Registered number: 03016831

BOURNS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY INFORMATION

Directors	Gordon L Bourns L. Erik G. Meijer
Company secretary	Ana L Rojo De La Vega Reyes
Registered number	03016831
Registered office	Manton Lane BEDFORD MK41 7BJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU
Bankers	HSBC Bank plc BEDFORD MK40 1LR
Solicitors	Hewitsons 7 Spencer Parade NORTHAMPTON NN1 5AB

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their strategic report for the year ended 31 December 2019.

Business review

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.

Turnover for the year was £25,162,000 *(2018: £25,234,000)*, a decrease of £72,000 on the previous year. The profit before tax was £669,000, compared to a profit of £1,591,000 in the previous year.

The reduction in profit for the year was as a result of a reduction in gross margin as a result of an increase in the cost of raw materials and increased administrative expenses as a result of higher depreciation charges.

The company's cash balances remained consistent at £1,240,000 *(2018: £1,325,000)* with net current assets increasing to £8,076,000 from £6,738,000 in the previous year.

On 12 July 2019, the company acquired 100% of the shares of Keko Varicon d.o.o. via a share issue to the parent company, Bourns (UK) Acquisition Limited. The consideration for the acquisition amounted to £18,844,000.

We will continue to follow government advice and do our utmost to continue our operations in the safest way possible without jeopardizing the health of our employees.

Principal risks and uncertainties

The company's activities expose it to a number of 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 dominated principally in US Dollars which provides a natural hedge.

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.

As a more general point, the board has considered the broader political and economic uncertainties, including Brexit and Covid-19. There was minimal impact from Brexit and Covid-19 in the year to 31 December 2019 but these matters kept under regular review.

Key performance indicators

1. Turnover is a key measure of the company's performance. Sales for the year were £25,162,000 *(2018: £25,234,000)*.

2. Overall profitability is a key indicator of the company's performance. The profit before tax for the financial year was £669,000 *(2018: profit £1,591,000)*.

3. Working capital management is seen as an important target for the business. At the year end net current assets was £8,075,000 *(2018: £6,738,000)*.

Directors' statement of compliance with duty to promote the success of the company

As required by Section 172 of the Companies Act, a director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders.

In doing so, the directors must have regards, amongst other matters, to the following issues:

- Likely consequences of any decision in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers/customers and others;
- Impact of the company's operations on the community and environment;
- The company's reputation for high standards of business conduct;
- Need to act fairly between members of the company.

The Group's ongoing engagement with stakeholders and consideration of their respective interests in its decision-making process is as described below.

Our Culture

Bourns Ltd has always espoused a long-term perspective, from its interaction with a prospective acquisition and thereafter shareholder meetings held alongside the publication of the company's financial results for full year.

Customers and suppliers

The Company operates in global niche markets and hence reputation is key to our ongoing success. Maintaining a strong reputation with our customer base by providing products and service of the highest quality is therefore of paramount importance. Likewise, we have long standing close relationships with our suppliers.

Employees

A key to the company's success has been its engaged workforce. The company's directors, alongside our management team, work hard to provide a positive work environment with opportunities for all our staff to grow and achieve their potential with a strong culture of reward & recognition, employee development and regular proactive communications

Community and environment

The Company is actively engaged with local secondary schools and colleges of further education promoting careers in engineering with presentations to students and providing opportunities for short and permanent placements. The Company is a contributor to the 2019 U.N. Global Compact Communication on Progress (COP)through activities to reuse water and waste heat combined with safe recycling of packaging.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Going concern

In preparing these financial statements, the directors have assessed the ability of the company to continue to operate for the period of at least twelve months from the date of signing the financial statements.

In December 2019 the Covid-19 virus broke out in China and reached Northern European countries in the second half of February 2020 with a pandemic impact on people's health, daily life and businesses. As in many other countries worldwide, the UK government implemented during March 2020 measures to limit further spreading of the virus as much as possible.

In response to the Covid-19 pandemic, group management undertook a risk assessment and forecasting exercise to assess the group and parent company's liquidity position. The assessment included performing cashflow sensitivity analysis focusing on sales and costs levels. In addition, reverse stress testing was performed to assess the levels of performance where cash availability would breach. The results of this sensitivity analysis demonstrated that there was sufficient cash availability.

The impact of Covid-19 on the group and parent company has been in relation to its supply chain which has been challenged, this has had a detrimental effect on committed delivery schedules and planned freight costs. By the end of October cumulative revenue and profit before tax for the year was in-line with the prior year.

The company is a trading subsidiary of the group headed up by the immediate parent undertaking and has net current assets as at 31 December 2019. Based on the results of the group's going concern procedures and additional considerations undertaken by the company, the directors believe that preparing the financial statements on a going concern basis is appropriate.

This report was approved by the board on 16/12/2020 and signed on its behalf.

L. Erik G. Meijer

L. Erik G. Meijer
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the financial year amounted to £540,000 *(2018 - £1,291,000).*

The directors do not recommend the payment of a dividend *(2018: £Nil).*

Directors

The directors who served during the year were:

Gordon L Bourns
L. Erik G. Meijer

Future developments

The business is committed to the development of innovative products whilst continually seeking the opportunity to grow in new and existing markets.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements 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 to 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.

Financial and risk management objectives and policies

In accordance with S414c(II) of the Companies Act 2006, the directors have presented this information in the Strategic Report.

Qualifying third party indemnity provisions

The company has not provided qualifying third party indemnity provisions in respect of the directors which were in force during the year.

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.

Post balance sheet events

Since 31 December 2019, the Covid-19 pandemic has severely impact many local economies around the globe. The company has determined that this event is a non-adjusting post balance sheet event. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The company is unable to make a reasonable estimate of the financial impact of the non-adjusting event.

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 16/12/2020 and signed on its behalf.

L. Erik G. Meijer

L. Erik G. Meijer
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNS LIMITED

Opinion

We have audited the financial statements of Bourns Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, 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, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. 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 opinion

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNS LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

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 set out on page 4, 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 BOURNS 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.

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.

Grant Thornton UK LLP

Tim Broadway
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 16/12/2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	*2018* *£000*
Turnover	4	**25,162**	*25,234*
Cost of sales		**(20,153)**	*(19,480)*
Gross profit		**5,009**	*5,754*
Administrative expenses		**(4,196)**	*(4,097)*
Operating profit	5	**813**	*1,657*
Interest receivable and similar income		**1**	*-*
Interest payable and expenses	9	**(145)**	*(66)*
Profit before tax		**669**	*1,591*
Tax on profit	10	**(129)**	*(300)*
Profit for the financial year		**540**	*1,291*

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (*2018: £Nil*).

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

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £000		2018 £000
Fixed assets					
Tangible assets	11		**4,901**		4,822
Investments	12		**64,478**		45,634
			69,379		50,456
Current assets					
Stocks	13	**5,677**		6,778	
Debtors: amounts falling due within one year	14	**2,335**		1,560	
Cash at bank and in hand		**1,240**		1,325	
		9,252		9,663	
Creditors: amounts falling due within one year	15	**(1,177)**		(2,925)	
Net current assets			**8,075**		6,738
Total assets less current liabilities			**77,454**		57,194
Provisions for liabilities	16		**(264)**		(173)
Net assets			**77,190**		57,021
Capital and reserves					
Called up share capital	17		**16,126**		11,920
Share premium account	18		**51,136**		35,713
Profit and loss account	18		**9,928**		9,388
			77,190		57,021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
16/12/2020

L. Erik G. Meijer

L. Erik G. Meijer
Director

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	11,920	35,713	9,388	57,021
Comprehensive income for the year				
Profit for the year	-	-	540	540
Total comprehensive income for the year	-	-	540	540
Shares issued during the year	4,206	15,423	-	19,629
At 31 December 2019	16,126	51,136	9,928	77,190

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	2,000	-	8,097	10,097
Comprehensive income for the year				
Profit for the year	-	-	1,291	1,291
Total comprehensive income for the year	-	-	1,291	1,291
Shares issued during the year	9,920	35,713	-	45,633
At 31 December 2018	11,920	35,713	9,388	57,021

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

1. General information

Bourns Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Manton Lane, Bedford, MK41 7BJ.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, 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 financial statements are presented in Sterling (£).

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);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Bourns (UK) Acquisition Limited as at 31 December 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Exemption from preparing consolidated statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2. Accounting policies (continued)

2.3 Going concern

In preparing these financial statements, the directors have assessed the ability of the company to continue to operate for the period of at least twelve months from the date of signing the financial statements.

In December 2019 the Covid-19 virus broke out in China and reached Northern European countries in the second half of February 2020 with a pandemic impact on people's health, daily life and businesses. As in many other countries worldwide, the UK government implemented during March 2020 measures to limit further spreading of the virus as much as possible.

In response to the Covid-19 pandemic, group management undertook a risk assessment and forecasting exercise to assess the group and parent company's liquidity position. The assessment included performing cashflow sensitivity analysis focusing on sales and costs levels. In addition, reverse stress testing was performed to assess the levels of performance where cash availability would breach. The results of this sensitivity analysis demonstrated that there was sufficient cash availability.

The impact of Covid-19 on the group and parent company has been in relation to its supply chain which has been challenged, this has had a detrimental effect on committed delivery schedules and planned freight costs. By the end of October cumulative revenue and profit before tax for the year was in-line with the prior year.

The company is a trading subsidiary of the group headed up by the immediate parent undertaking and has net current assets as at 31 December 2019. Based on the results of the group's going concern procedures and additional considerations undertaken by the company, the directors believe that preparing the financial statements on a going concern basis is appropriate.

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.

Sale of goods are recognised on sale to the customer, which is considered to be the point of delivery. At the point of delivery an invoice is raised and the revenue recognised.

2. Accounting policies (continued)

2.5 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 profit or loss 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.

The estimated useful lives range as follows:

S/Term Leasehold Property	- 10 years
Plant & machinery	- 15 years
Motor vehicles	- 3 years
Fixtures & fittings	- 8 years
Office equipment	- 6 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction are held at cost and are not depreciated until the point at which they are available for use. They are then transferred to an appropriate asset class and depreciated over the useful economic life.

2.6 Research and Development costs

Research and development expenditure is written off as incurred.

2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2. Accounting policies (continued)

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 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.

2.11 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.

2.12 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

2. Accounting policies (continued)

2.12 Financial instruments (continued)

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously

2.13 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.

2.14 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.15 Pensions

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 Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2.16 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.17 Interest income

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

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 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 Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.20 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 balance sheet 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 Balance Sheet date, except that:

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

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

Deferred tax is measured on a non-discounted basis.

2.21 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

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.

Critical judgements in applying the company's accounting policies

Management do not consider there to be any areas of critical judgement.

Critical accounting estimates and assumptions:

Tangible fixed assets (see note 11)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

Turnover is wholly attributable to the supply of semi conductor products.

Analysis of turnover by country of destination:

	2019 £000	*2018 £000*
United States	21,419	*20,545*
Rest of Europe	3,656	*4,629*
Rest of the world	87	*60*
	25,162	*25,234*

5. Operating profit

Operating profit is stated after charging/(crediting):

	2019 £000	*2018 £000*
Research & development costs	388	*286*
Depreciation of tangible fixed assets	1,162	*760*
Exchange differences	390	*154*
Other operating lease rentals	790	*754*

6. Auditor's remuneration

	2019 £000	*2018 £000*
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**27**	*27*
Other services relating to taxation	**7**	*5*

7. Directors remuneration

No directors *(2018: Nil)* received any emoluments during the year as their services to the company were merely incidental to their services to other group companies.

8. Employees

Staff costs were as follows:

	2019 £000	*2018 £000*
Wages and salaries	**5,204**	*4,929*
Social security costs	**453**	*439*
Cost of defined contribution scheme	**245**	*246*
	5,902	*5,614*

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

	2019 No.	*2018 No.*
Manufacturing	**130**	*134*
Administration	**6**	*13*
	136	*147*

9. Interest payable and similar expenses

	2019 £000	*2018 £000*
Other interest payable	**145**	*66*

10. Profit before tax

	2019 £000	*2018 £000*
Corporation tax		
Current tax on profits for the year	**38**	*263*
Total current tax	**38**	*263*
Deferred tax		
Origination and reversal of timing differences	**93**	*37*
Adjustment in respect of previous periods	**(2)**	*-*
Total deferred tax	**91**	*37*
Tax on loss/profit	**129**	*300*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2018 - lower than)* the standard rate of corporation tax in the UK of 19% *(2018: 19%)*. The differences are explained below:

	2019 £000	*2018 £000*
(Loss)/profit before tax	**669**	*1,591*
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**127**	*302*
Effects of:		
Expenses not deductible for tax purposes	**15**	*2*
Adjustment in respect of previous periods	**(13)**	*(7)*
Group relief	**(2)**	*-*
Fixed asset timing differences	**2**	*3*
Total tax charge for the year	**129**	*300*

10. Profit before tax (continued)

Factors that may affect future tax charges

The closing deferred tax assets and liabilities have been calculated at 17%, being the substantively enacted rate as at the balance sheet date, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

However, the UK government announced, in their budget held on 11 March 2020, that the corporation tax rate applicable from 1 April 2020 is now to remain at 19%. This change was substantively enacted on 17 March 2020. This change in the corporation tax rate should not have a material future effect on the deferred tax balances recognised in these financial statements.

11. Tangible assets

	Assets under construction £000	S/Term Leasehold Property £000	Plant & machinery £000	Total £000
Cost				
At 1 January 2019	**2,057**	**531**	**19,769**	**22,357**
Additions	**1,790**	**-**	**-**	**1,790**
Disposals	**(536)**	**-**	**(988)**	**(1,524)**
Transfers	**(2,361)**	**59**	**2,302**	**-**
At 31 December 2019	**950**	**590**	**21,083**	**22,623**
Depreciation				
At 1 January 2019	**-**	**118**	**17,417**	**17,535**
Charge for the year	**-**	**22**	**1,140**	**1,162**
Disposals	**-**	**-**	**(975)**	**(975)**
At 31 December 2019	**-**	**140**	**17,582**	**17,722**
Net book value				
At 31 December 2019	**950**	**450**	**3,501**	**4,901**
At 31 December 2018	*2,057*	*413*	*2,352*	*4,822*

12. Investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2019	**45,634**
Additions	**18,844**
At 31 December 2019	**64,478**

On 31 December 2018, the company acquired 100% of the shares of Bourns Electronics Taiwan Limited. The purchase was completed via the issue of 9,920,353 ordinary shares of £1 each for a consideration of £45,633,623.

On 12 July 2019, the company acquired 100% of the shares of Keko Varicon d.o.o. The purchase was completed via the issue of shares.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Bourns Electronics Taiwan Limited	1,Kung 6th Road, The 2nd Industrial Zone, Lin-Kou District, New aipei City, Taiwan, T.O.C	Provision of power semiconductor products	Ordinary	100%
Keko Varicon d.o.o	Grajski trg 15, 8360 Zuzemberk, Slovenia	Provision of power semiconductor products	Ordinary	100%

13. Stocks

	2019 **£000**	*2018* *£000*
Raw materials and consumables	**2,023**	*2,292*
Work in progress	**784**	*1,093*
Finished goods and goods for resale	**2,870**	*3,393*
	5,677	*6,778*

The carrying amount of stocks are stated net of provisions totalling £1,039,914 *(2018: £655,187).*

There is no significant difference between the replacement cost of stocks and its carrying amount.

14. Debtors: amounts falling due within one year

	2019 **£000**	*2018* *£000*
Trade debtors	**6**	*6*
Amounts owed by group undertakings	**1,593**	*796*
Other debtors	**198**	*305*
Prepayments and accrued income	**286**	*338*
Tax recoverable	**252**	*115*
	2,335	*1,560*

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

15. Creditors: amounts falling due within one year

	2019 **£000**	*2018* *£000*
Trade creditors	**577**	*1,154*
Amounts owed to group undertakings	**202**	*958*
Corporation tax	**4**	*43*
Other creditors	**29**	*41*
Accruals and deferred income	**365**	*729*
	1,177	*2,925*

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

16. Deferred tax

	2019 £000
At beginning of year	(173)
Charged to profit or loss	(91)
At end of year	**(264)**

The provision for deferred taxation is made up as follows:

	2019 £000	*2018 £000*
Accelerated capital allowances	(267)	*(177)*
Other timing differences	3	*4*
	(264)	*(173)*

17. Called up share capital

	2019	*2018*
	£000	*£000*
Allotted, called up and fully paid		
16,126,394 *(2018 - 11,920,353)* Ordinary shares of £1 each	**16,126**	*11,920*

The ordinary shares hold full voting, dividend and capital distribution rights.

On 31 December 2019 the company issued 4,206,041 ordinary shares of £1 each for a consideration of £4.67 per share.

18. Reserves

Share premium account

Includes any premiums on issued of share capital. Any transaction costs associates with the issuing of shares are deducted from share premium.

Profit & loss account

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

19. 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 £245k (*2018: £246k).* Contributions totalling £Nil (*2018: £40,131*) were payable to the fund at the reporting date and are included in creditors.

20. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £000	*2018 £000*
Not later than 1 year	**414**	*408*
Later than 1 year and not later than 5 years	**1,658**	*1,632*
Later than 5 years	**4,870**	*5,202*
	6,942	*7,242*

	2019 £000	*2018 £000*
Not later than 1 year	**158**	*105*
Later than 1 year and not later than 5 years	**36**	*131*
	194	*236*

21. Post balance sheet events

Since 31 December 2019, the Covid-19 pandemic has severely impact many local economies around the globe. The company has determined that this event is a non-adjusting post balance sheet event. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The company is unable to make a reasonable estimate of the financial impact of the non-adjusting event.

22. Related party transactions

The company had no related party transactions which are required to be disclosed.

23. Parent undertakings and ultimate controlling party

The ultimate parent undertaking of this company is Bourns, Inc. by virtue of its 100% ownership of the share capital of this company. Bourns, Inc. is incorporated in the state of California, USA.

There is no overall controlling party.

The smallest group in which the results of the company are consolidated is Bourns (UK) Acquisition Limited. The consolidated accounts for Bourns (UK) Acquisition Limited are available from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

The largest group in which the results of the company are consolidated is Bourns, Inc. Copies of the financial statements of Bourns, Inc. are generally not available to the public.