

REGISTRAR'S
COPY

Financial Statements Bourns Limited

For the year ended 31 December 2011

FRIDAY



A1F13RVE

A37

17/08/2012

#268

COMPANIES HOUSE

Registered number: 03016831

Bourns Limited

Company Information

Company number	03016831
Registered office	Manton Lane BEDFORD MK41 7BJ
Directors	Gordon Bourns William P McKenna John Jeffrey Halenda
Company secretary	Robin Michael Patterson
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Kettering Parkway Kettering Venture Park Kettering Northamptonshire NN15 6XR
Bankers	HSBC Bank plc 12 Allhallows BEDFORD MK40 1LR
Solicitors	Hewitsons 7 Spencer Parade NORTHAMPTON NN1 5AB

Bourns Limited

Contents

	Page
Directors' report	1 - 3
Independent auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 18

Bourns Limited

Directors' report

For the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activity

The company is principally engaged in the provision of power semiconductor products to support the telephone system protection, electronic lighting and general purpose power markets, in particular the manufacture and supply of voltage protection components

Business review

The profit for the year, after taxation, amounted to £1,932k (2010 - £6,440k) Details of dividends declared can be found in the financial statements

Key performance indicators

Financial

- 1 Turnover is a key measure of the company's performance Sales for the year were £21.5m (2010 - £22.9m)
- 2 Overall profitability is a key indicator of the company's performance The profit before tax for the financial year was £2.7m (2010 - £6.8m)
- 3 Working capital management is seen as an important target for the business At the year end, the net current asset level was £6.5m (2010 - £13.1m)
- 4 Net worth is seen as an important target for the business At the year end the level of shareholders' funds was £8.6m (2010 - £15.4m)

Non-financial

Bourns Limited has continued to develop new Diode products into production processes at the Wafer Fab in Bedford and its sub-contractor partners Consequently, high manufacturing activity has been sustained through the last year on the TSP and Diode product ranges

Product lead times have been maintained at 12 weeks throughout 2011, and on-time delivery, one of the company's KPIs, has exceeded 90% for much of the year

Wafer Fab yields and cost reduction activities remain a key focus with both yield and productivity showing gains throughout the year co-operative activities continue at sub-contractor locations to improve overall yields and drive down cost in the face of significant inflationary pressures

All front line staff have continued to be trained under BITS (Business Improvement Techniques), leading to systems and production improvements generating improvements in productivity and profitability, continuing the company's commitment to Lean Manufacturing, and resulting in the Company receiving the EEF Skills and Training Award for 2011

Bourns Limited

Directors' report

For the year ended 31 December 2011

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and 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.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Directors

The directors who served during the year were

Gordon Bourns
William P McKenna
John Jeffrey Halenda

Bourns Limited

Directors' report

For the year ended 31 December 2011

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including currency risk, credit risk and liquidity risk

Currency risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company's sales and cost of sales are denominated principally in US Dollars which provides a natural hedge. Forward contracts are also used to hedge US Dollar exposure.

Credit risk

The company's principal financial assets are bank balances and cash.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses intra group debt financing as necessary.

Research and development activities

The company undertakes research and development with the objective of improving the product range and increasing the profitability of the operations.

Political and charitable contributions

During the year, the company made no political or charitable donations (2010 - £nil).

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 **AUGUST 7, 2012** and signed on its behalf


William P McKenna
Director



Independent auditor's report to the members of Bourns Limited

We have audited the financial statements of Bourns Limited for the year ended 31 December 2011, which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent auditor's report to the members of Bourns Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Grant Thornton UK LLP

John Corbishley (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Kettering

Date 10 AUGUST 2012

Bourns Limited

Profit and loss account

For the year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover	1,2	21,527	22,852
Cost of sales		(17,288)	(14,734)
Gross profit		4,239	8,118
Administrative expenses		(1,600)	(1,327)
Operating profit	3	2,639	6,791
Interest receivable and similar income	4	23	42
Profit on ordinary activities before taxation		2,662	6,833
Tax on profit on ordinary activities	7	(730)	(393)
Profit for the financial year	15	1,932	6,440

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 8 to 18 form part of these financial statements

Bourns Limited
Registered number: 03016831

Balance sheet

As at 31 December 2011

	Note	£000	2011 £000	£000	2010 £000
Fixed assets					
Tangible assets	9		2,077		2,290
Current assets					
Stocks	10	4,094		3,390	
Debtors	11	1,670		4,677	
Cash at bank and in hand		2,344		6,810	
		<u>8,108</u>		<u>14,877</u>	
Creditors: amounts falling due within one year	12	<u>(1,568)</u>		<u>(1,807)</u>	
Net current assets			<u>6,540</u>		<u>13,070</u>
Total assets less current liabilities			<u>8,617</u>		<u>15,360</u>
Capital and reserves					
Called up share capital	14		2,000		2,000
Profit and loss account	15		6,617		13,360
Shareholders' funds	16		<u>8,617</u>		<u>15,360</u>

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

AUGUST 7, 2012

W. P. McKenna
 William P McKenna
 Director

The notes on pages 8 to 18 form part of these financial statements

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

1.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based on a review of forecasts and the current position. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.5 Revenue recognition

The company sells only to associated companies, and recognises its revenue at the point of shipment of goods

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

The periods generally applicable are

Plant & machinery	
Di-water effluent plant	- over 15 years
Fixtures and fittings	- over 3 years
Fabrication equipment	- >£40,000 over 8 years
	- <£40,000 over 4 years
Test equipment	- over 6 years
Short leasehold property	- over 10 years

Assets under construction are not depreciated until they come into use

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies (continued)

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables - standard purchase cost of direct materials

Work in progress and finished goods - standard cost of direct materials and labour plus attributable overheads based on a forecast level of activity

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

1.8 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

1.9 Operating leases

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

1.10 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

1.11 Pensions

Defined contribution pension scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

1.12 Research and development

Research and development expenditure is written off as incurred.

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies (continued)

1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Turnover

An analysis of turnover by class of business is as follows

	2011 £000	2010 £000
Europe	3,075	3,114
United States of America	18,269	19,556
Rest of the world	183	182
	<u>21,527</u>	<u>22,852</u>

All turnover arose outside the United Kingdom

3. Operating profit

The operating profit is stated after charging

	2011 £000	2010 £000
Depreciation of tangible fixed assets		
- owned by the company	551	516
Difference on foreign exchange	74	193
Research and development expenditure written off	525	524
Operating lease rentals	740	740
	<u></u>	<u></u>

During the year, no director received any emoluments (2010 - £NIL)

Notes to the financial statements

For the year ended 31 December 2011

4. Interest receivable

	2011 £000	2010 £000
Other interest receivable	23	42

5. Auditors' remuneration

	2011 £000	2010 £000
Audit services	21	20
Fees payable to the company's auditor in respect of Non-audit services	3	3

6. Staff costs

Staff costs were as follows

	2011 £000	2010 £000
Wages and salaries	3,897	3,693
Social security costs	392	353
Other pension costs	176	163
	4,465	4,209

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

	2011 No	2010 No
Manufacturing	110	107
Administration	15	13
	125	120

Directors' emoluments are incurred by the ultimate parent company and there are no related costs in the accounts of Bourns Limited

Notes to the financial statements

For the year ended 31 December 2011

7. Taxation

	2011 £000	2010 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	646	290
Adjustments in respect of prior periods	(2)	-
Total current tax	644	290
Deferred tax (see note 13)		
Origination and reversal of timing differences	86	103
Tax on profit on ordinary activities	730	393

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	2,662	6,833
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	705	1,913
Effects of		
Expenses not deductible for tax purposes	3	4
Capital allowances for year in excess of depreciation	(71)	(115)
Utilisation of tax losses	-	(1,505)
Adjustments to tax charge in respect of prior periods	(2)	-
Other timing differences	9	(7)
Current tax charge for the year (see note above)	644	290

8. Dividends

	2011 £000	2010 £000
Dividends paid on equity capital	8,675	-

Notes to the financial statements

For the year ended 31 December 2011

9. Tangible fixed assets

	Assets under construction £000	Short leasehold property £000	Plant & machinery £000	Total £000
Cost				
At 1 January 2011	135	266	17,245	17,646
Additions	42	153	143	338
Disposals	-	-	(203)	(203)
Transfers	(135)	-	135	-
At 31 December 2011	42	419	17,320	17,781
Depreciation				
At 1 January 2011	-	51	15,305	15,356
Charge for the year	-	-	551	551
On disposals	-	-	(203)	(203)
At 31 December 2011	-	51	15,653	15,704
Net book value				
At 31 December 2011	42	368	1,667	2,077
At 31 December 2010	135	215	1,940	2,290

10. Stocks

	2011 £000	2010 £000
Raw materials	2,168	241
Work in progress	440	2,567
Finished goods	1,486	582
	4,094	3,390

Notes to the financial statements

For the year ended 31 December 2011

11. Debtors

	2011 £000	2010 £000
Due after more than one year		
Amounts owed by group undertakings	-	3,425
Other debtors	-	58
Due within one year		
Amounts owed by group undertakings	970	360
Other debtors	247	190
Prepayments and accrued income	242	347
Deferred tax asset (see note 13)	211	297
	<u>1,670</u>	<u>4,677</u>

12. Creditors:

Amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	755	608
Amounts owed to group undertakings	68	557
Corporation tax	91	192
Social security and other taxes	108	144
Accruals and deferred income	546	306
	<u>1,568</u>	<u>1,807</u>

13. Deferred tax asset

	2011 £000	2010 £000
At beginning of year	297	400
Charged for year	(86)	(103)
At end of year	<u>211</u>	<u>297</u>

The deferred tax asset is made up as follows

	2011 £000	2010 £000
Fixed asset timing differences	<u>211</u>	<u>297</u>

Notes to the financial statements

For the year ended 31 December 2011

14. Share capital

	2011 £000	2010 £000
Authorised		
20,565,000 ordinary shares of £1 each	<u>20,565</u>	<u>20,565</u>
Allotted, called up and fully paid		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

On 17 November 2010, pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the directors of the company proposed that the share capital of the company be reduced by £14 811 million by cancelling and extinguishing 14,811,213 ordinary shares of £1 each issued by the company to Bourns (UK) Acquisition Limited, and that the amount by which the share capital was reduced be credited to a distributable reserve of the company

15. Reserves

	Profit and loss account £000
At 1 January 2011	13,360
Profit for the year	1,932
Dividends	(8,675)
At 31 December 2011	<u>6,617</u>

16. Reconciliation of movement in shareholders' funds

	2011 £000	2010 £000
Opening shareholders' funds	15,360	8,920
Profit for the year	1,932	6,440
Dividends (Note 8)	(8,675)	-
Closing shareholders' funds	<u>8,617</u>	<u>15,360</u>

17. Contingent liabilities

There were no other contingent liabilities at 31 December 2011 or 31 December 2010

The company hedges its US dollar exposure with forward contracts to sell dollars. Contract one is to sell \$161,500 per month to 30 September 2012. The rate applicable is \$1 615 £1 but only becomes a commitment if the dollar/sterling rate falls below \$1 49 £1. Contract two is to sell \$150,750 per month for the three year period to 10 June 2013. The rate applicable is \$1 5075 £1 and there is no commitment arising on the movement of exchange rates.

Notes to the financial statements

For the year ended 31 December 2011

18. Capital commitments

At 31 December 2011 the company had capital commitments as follows

	2011 £000	2010 £000
Contracted for but not provided in these financial statements	46	101

19. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are administered by trustees in a fund independent from those of the company.

20. Finance lease commitments

Operating lease payments amounting to £735,000 (2010 - £734,000) are due within one year. The leases to which these amounts relate expire as follows:

	2011 Land and buildings £000	2011 Other £000	2010 Land and buildings £000	2010 Other £000
Within one year	-	23	-	1
Within two to five years	-	78	-	97
Over five years	634	-	636	-
Total	634	101	636	98

21. Related party transactions

	2011 £000	2010 £000
Product sales		
Bourns Inc	18,269	19,556
Bourns AG	3,075	3,114
Bourns Xiamen Ltd	183	182
Total	21,527	22,852

Bourns Limited

Notes to the financial statements

For the year ended 31 December 2011

	2011 £000	2010 £000
Other services		
Bourns Inc	1,937	86
Bourns Electronics Taiwan	260	227
Bourns AG	29	2
Bourns Xiamen Ltd	23	4
Total	2,249	319

	Payable 2011 £000	Receivable 2011 £000	Payable 2010 £000	Receivable 2010 £000
Year end balances				
Bourns Inc	7	782	530	-
Bourns AG	14	164	-	263
Bourns Xiamen Ltd	23	19	4	63
Bourns Electronics Ireland	-	2	-	1
Bourns Electronics Taiwan	24	-	23	-
Bourns (UK) Acquisitions Limited	-	3	-	3,455
Bourns Electronics Limited	-	-	-	3
	68	970	557	3,785

The price charged for product sales was the normal market price in the case of each individual sale, less a small discount to allow for administration, shipping and miscellaneous selling costs

The price charged for services was the actual cost incurred for those services by the relevant group company plus a small mark up

The company provided a loan to Bourns (UK) Acquisition Limited of £nil (2010 - £3,425,000) during the year

Bourns Limited

Notes to the financial statements

For the year ended 31 December 2011

22. Ultimate parent undertaking and controlling party

The parent undertaking of this company is Bourns (UK) Acquisition Limited by virtue of its 100% ownership of the share capital of this company

The ultimate parent undertaking of this company is Bourns Inc , incorporated in the USA

The ultimate controlling related parties of the company are the directors of Bourns Inc by virtue of their directorships

The smallest group in which the results of the company are consolidated is Bourns (UK) Acquisition Limited The largest group in which the results of the company are consolidated is Bourns Inc Copies of the financial statements of Bourns Incorporated are generally not available to the public