Financial Statements
Bourns (UK) Acquisition Limited
and its subsidiary undertakings

For the Year Ended 31 December 2015

Registered number: 03944613

Company Information

Directors	William McKenna (resigned 8 June 2015) Gordon Bourns Erik Meijer (appointed 8 June 2015)
Company secretary	Julianusz Imre
Registered number	03944613
Registered office	Manton Lane Bedford MK41 7BJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW
Bankers	Royal Bank of Scotland Unit 9 Bay Centre Regents Way Dalgety Bay Fife KY11 5YD
Solicitors	Herbert Smith Exchange House Primrose Street London EC2A 2HS

Contents

Group Strategic Report
For the Year Ended 31 December 2015

Introduction

The Directors present their report for the year ended 31 December 2015.

Business review

The group 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.

On a consolidated basis, group turnover was £18.7m (2014 - £17.6m) and profit after tax was £0.6m (2014 - £0.8m loss). The company declared and paid a dividend of £nil (2014 - £2.1m).

Principal risks and uncertainties

The group's activities expose it to a number of financial risks including currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised as follows.

Currency risk
The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The group's sales and cost of sales are denominated principally in US Dollars which provides a natural hedge. The group also uses forward contracts to hedge its 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 group uses intra group debt financing as necessary.

Financial key performance indicators

1 Turnover is a key measure of the group's performance. Sales for the year were £18.7m (2014 - £17.6m).

2 Overall profitability is a key indicator of the group's performance. The profit before tax for the financial year was £0.6m (2014 - £0.7m loss).

3 Working capital management is seen as an important target for the business. At the year end, the net current asset level was £5.4m (2014 - £5.0m).

4 Net worth is seen as an important target for the business. At the year end the level of shareholders' funds was £8.0m (2014 - £7.4m).

Group Strategic Report (continued)
For the Year Ended 31 December 2015

Other key performance indicators

Through its trading subsidiary Bourns Limited, the group has continued to develop new products into production processes at the Wafer Fab in Bedford and its subcontractor partners. Consequently, high manufacturing activity has been sustained through the last year on the TSP and Diode product ranges.

Product lead times have remained at an average of less than 10 weeks through 2015, and on-time delivery, one of the group's KPIs has averaged around 92.5% for much of the year. Wafer fab yields and cost reduction activities remain a key focus with both yield and productivity showing some modest improvements through the year, co-operating activities continue at subcontractor 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 group's commitment to lean manufacturing.

This report was approved by the board on September 22, 2016 and signed on its behalf.

Gordon L. Bourns

Gordon Bourns
Director

Directors' Report
For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £633 thousand (2014 - loss £832 thousand).

The group has not recommended a dividend for the year (2014 - £2,100 thousand).

Directors

The directors who served during the year were:

William McKenna (resigned 8 June 2015)
Gordon Bourns
Erik Meijer (appointed 8 June 2015)

Future developments

The group's businesses are committed to the development of innovative products whilst continually seeking the opportunity to grow in new and existing markets.

Directors' Report

For the Year Ended 31 December 2015

Disclosure 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 and the Group'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 relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

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

Auditors

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 September 22, 2016 and signed on its behalf.

Gordon L. Bourns

Gordon Bourns
Director

Grant Thornton

Independent Auditor's Report to the Members of Bourns (UK) Acquisition Limited and its subsidiary undertakings

We have audited the financial statements of Bourns (UK) Acquisition Limited and its subsidiary undertakings for the year ended 31 December 2015, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated Statement of cash flows and reconciliation of net cash flow to movement in net funds/debt 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) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 (page 3), 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

Independent Auditor's Report to the Members ofBourns (UK) Acquisition Limited and its subsidiary undertakings

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent Company 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
Statutory Auditor
Chartered Accountants
Milton Keynes
Date: 28/9/2016.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 £000	2014 £000
Turnover	4	**18,687**	17,608
Cost of sales		**(15,116)**	(15,769)
Gross profit		**3,571**	1,839
Administrative expenses		**(2,732)**	(2,551)
Operating profit/(loss)	5	**839**	(712)
Interest receivable and similar income	8	**2**	4
Interest payable and expenses	9	**(1)**	(1)
Profit/(loss) before taxation		**840**	(709)
Tax on profit/(loss)	10	**(207)**	(123)
Profit/(loss) for the year		**633**	(832)
Attributable to:			
Owners of the parent Company		**633**	(832)
		633	(832)

There was no other comprehensive income for 2015 (2014:£NIL).

The notes on pages 15 to 37 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2015

	Note		2015 £000		2014 £000
Fixed assets					
Intangible assets	12		-		458
Tangible assets	14		**2,636**		1,895
			2,636		2,353
Current assets					
Stocks	16	**4,234**		3,651	
Debtors: amounts falling due within one year	17	**1,430**		1,263	
Cash at bank and in hand	18	**1,340**		1,340	
		7,004		6,254	
Creditors: amounts falling due within one year	19	**(1,598)**		(1,238)	
Net current assets			**5,406**		5,016
Total assets less current liabilities			**8,042**		7,369
Provisions for liabilities					
Deferred taxation	21	**(55)**		(15)	
			(55)		(15)
Net assets excluding pension asset			**7,987**		7,354
Net assets			**7,987**		7,354
Capital and reserves					
Called up share capital	22		**10,000**		10,000
Profit and loss account	23		**(2,013)**		(2,646)
Equity attributable to owners of the parent Company			**7,987**		7,354
			7,987		7,354

The financial statements were approved and authorised for issue by the board and were signed on its behalf on September 22, 2016

Gordon R. Bourns

Gordon Bourns
Director

The notes on pages 15 to 37 form part of these financial statements.

Company Balance Sheet
As at 31 December 2015

	Note		2015 £000		2014 £000
Fixed assets					
Investments	15		**20,326**		20,326
			20,326		20,326
Current assets					
Debtors: amounts falling due within one year	17	**5**		6	
Cash at bank and in hand	18	**113**		110	
		118		116	
Creditors: amounts falling due within one year	19	**(23)**		(18)	
Net current assets			**95**		98
Total assets less current liabilities			**20,421**		20,424
Net assets excluding pension asset			**20,421**		20,424
Net assets			**20,421**		20,424
Capital and reserves					
Called up share capital	22		**10,000**		10,000
Profit and loss account	23		**10,421**		10,424
			20,421		20,424

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

Gordon L. Bourns September 22, 2016

Gordon Bourns
Director

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2015

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2015	10,000	(2,646)	7,354
Comprehensive income for the year			
Profit for the year	-	633	633
Actuarial gains on pension scheme	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	633	633
Total transactions with owners	-	-	-
At 31 December 2015	10,000	(2,013)	7,987

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2014

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2014	**10,000**	**286**	**10,286**
Comprehensive income for the year			
Loss for the year	**-**	**(832)**	**(832)**
Other comprehensive income for the year	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**(832)**	**(832)**
Dividends: Equity capital	**-**	**(2,100)**	**(2,100)**
Total transactions with owners	**-**	**(2,100)**	**(2,100)**
At 31 December 2014	**10,000**	**(2,646)**	**7,354**

The notes on pages 15 to 37 form part of these financial statements. Note 2 includes the Accounting policies.

Company Statement of Changes in Equity

For the Year Ended 31 December 2015

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2015	10,000	10,424	20,424
Comprehensive income for the year			
Loss for the year	-	(3)	(3)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(3)	(3)
Total transactions with owners	-	-	-
At 31 December 2015	10,000	10,421	20,421

Company Statement of Changes in Equity

For the Year Ended 31 December 2014

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2014	10,000	12,525	22,525
Comprehensive income for the year			
Loss for the year	-	(1)	(1)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(1)	(1)
Contributions by and distributions to owners			
Dividends: Equity capital	-	(2,100)	(2,100)
Total transactions with owners	-	(2,100)	(2,100)
At 31 December 2014	10,000	10,424	20,424

The notes on pages 15 to 38 form part of these financial statements. Note 2 includes the Accounting policies.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2015

	2015 £000	2014 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	**633**	(832)
Adjustments for:		
Amortisation of intangible assets	**458**	1,103
Depreciation of tangible assets	**534**	392
Loss on disposal of tangible assets	**(4)**	-
Increase in stocks	**(583)**	1,073
Interest paid	**1**	1
Interest received	**(2)**	(4)
Taxation	**207**	123
Increase in debtors	**(185)**	41
Increase in creditors	**236**	(185)
Corporation tax paid	**(25)**	(62)
Net cash generated from operating activities	**1,270**	1,650
Cash flows from investing activities		
Purchase of tangible fixed assets	**(1,275)**	(644)
Sale of tangible fixed assets	**4**	-
Interest received	**2**	4
Net cash from investing activities	**(1,269)**	(640)
Cash flows from financing activities		
Dividends paid	**-**	(2,100)
Interest paid	**(1)**	(1)
Net cash used in financing activities	**(1)**	(2,101)
Net increase / (decrease) in cash and cash equivalents	**-**	(1,091)
Cash and cash equivalents at beginning of year	**1,340**	2,431
Cash and cash equivalents at the end of year	**1,340**	1,340
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,340**	1,340
	1,340	1,340

Notes to the Financial Statements
For the Year Ended 31 December 2015

1. General information

Bourns (UK) Acquisition Limited is a company limited by share capital, incorporated in England and Wales with its registered office 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 under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 26.

This is the first year in which the financial statements have been prepared under FRS 102.

The financial statements are presented in Sterling (£) and in round thousands.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

Other 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.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

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 Group 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 Group. 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.

Depreciation is provided on the following basis:

Leasehold improvements	- over 10 years
Motor vehicles	- over 4 years
Fixtures & fittings	- over 3 years
Di-water effluent plant	- over 15 years
Test equipment	- over 6 years
Fabrication equipment > £40,000	- over 8 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 within 'other operating income' in the Consolidated statement of comprehensive income.

2.6 Operating leases: Lessee

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

2.7 Development costs

Research and development expenditure is written off as incurred.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group 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 Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.9 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.

2.10 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.

2.11 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.12 Financial instruments

The Group only enters into basic financial instrument 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, loans to related parties and investments in non-puttable ordinary shares.

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

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.12 Financial instruments (continued)

flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Profit and loss account.

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, which is an approximation of the amount that the Group 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 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.

Notes to the Financial Statements (continued)
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account 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 Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 Finance costs

Finance costs are charged to the Profit and loss account 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.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2. Accounting policies (continued)

2.17 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and loss account 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 Group in independently administered funds.

2.18 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Group 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.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change 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 and the Group operate and generate 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.

Notes to the Financial Statements (continued)
For the Year Ended 31 December 2015

3. Judgments 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:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

<u>Tangible fixed assets (see note 14)</u>
Tangible fixed assets, other than investments properties, 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.

<u>Stock provision (see note 16)</u>
Due to the nature of the production process, stock is provided for. The provision is calculated by management at the parent company using a formulaic approach.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

4. Analysis of turnover

Analysis of turnover by activity:

	2015 £000	2014 £000
Sale of goods	18,687	17,608
	18,687	17,608

Analysis of turnover by country of destination:

	2015 £000	2014 £000
United States of America	16,618	15,167
Rest of Europe	1,784	2,357
Rest of the world	285	84
	18,687	17,608

5. Operating profit/(loss)

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

	2015 £000	2014 £000
Research & development charged as an expense	478	84
Depreciation of tangible fixed assets	534	392
Amortisation of intangible assets, including goodwill	458	1,103
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	36	37
Exchange differences	20	7
Defined contribution pension cost	218	202

Notes to the Financial Statements (continued)
For the Year Ended 31 December 2015

6. Auditor's remuneration

	2015 £000	2014 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	**36**	37
	36	37
Fees payable to the Group's auditor and its associates in respect of:		
Other services supplied pursuant to such legislation	**3**	3
Other services relating to taxation	**7**	7
All other services	**10**	-
	20	10

7. Employees

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	**4,232**	3,738
Social security costs	**372**	348
Cost of defined contribution scheme	**218**	202
	4,822	4,288

During the year, no directors received any emoluments (2014 - £nil).

Key management personnel do not receive any remuneration from the group (2014 - £nil).

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

	2015 No.	2014 No.
Manufacturing	**112**	100
Administration	**13**	14
	125	114

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

8. Interest receivable

	2015 £000	2014 £000
Other interest receivable	2	4
	2	4

9. Interest payable and similar charges

	2015 £000	2014 £000
Bank interest payable	1	-
Other interest payable	-	1
	1	1

10. Taxation

	2015 £000	2014 £000
Corporation tax		
Current tax on profits for the year	177	3
Adjustments in respect of previous periods	(12)	(12)
	165	(9)
Total current tax	165	(9)
Deferred tax		
Origination and reversal of timing differences	49	126
Adjustments in respect of prior periods	(7)	6
Total deferred tax	42	132
Taxation on profit on ordinary activities	207	123

Notes to the Financial Statements (continued)
For the Year Ended 31 December 2015

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	840	(709)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 – 21.5%)	168	(152)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	92	238
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	-
Adjustments to tax charge in respect of prior periods	(12)	(12)
Other differences leading to an increase (decrease) in taxation	(42)	49
Total tax charge for the year	207	123

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2015 £000	2014 £000
Equity dividends paid on ordinary share capital	-	2,100
	-	2,100

Notes to the Financial Statements (continued)
For the Year Ended 31 December 2015

12. Intangible assets

Group

	Goodwill
	£000
Cost	
At 1 January 2015	16,539
At 31 December 2015	16,539
Amortisation	
At 1 January 2015	16,081
Charge for the year	458
At 31 December 2015	16,539
Net book value	
At 31 December 2015	-
At 31 December 2014	458

13. Parent Company Profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was£3 thousand (2014 - £2 thousand).

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

14. Tangible fixed assets

Group

	Assets under construction	S/Term Leasehold Property	Plant & machinery	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 January 2015	668	574	17,718	51	19,011
Additions	1,224	-	-	51	1,275
Disposals	-	(3)	(982)	(24)	(1,009)
Transfers between classes	(1,592)	-	1,592	-	-
At 31 December 2015	300	571	18,328	78	19,277
Depreciation					
At 1 January 2015	-	85	16,994	37	17,116
Charge for the period	-	19	498	17	534
Disposals	-	(3)	(982)	(24)	(1,009)
At 31 December 2015	-	101	16,510	30	16,641
Net book value					
At 31 December 2015	300	470	1,818	48	2,636
At 31 December 2014	668	489	724	14	1,895

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Bourns Limited	United Kingdom	Ordinary	100 %	Provision of power semiconductor products
Bourns Electronics Limited	United Kingdom	Ordinary	100 %	Agent for distribution of passive electronic components
Power Innovations Limited	United Kingdom	Ordinary	100 %	Dormant

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2015	22,426
At 31 December 2015	22,426
Impairment	
At 1 January 2015	2,100
At 31 December 2015	2,100
Net book value	
At 31 December 2015	20,326
At 31 December 2014	20,326

16. Stocks

	Group 2015 £000	Group 2014 £000	**Company 2015 £000**	Company 2014 £000
Raw materials and consumables	**2,163**	2,148	**-**	-
Work in progress (goods to be sold)	**692**	667	**-**	-
Finished goods and goods for resale	**1,379**	836	**-**	-
	4,234	3,651	**-**	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £6,577k (2014: £7,343k).

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

17. Debtors

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Trade debtors	-	21	-	-
Amounts owed by group undertakings	747	812	-	-
Other debtors	227	122	-	-
Prepayments and accrued income	231	222	-	-
Tax recoverable	225	86	-	-
Deferred taxation	-	-	5	6
	1,430	1,263	5	6

18 Cash and cash equivalents

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Cash at bank and in hand	1,340	1,340	113	110
	1,340	1,340	113	110

19 Creditors: Amounts falling due within one year

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Trade creditors	871	765	-	-
Amounts owed to group undertakings	69	125	16	12
Corporation tax	131	7	-	-
Taxation and social security	1	91	-	-
Other creditors	31	29	-	-
Accruals and deferred income	495	221	7	6
	1,598	1,238	23	18

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

20. Financial instruments

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Financial assets				
Financial assets measured at fair value through profit or loss	**1,340**	1,340	**113**	110
Financial assets that are debt instruments measured at amortised cost	**974**	955	**-**	-
	2,314	2,295	**113**	110
Financial liabilities				
Financial liabilities measured at amortised cost	**(1,387)**	(1,069)	**(23)**	(18)
	(1,387)	(1,069)	**(23)**	(18)

Financial assets measured at amortised cost comprise amounts owed by group and other debtors.

Financial Liabilities measured at amortised cost comprise trade, group and other creditors.

21 Deferred taxation

Group

	Deferred tax £000
At 1 January 2015	**(15)**
Charged to the profit or loss	**(40)**
At 31 December 2015	**(55)**

Company

	Deferred tax £000
At 1 January 2015	**6**
Charged to the profit or loss	**(1)**
At 31 December 2015	**5**

	Group 2015 £000	Group 2014 £000
Accelerated capital allowances	**(55)**	(15)
	(55)	(15)

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

22 Share capital

	2015 £000	2014 £000
Authorised, allotted, called up and fully paid		
10,000,000- Ordinary shares shares of £1 each	**10,000**	10,000

23. Reserves

Profit & loss account

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

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £218,000 (2014 - £202,000). Contributions totalling £32,000 (2014 - £28,000) were payable to the fund at the balance sheet date.

25. Commitments under operating leases

At 31 December 2015 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £000	Group 2014 £000
Not later than 1 year	**628**	628
Later than 1 year and not later than 5 years	**366**	994
Total - buildings	**994**	1,622

	Group 2015 £000	Group 2014 £000
Not later than 1 year	**113**	114
Later than 1 year and not later than 5 years	**11**	124
Total - other	**124**	238

At 31 December 2015 the Company had no future minimum lease payments under non-cancellable operating leases.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

26. First time adoption of FRS 102

Group

	Note	As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	**FRS 102 (as restated) 1 January 2014 £000**	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	**FRS 102 (as restated) 31 December 2014 £000**
Fixed assets		3,204	-	**3,204**	2,353	-	**2,352**
Current assets		8,557	-	**8,557**	6,254	-	**6,254**
Creditors: amounts falling due within one year		(1,475)	-	**(1,475)**	(1,238)	-	**(1,238)**
Net current assets		7,082	-	**7,082**	5,016	-	**5,016**
Total assets less current liabilities		10,286	-	**10,286**	7,369	-	**7,369**
Provisions for liabilities		-	-	**-**	(15)	-	**(15)**
Net assets		10,286	-	**10,286**	7,354	-	**7,354**
Capital and reserves		10,286	-	**10,286**	7,354	-	**7,354**

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

26. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	**FRS 102 (as restated) 31 December 2014 £000**
Turnover		17,608	-	**17,608**
Cost of sales		(15,769)	-	**(15,769)**
		1,839	-	**1,839**
Administrative expenses		(2,551)	-	**(2,551)**
Operating profit		(712)	-	**(712)**
Interest receivable and similar income		4	-	**4**
Interest payable and similar charges		(1)	-	**(1)**
Taxation		(123)	-	**(123)**
Loss on ordinary activities after taxation and for the financial year		(832)	-	**(832)**

Explanation of changes to previously reported profit and equity:

1 There were no changes to previously reported profit or equity as a result of transition to FRS 102.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

26. First time adoption of FRS 102 (continued)

Company

	Note	As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	**FRS 102 (as restated) 1 January 2014 £000**	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	**FRS 102 (as restated) 31 December 2014 £000**
Fixed assets		22,426	-	**22,426**	20,326	-	**20,326**
Current assets		110	-	**110**	116	-	**116**
Creditors: amounts falling due within one year		(11)	-	**(11)**	(18)	-	**(18)**
Net current assets		99	-	**99**	98	-	**98**
Total assets less current liabilities		22,525	-	**22,525**	20,424	-	**20,424**
Net assets		22,525	-	**22,525**	20,424	-	**20,424**
Capital and reserves		22,525	-	**22,525**	20,424	-	**20,424**

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2015

26. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	**FRS 102 (as restated) 31 December 2014 £000**
		-	-	**-**
Administrative expenses		(2,101)	-	**(2,101)**
Other operating income		2,100	-	**2,100**
Operating profit		(1)	-	**(1)**
Loss on ordinary activities after taxation and for the financial year		(1)	-	**(1)**

Explanation of changes to previously reported profit and equity:

1 There were no changes to previously reported profit or equity as a result of transition to FRS 102.

27. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Bourns, Inc. a company incorporated in the USA.

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

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Bourns, Inc.