounts falling due within one year	14	2,265,433	3,259,895
Cash at bank and in hand	15	12,410,769	11,657,513
		<u>15,666,046</u>	<u>15,937,143</u>
Creditors: amounts falling due within one year	16	(1,590,614)	(1,499,307)
<b>Net current assets</b>		<u>14,075,432</u>	<u>14,437,836</u>
<b>Total assets less current liabilities</b>		<u>16,721,071</u>	<u>17,125,745</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(60,695)	(56,353)
		<u>(60,695)</u>	<u>(56,353)</u>
<b>Net assets</b>		<u><u>16,660,376</u></u>	<u><u>17,069,392</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	12,325	12,325
Share premium account	20	211,675	211,675
Profit and loss account	20	16,436,376	16,845,392
		<u>16,660,376</u>	<u>17,069,392</u>

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

*Matthew Cooper*

**M Cooper**  
 Director  
 27/9/2021

The notes on pages 13 to 28 form part of these financial statements.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	12,325	211,675	16,845,392	17,069,392
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(409,016)	(409,016)
<b>Total comprehensive income for the year</b>	-	-	(409,016)	(409,016)
<b>At 31 March 2021</b>	<b>12,325</b>	<b>211,675</b>	<b>16,436,376</b>	<b>16,660,376</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	12,325	211,675	15,333,512	15,557,512
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,511,880	1,511,880
<b>Total comprehensive income for the year</b>	-	-	1,511,880	1,511,880
<b>At 31 March 2020</b>	<b>12,325</b>	<b>211,675</b>	<b>16,845,392</b>	<b>17,069,392</b>

The notes on pages 13 to 28 form part of these financial statements.

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## **MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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#### **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 2021. The company will be included in the consolidated financial statements of Murata Manufacturing Co Ltd for the year ended 31 March 2021.

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 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 2021 and these financial statements may be obtained from its registered office at Nagaokakyo-Shi, Kyoto, 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 COVID-19 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.

Management has considered plausible downside scenarios and remains confident the business has sufficient resources.



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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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.

**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
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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.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**


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**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.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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.

**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.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

**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 profit or loss 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 Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

**2.15 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**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 profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 profit or loss 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 date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the 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.

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.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

**3.1 Critical management judgement in applying accounting policies**

In the process of applying the entities accounting policies, management has made the 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**

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:

*Determining net realisable value of inventories*

In determining the net realisable value of inventories, management take into account the most reliable evidence available at the dates the estimates are made.

*Determining net realisable value of receivables*

In determining net realisable value of receivables, management take into account the most reliable evidence available at the dates the estimates are made. Evidence available includes reviewing collections, ageing profile of receivable items as well as customers' ability to pay.

*Valuation of accruals*

Accruals are provided for ship and debits, holiday pay, bonus, quality issues and other general items. These require management's best estimate of the expenditure that will be incurred based on most reliable evidence available at the dates the estimates are made.

**4. Turnover**

Analysis of turnover by country of destination:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b>32</b>	-
Rest of Europe	<b>6,959,948</b>	7,342,930
Rest of the world	<b>13,137,452</b>	11,785,101
	<b><u>20,097,432</u></b>	<b><u>19,128,031</u></b>

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

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**5. Operating (loss)/profit**

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

	2021 £	2020 £
Depreciation of tangible fixed assets	353,751	379,940
Amortisation of intangible assets	13,179	7,398
Exchange differences	1,755,794	(811,849)
	<u>1,755,794</u>	<u>(811,849)</u>

**6. Auditor's remuneration**

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	25,850	22,500
Other services relating to tax compliance and iXBRL tagging	6,150	5,750
	<u>6,150</u>	<u>5,750</u>

**7. Employees**

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

	2021 £	2020 £
Wages and salaries	3,086,230	2,858,770
Social security costs	282,399	255,641
Cost of defined contribution scheme	207,976	201,974
	<u>3,576,605</u>	<u>3,316,385</u>

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

	2021 No.	2020 No.
Production	65	66
Selling and distribution	7	7
Administration	9	12
	<u>81</u>	<u>85</u>

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**8. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	144,808	135,561
Company contributions to defined contribution pension schemes	18,447	17,624
	<u>163,255</u>	<u>153,185</u>

During the year retirement benefits were accruing to 1 director (2020: 1) in respect of defined contribution pension schemes.

**9. Interest receivable**

	2021 £	2020 £
Other interest receivable	-	13
	<u>-</u>	<u>13</u>

**10. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	345,013
Adjustments in respect of previous periods	(109,991)	(153,587)
Group relief payable/(receivable)	(116,948)	-
<b>Total current tax</b>	<u>(226,939)</u>	<u>191,426</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	3,490	(8,449)
Adjustment in respect of prior periods	852	169
<b>Total deferred tax</b>	<u>4,342</u>	<u>(8,280)</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(222,597)</u>	<u>183,146</u>



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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**10. Taxation (continued)**

**Factors affecting tax charge for the year**

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

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	<b>(631,613)</b>	1,695,026
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	<b>(120,006)</b>	322,055
<b>Effects of:</b>		
Fixed assets differences	<b>6,422</b>	6,422
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>126</b>	463
Adjustments to tax charge in respect of prior periods	<b>(109,139)</b>	(145,794)
Group relief surrendered	<b>116,948</b>	-
Total net tax adjustments and transfers	<b>(116,948)</b>	-
<b>Total tax charge (profit) for the year</b>	<b>(222,597)</b>	183,146

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**11. Intangible assets**

	<b>Software development £</b>
<b>Cost</b>	
At 1 April 2020	200,776
At 31 March 2021	<u>200,776</u>
<b>Amortisation</b>	
At 1 April 2020	171,888
Charge for the year on owned assets	13,179
At 31 March 2021	<u>185,067</u>
<b>Net book value</b>	
At 31 March 2021	<u><u>15,709</u></u>
<i>At 31 March 2020</i>	<u><u>28,888</u></u>

Amortisation on intangible assets is charged to administrative expenses.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**


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**12. Tangible fixed assets**

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Office equipment £	Total £
<b>Cost</b>					
At 1 April 2020	2,449,470	2,912,603	96,076	274,896	5,733,045
Additions	-	201,774	59,129	64,533	325,436
Disposals	-	(3,082)	-	-	(3,082)
At 31 March 2021	2,449,470	3,111,295	155,205	339,429	6,055,399
<b>Depreciation</b>					
At 1 April 2020	598,145	2,165,774	75,897	234,208	3,074,024
Charge for the year on owned assets	81,401	239,082	7,918	25,350	353,751
Disposals	-	(2,306)	-	-	(2,306)
At 31 March 2021	679,546	2,402,550	83,815	259,558	3,425,469
<b>Net book value</b>					
At 31 March 2021	1,769,924	708,745	71,390	79,871	2,629,930
At 31 March 2020	1,851,325	746,829	20,179	40,688	2,659,021

Included within freehold property is land of £525,000 (2020: £525,000), which is not depreciated.

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

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**13. Stocks**

	2021 £	2020 £
Raw materials and consumables	504,026	762,547
Work in progress	274,746	164,283
Finished goods and goods for resale	211,072	92,905
	<u>989,844</u>	<u>1,019,735</u>

Stock recognised in cost of sales during the year as an expense was £13,259,364 (2020: £12,775,106).

Inventories are stated after provisions for impairment of £494,997 (2020: £349,688).

**14. Debtors**

	2021 £	2020 £
Trade debtors	391	-
Amounts owed by group undertakings	1,482,523	2,618,575
Other debtors	47,467	39,093
Corporation tax repayable	476,347	346,331
Prepayments and accrued income	258,705	255,896
	<u>2,265,433</u>	<u>3,259,895</u>

A provision for bad debt was provided against trade debtors in the year of £10,647 (2020: £8,416).

Amounts owed by group undertakings represent balances which are repayable on demand.

**15. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	<u>12,410,769</u>	<u>11,657,513</u>

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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

	2021 £	2020 £
Trade creditors	510,593	385,210
Amounts owed to group undertakings	107,785	364,752
Other taxation and social security	2,891	82,309
Accruals and deferred income	969,345	667,036
	<u>1,590,614</u>	<u>1,499,307</u>

Amounts owed to group undertakings represent balances which are repayable on demand.

**17. Financial instruments**

	2021 £	2020 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>12,410,769</u>	<u>11,657,513</u>

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

**18. Deferred taxation**

	2021 £	2020 £
At beginning of year	(56,353)	(64,633)
Charged to profit or loss	(4,342)	8,280
<b>At end of year</b>	<u>(60,695)</u>	<u>(56,353)</u>

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**


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**18. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(88,722)	(83,956)
Short term timing difference	28,027	27,603
	<u>(60,695)</u>	<u>(56,353)</u>

**19. Share capital**

	2021 £	2020 £
<b>Authorised</b>		
200,000 (2020: 200,000) ordinary shares of £0.10 each	<u>20,000</u>	<u>20,000</u>
<b>Allotted, called up and fully paid</b>		
123,250 (2020: 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.

**20. Reserves**

Called-up share capital – represents the nominal value of shares that have been issued.

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.

**21. Contingent liabilities**

The company has given a counter indemnity to HM Revenue and Customs to the value of £40,000 (2020: £40,000).

**22. Capital commitments**

The directors have confirmed that there were no capital commitments at 31 March 2021 or 31 March 2020.

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**MURATA POWER SOLUTIONS (MILTON KEYNES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**23. 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 £207,976 (2020: £201,974). Contributions totalling £Nil (2020: £Nil) were payable to the fund at the reporting date.

**24. 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.

Key management personnel is considered to be the directors. Total remuneration received by these individuals was £183,079 (2020: £171,751).

**25. 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 registered in Japan. Consolidated accounts are available publicly from the relevant company website.

At the reporting date the directors considered that the ultimate parent undertaking and controlling party was 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 Nagaokakyo-Shi, Kyoto, Japan.

No individual owns 25% or more of the share capital of Murata Manufacturing Co. Ltd, therefore the directors view is that there is no ultimate controlling party.