

Allegro MicroSystems Europe Limited

Report and Financial Statements

For the 52 weeks ended 29 March 2019



Company Information

Directors

D Demingware (resigned 17 October 2019)

R Vig

R Hunt

P Walsh

M Glover (appointed 17 October 2019)

Secretary

M Hoyer (resigned 24 July 2019)

G Pepka (appointed 24 July 2019)

Auditors

Ernst & Young LLP

Apex Plaza

Reading RG1 1YE

Solicitors

Charles Russell LLP

5 Fleet Place

London EC4M 7RD

Registered Office

5 Fleet Place

London EC4M 7RD

United Kingdom

Registered No. 02475901

Strategic report

The directors present their strategic report for the 52 weeks ended 29 March 2019.

Review of the business

The Company acts as the principal European sales and marketing representative of Allegro MicroSystems LLC, the immediate parent undertaking. The Company sells semiconductors manufactured by its immediate parent undertaking.

The Company's key financial and other performance indicators during the year were as follows:

	2019	2018	
	£000	£000	%
Turnover	112,491	109,778	2.5%
Profit before tax	8,628	5,306	62.6%
Profit before tax as a percentage of turnover	7.7%	4.8%	3.5ppt
Cash at bank and in hand	3,976	2,045	94.4%
Net assets	28,007	26,640	5.1%
Average number of employees	83	68	22.1%

Turnover for FY19 grew by 2.5%. This slower than usual annual growth was reflective of an industry wide slowdown in semiconductor sales led by a reduction in demand for cars in China and across the rest of Asia. However, turnover was bolstered during the year by an increase in service revenue from the expansion of its R&D reselling activity to its parent company, which doubled as compared to FY18.

Profits increased substantially in the year due partly to mix within the product portfolio and partly due to exchange. FY18 profits were depressed somewhat by the strengthening of GBP post the BREXIT shock and this impact was not felt in FY19.

During the year the Company closed its French branch and transferred the technical support services activity carried out by the branch to Allegro MicroSystems France (a wholly owned subsidiary). Allegro MicroSystems France will carry out the same activity as the French branch and recharge its costs to the Company. There will therefore be no ongoing impact on the P&L. The Company made a gain following the sale of assets transferred to Allegro MicroSystems France, which has resulted in an increase in profits for the year. This gain is treated as a dividend under FRS102.

Profits were also improved by the increased R&D activity within Europe which the Company recharges to its parent company on a cost-plus basis.

The Company continues to invest in its R&D capability in both the established Edinburgh facility and the newly opened Prague facility. The Company established the Prague branch in 2018 and moved into newly leased office premises in August 2018. The investment in R&D resources is reflected in the increased headcount. Subsequent to year-end the Company has opened a new branch in Milan to further expand R&D efforts.

Strategic Report (continued)

Principal risks and uncertainties

The Company continues to monitor the major areas of risk and uncertainty that could affect the future success of the business. In addition, it participates in the processes that have been put in place by the parent undertaking for this purpose and which are regularly reviewed by senior management. The principal risks are summarised as follows:

BREXIT risk

The company recognises the risks associated with the current BREXIT negotiations. It has taken steps to reduce this risk by reorganising its supply chain such that product is now imported into the EU via The Netherlands rather than via the UK.

Cash flow risk

This is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance day-to-day operations of the Company. The Company manages cash flow risk by careful negotiation of terms with customers and suppliers and maintains sufficient available funds to enable it to meet its liabilities as they fall due. In addition, the parent company is in a strong financial position to support the Company's liquidity should this become necessary.

Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company policy is aimed at minimising such losses and the customer base is predominantly blue-chip. Details of the Company's debtors are shown in note 12 to the financial statements. The Company has a large customer base of varying size and risk which covers a large geographical area and therefore this minimises the impact should an individual debtor default on its terms.

Currency risk

The Company has transactional currency exposures which arise from sales and purchases in currencies other than its functional currency as well as the currency risk associated with intercompany transactions in various currencies. Potential exposures to foreign currency exchange rate movements are regularly monitored and, in addition to natural hedges in the underlying transactions, the Company monitors its cash and currency flows regularly to reduce this risk.

Customer and competitive risk

As a specialist supplier of application specific and niche market electronic components, the number and range of potential customers is more limited than in the case of mass market or less technical products. The Company believes that its best interests are served by continuing to foster good working relationships with its existing major customers and continuing to develop new business opportunities on the back of newly designed products. The ability to deliver products on time, cancellation of existing orders and process changes could all impact future prospects.

Economic risk

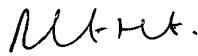
Following the changes in the economy over the past year the Company continues to align its cost base to the level of its likely sales activities and it will continue to monitor its costs regularly.

Strategic Report (continued)

Environmental and legislative risk

With the increase in awareness of 'green issues' there is more demand for the compliance of the Company's products to meet new requirements and continue to develop ever more environmentally-friendly products. Selling into the European market exposes the Company to a wide range of different legal systems due to the lack of true standardisation across the many different countries where customers are based. The Allegro MicroSystems LLC legal team places importance on ensuring that the group is aware of current practice and legislation to ensure that standards are met in the jurisdictions in which it operates.

R Hunt
Director



Date

27/11/19

Registered No. 02475901

Directors' report

The Directors present their report for the 52 weeks ended 29 March 2019.

The Directors who served the Company during the year, and up to the date of this report, are as follows:

D Demingware (resigned 17 October 2019)

R Hunt

P Walsh

R Vig

M Glover (appointed 17 October 2019)

Dividends

A dividend of £5,785,000 was paid in year to Allegro MicoSystems LLC – the Company's immediate parent undertaking (2018 - £3,900,000).

Going concern

The Company has established close working relationships with a number of leading global automotive, industrial and consumer electronics manufacturers and its products are designed into a range of the end products for these customers. In the automotive market, which represents a significant proportion of the Company's sales, new programmes typically run for several years leading up to and through volume production.

The Company continues to devote considerable efforts to managing and regularly updating detailed forecast data on customers' requirements and over the life of individual programmes.

In addition, the Company has a well-established, strong representative and distribution network that provides good coverage throughout Europe.

The amounts due from customers continue to be monitored closely and the Company has a good record in that regard. In addition to the availability of support from Allegro MicroSystems LLC, the Company has a strong cash position and has in place all of the facilities with its bankers that it deems necessary to ensure continuing liquidity for the foreseeable future. It has no third party loans, borrowings or complex financial instruments.

Operating costs continue to be controlled carefully as the Directors recognise that a correction in the recent levels of demand may be possible, particularly given the current fiscal deficits and continuing uncertainty across Europe with its resultant impact on consumer spending.

As a result, the Directors believe that the Company is well placed to manage its business risks successfully despite the general economic outlook. The Directors have reviewed the Company's latest forecast results and cash position and, following relevant enquiries made to the corporate management of Allegro MicroSystems LLC, the immediate parent undertaking, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being not less than one year from the date of approval of these financial statements. The financial statements for the 52 weeks ended 29 March 2019 have therefore been prepared on a going concern basis.

Branches

The Company has a branch office in Czech Republic. Subsequent to year end the Company opened a new branch office in Italy.

Directors' Report (continued)

Directors' liabilities

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Future Developments

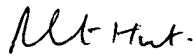
The Directors aim to maintain the management policies which have resulted in the stable position of the Company in recent years. They consider that a stable revenue performance is likely in the next year.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board

R Hunt
Director



Date

27/11/19

Statement of Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

To the members of Allegro Microsystems Europe Limited

Opinion

We have audited the financial statements of Allegro Microsystems Europe Limited for the year ended 29 March 2019 which comprise of Income Statement, Statement of comprehensive income, Statement of changes in equity, Statement of Financial Position and the related notes 1 to 21 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 FRS 102 "The Financial Reporting Standard applicable in the UK" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 29 March 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 below. 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.

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.

Other information

The other information comprises the information included in the annual report set out on pages 3 to 8, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT

To the members of Allegro Microsystems Europe Limited (continued)

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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 directors' report.

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

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

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

INDEPENDENT AUDITOR'S REPORT

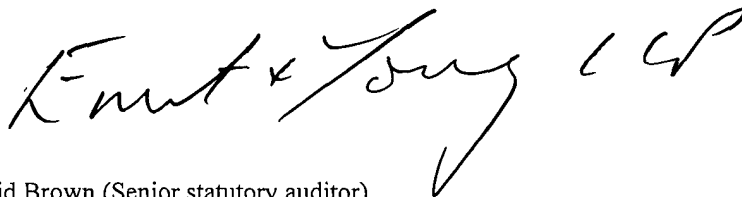
To the members of Allegro Microsystems Europe Limited (continued)

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

A handwritten signature in black ink, appearing to read "Ernst & Young LLP", written over a large, stylized checkmark.

David Brown (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

Date: 28-11-2019

Income Statement

for the 52 weeks ended 29 March 2019

	<i>Notes</i>	<i>2019</i>	<i>2018</i>
		£	£
Turnover	3	112,491,298	109,777,562
Cost of sales		<u>(94,670,387)</u>	<u>(92,989,245)</u>
Gross Profit		17,820,911	16,788,317
Administrative expenses		<u>(11,184,827)</u>	<u>(12,869,312)</u>
Operating Profit	4	6,636,084	3,919,005
Dividend Income	9	1,934,321	1,369,264
Interest receivable and similar income	7	<u>57,621</u>	<u>17,730</u>
Profit on ordinary activities before taxation		8,628,026	5,305,999
Tax	8	<u>(1,455,545)</u>	<u>(761,355)</u>
Profit for the period		<u>7,172,481</u>	<u>4,544,644</u>

All amounts relate to continuing activities.

Statement of Comprehensive Income

for the 52 weeks ended 29 March 2019

	<i>2019</i>	<i>2018</i>
	£	£
Profit for the period	7,172,481	4,544,644
Exchange gain on translation of overseas branch net assets	<u>(20,274)</u>	<u>4,622</u>
Total comprehensive income for the period	<u>7,152,207</u>	<u>4,549,266</u>

Statement of Changes in Equity

for the 52 weeks ended 29 March 2019

	<i>Share capital</i>	<i>Share premium account</i>	<i>Merger reserve account</i>	<i>Profit and loss account</i>	<i>Foreign Currency Translation Reserve</i>	<i>Total share- holders' funds</i>
	£	£	£	£	£	£
At 31 March 2017	1,300	585,040	166,512	25,237,394	–	25,990,246
Total Comprehensive Income	–	–	–	4,549,266	–	4,549,266
Dividends Paid	–	–	–	(3,900,000)	–	(3,900,000)
At 30 March 2018	1,300	585,040	166,512	25,886,660	–	26,639,512
Profit for the period	–	–	–	7,172,481	–	7,172,481
Other Comprehensive Income	–	–	–	–	(20,274)	(20,274)
Total Comprehensive Income	–	–	–	7,172,481	(20,274)	7,152,207
Transfer*	–	–	–	(51,264)	51,264	–
Dividends Paid	–	–	–	(5,785,000)	–	(5,785,000)
At 29 March 2019	1,300	585,040	166,512	27,222,877	30,990	28,006,719

**The foreign currency translation balance in respect of prior years has been transferred from Profit and Loss Account to Foreign Currency Translation Reserve in the current year.*

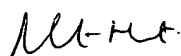
Statement of Financial Position

as at 29 March 2019

	Notes	2019 £	2018 £
Non-current Assets			
Tangible assets	10	1,105,232	690,267
Investments	11	7,005,757	8,037,457
Total Non-current Assets		<u>8,110,989</u>	<u>8,727,724</u>
Current assets			
Stocks	12	2,766,163	2,098,281
Debtors:	13		
amounts falling due within one year		17,177,822	19,143,042
amounts falling due after one year		–	598,727
Cash at bank and in hand		3,976,311	2,044,727
Total Current Assets		<u>23,920,296</u>	<u>23,884,777</u>
Creditors: amounts falling due within one year	14	(4,016,550)	(5,964,143)
Net current assets		<u>19,903,746</u>	<u>17,920,634</u>
Provisions for liabilities: Deferred Tax	8	(8,016)	(8,846)
Net assets		<u>28,006,719</u>	<u>26,639,512</u>
Capital and reserves			
Called up share capital	15	1,300	1,300
Share premium account	16	585,040	585,040
Merger reserve	16	166,512	166,512
Profit and loss account		27,222,877	25,886,660
Foreign Currency Translation Reserve		30,990	–
Total Capital and Reserves		<u>28,006,719</u>	<u>26,639,512</u>

These financial statements were approved by the board of directors on 27/4/19 and were signed on its behalf by:

R Hunt
Director
Date



27/4/19.

Notes to the financial statements

29 March 2019

1. Accounting policies

Statement of Compliance

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England with a registered number of 02475901. The principle place of business is Melita House, 124 Bridge Road, Chertsey, Surrey KT16 8LH.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014.

The Company's ultimate parent undertaking, Sanken Electric Co., Ltd. includes the Company in its consolidated financial statements. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan and are available to the public and may be obtained from sanken-ele.co.jp. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate company financial statements under FRS 102 in relation to:

- Presentation of a Cash Flow Statement and related notes;
- Key Management Personnel compensation;
- Requirements of section 11 for financial instruments; and
- Disclosure of related party transactions between wholly-owned subsidiaries

The Company is also exempt from the requirement to produce consolidated accounts as it is itself a wholly-owned subsidiary undertaking of Sanken North America Inc registered in Delaware, USA. The Company, and all its subsidiary undertakings, are included within the accounts of Sanken North America Inc.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

The financial statements were authorised for issue by the Board of Directors on 12 November 2019. The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

Notes to the financial statements

29 March 2019

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	5 years
Leasehold improvements	10 years
Computers	3 years
Machinery & Equipment	5 years

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss. The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating activities of an entity so as to obtain benefits from its activities.

Impairment of non-current assets

At each reporting date the company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that the assets may be impaired. If such an indication exists, the company shall estimate the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss

An impairment loss recognised on all assets is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT and other sales taxes or duty. The following criteria must be met before revenue is recognised:

Sale of goods:

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the products have passed to the buyer, usually on dispatch of the products, the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the financial statements

29 March 2019

Rendering of services:

Turnover includes Intercompany sales for services provided by the Scottish design centre. The costs of the design centre are included within cost of sales. This is on a cost-plus basis and turnover is recognised at the point the cost is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. In determining the cost of goods purchased for resale, the FIFO method is used.

Short Term Debtors and Creditors

Debtors and Creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement in other operating expenses.

Cash and Cash Equivalents

Cash and Cash Equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Taxation

The tax expense for the year comprised of current tax and deferred tax. Tax is recognised in the Income Statement, except in respect of a charge attributable to an item of income and expense recognised in other comprehensive income or to an item recognised directly in equity, then tax is recognised in other comprehensive income or directly in equity respectively.

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the year-end date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the year-end date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the period end date and the gains or losses on translation are included in the Income Statement.

Notes to the financial statements

29 March 2019

The assets and liabilities of the overseas branch are translated into the presentation currency at the rate of exchange ruling at the period end date. Income and expenses for each statement of comprehensive income are translated at the average rate of exchange ruling for the period. All resulting exchange differences are recognised in other comprehensive income and accumulated within foreign currency translation reserve.

Operating leases

Rentals payable under operating leases are charged in the Income Statement on a straight line basis over the lease term.

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

Impairment of non-current assets

At each reporting date the Company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that the assets may be impaired. If such an indication exists, the company shall estimate the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss

An impairment loss recognised on all assets is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Recovery of receivables

The Company periodically assesses the recoverability of its account receivable balances. The Company assess its aged debt profile alongside management information on the status of its suppliers. Any debts which the Company feels will not be recovered are charged to the Income Statement.

Notes to the financial statements

29 March 2019

3. Turnover

Turnover represents the amounts (excluding trade discounts and value added tax) derived from the provision of goods and services during the year. Turnover is attributable to one continuing activity, the design and sale of semiconductors. The table below shows the revenue attributable to the design work as services.

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
UK – Goods	4,018,807	4,521,530
UK – Services	4,267,320	3,228,619
Europe - Goods	102,490,911	101,872,870
Europe – Services	1,714,260	424,553
	<u>112,491,298</u>	<u>109,777,562</u>

4. Operating profit

This is stated after charging:

	2019	2018
	£	£
Auditor's remuneration – audit of the financial statements	108,568	40,000
– other services – assurance services	-	50,000
– other services – taxation services	33,825	35,000
	<u>142,393</u>	<u>125,000</u>

Note – assurance services are ultimately reimbursed by the parent entity

Depreciation owned fixed assets (note 9)	<u>263,517</u>	<u>110,218</u>
Operating lease rentals – land and buildings	478,647	398,878
– plant and machinery	7,942	10,080
	<u>486,589</u>	<u>408,958</u>
Net (profit)/loss on foreign currency translation	<u>(688,755)</u>	<u>1,401,904</u>
Charitable donations	<u>0</u>	<u>0</u>

5. Directors' remuneration

	2019	2018
	£	£
Aggregate remuneration in respect of qualifying services	<u>345,206</u>	<u>304,012</u>
Employer payments to money purchase pension schemes	<u>16,444</u>	<u>22,422</u>

Notes to the financial statements

29 March 2019

5. Directors' remuneration (continued)

	<i>No.</i>	<i>No.</i>
Members of money purchase pension schemes	<u>1</u>	<u>2</u>

Directors' remuneration for overseas directors have been borne by the parent undertaking, Allegro MicroSystems LLC. The overseas directors of the Company are also directors or officers of other companies within the Allegro MicroSystems LLC group. Those directors' services to this company do not occupy a significant amount of their time. As such the overseas directors do not consider that they have received any remuneration for their incidental services to the Company for the years ended 29 March 2019 and 30 March 2018.

In respect to the highest paid director total aggregate remuneration was £345,206 (2018: £268,645) and employer payments to money purchase pension schemes totalled £16,444 (2018: £14,880).

6. Staff costs

	<i>2019</i>	<i>2018</i>
	<i>£</i>	<i>£</i>
Wages and salaries	4,347,221	3,880,580
Social security costs	701,428	743,604
Other pension costs (note 17)	524,500	469,051
	<u>5,573,149</u>	<u>5,093,235</u>

The average monthly number of employees during the year was made up as follows:

	<i>No.</i>	<i>No.</i>
Sales, marketing and technical	77	62
Administrative staff	6	6
	<u>83</u>	<u>68</u>

7. Interest receivable and similar income

	<i>2019</i>	<i>2018</i>
	<i>£</i>	<i>£</i>
Bank interest receivable	<u>57,621</u>	<u>17,730</u>

Notes to the financial statements

29 March 2019

8. Tax

(a) Tax on profit on ordinary activities

The tax profit is made up as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax on the profit for the year	1,410,014	723,884
Double taxation relief	(131,324)	(23,883)
Total current tax	<u>1,278,690</u>	<u>700,001</u>
Prior Year Adjustment	<u>(3,689)</u>	<u>(11,875)</u>
Foreign tax:		
Current year	181,374	64,383
Tax on profit on ordinary activities	<u>1,456,375</u>	<u>752,509</u>
Deferred tax:		
Origination and reversal of timing differences	(830)	8,846
Total Deferred Tax	<u>(830)</u>	<u>8,846</u>
Tax on profit on ordinary activities	<u>1,455,545</u>	<u>761,355</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 20%) . The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	<u>8,628,026</u>	<u>5,305,999</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	1,639,325	1,008,140
Effects of:		
Dividends received	(265,678)	(260,160)
Deferred tax	-	(18,609)
Prior Year Adjustment	(3,689)	(11,875)
Overseas tax in excess of UK tax rate	<u>85,587</u>	<u>41,814</u>
Current tax for the year	<u>1,455,545</u>	<u>761,355</u>

Notes to the financial statements

29 March 2019

8. Tax (continued)

(a) Deferred tax

Deferred taxation comprises:

	2019	2018
	£	£
Capital allowances in advance of depreciation	17,601	19,652
Other timing differences	<u>(9,584)</u>	<u>(10,806)</u>
	<u>8,016</u>	<u>8,846</u>

(d) Factors that may affect future tax charges

The UK government announced further reductions in the main rate of UK Corporation Tax, which falls to 19% with effect from 1 April 2017 and 17% from 1 April 2020, and these were enacted on 18 November 2015 and 15 September 2016 respectively. Consequently, the company has recognised the impact of these changes using the appropriate enacted rate of corporation tax.

9. Dividends

During the 52 weeks ended 29 March 2019 £5,785,000 was paid to Allegro MicroSystems LLC whilst £1,398,304 was received from subsidiaries (Allegro MicroSystems Germany and CrivaSense Technologies). A further £536,017 was received as a result of the sale of the French branch activities which is deemed as a dividend under FRS102.

In 2018 a dividend of £3,900,000 was paid to Allegro MicroSystems LLC and an amount of £1,369,264 was received from subsidiaries (Allegro MicroSystems Germany).

Notes to the financial statements

29 March 2019

10. Tangible assets

	<i>Furniture & Fittings</i>	<i>Computers</i>	<i>Leasehold Improvements</i>	<i>Machinery & Equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 30 March 2018	163,750	441,307	332,372	406,290	1,343,719
Additions	155,293	145,057	356,017	199,598	855,965
Disposals	(48,457)	(173,521)	(98,526)	(326,981)	(647,786)
Translation exchange – French/Czech branch	(7,145)	(8,208)	(15,516)	(9,395)	(40,264)
At 29 March 2019	<u>263,441</u>	<u>404,635</u>	<u>574,347</u>	<u>269,512</u>	<u>1,511,935</u>
Accumulated Depreciation:					
At 30 March 2018	118,378	204,188	79,437	251,449	653,452
Provided during year	34,934	101,985	90,571	36,027	263,517
Disposals	(48,362)	(146,207)	(59,989)	(249,785)	(504,343)
Translation exchange – French/Czech branch	(871)	(2,180)	(1,663)	(1,209)	(5,923)
At 29 March 2019	<u>104,079</u>	<u>157,786</u>	<u>108,356</u>	<u>36,482</u>	<u>406,703</u>
Net Book Value at 30 March 2018	<u>45,372</u>	<u>237,119</u>	<u>252,935</u>	<u>154,841</u>	<u>690,267</u>
Net Book Value at 29 March 2019	<u>159,362</u>	<u>246,849</u>	<u>465,991</u>	<u>233,030</u>	<u>1,105,232</u>

Notes to the financial statements

29 March 2019

11. Investments

	2019	2018
	£	£
Investment in subsidiary undertakings	7,005,757	7,740,137
Other Investments	-	297,320
	<u>7,005,757</u>	<u>8,037,457</u>

During the year CrivaSense Technologies, in line with its Articles of Association, repaid £734,380 of the share premium the Company contributed upon incorporation of CrivaSense Technologies.

Subsidiary undertakings

Details of the investments in subsidiary undertakings are as follows:

<u>Name</u>	<u>Holding</u>	<u>Country of Incorporation</u>
Allegro MicroSystems Germany GmbH (Vangerowstrasse 18/1, 69115 Heidelberg, Germany)	100% Ordinary Shares	Germany
CrivaSense Technologies (Parc Technologique Mercury 2, 91190 St Aubin, France)	67% Ordinary Shares	France
Allegro Microsystems France SAS (60 rue Cassiopee, Parc Atlais, 74650 Chavanod, France)	100% Ordinary Shares	France

Other Investments

During the year the Company sold its 4% stake in greenTEG based in Switzerland.

12. Stocks

	2019	2018
	£	£
Finished goods	<u>2,766,163</u>	<u>2,098,281</u>

Stocks recognised as an expense in cost of sales during the year amounted to £89,131,886 (2018: £89,072,635). There were no stock write-downs during the year (2018: £0).

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

13. Debtors

Amounts falling due within one year

	2019	2018
	£	£
Trade debtors	15,067,765	15,904,703
Amounts owed by group undertakings payable within one year	1,489,641	1,988,985
Other debtors	556,416	1,008,689
Prepayments and accrued income	64,000	240,665
	<u>17,177,822</u>	<u>19,143,042</u>

Notes to the financial statements

29 March 2019

13. Debtors (continued)

Amounts falling due after more than one year:

	2019	2018
	£	£
Amounts owed by group undertakings payable after one year	-	598,727
	-	598,727
Total Debtors	17,177,822	19,741,769

14. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	20,203	315,049
Amounts owed to group undertakings	2,210,104	4,091,667
Corporation tax	739,603	168,326
Other taxation and social security costs	139,803	125,416
Accruals and deferred income	906,837	1,263,685
	4,016,550	5,964,143

15. Allotted and issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2019</i>	<i>No.</i>	<i>2018</i>
		£		£
Ordinary shares of £1 each	1,300	1,300	1,300	1,300

16. Reserves

Share Premium account

This reserve records the amount above nominal value received for shares sold, less transactions costs.

Merger Reserve account

The merger reserve account was created as a result of the internal restructuring of the Company in 1991.

Notes to the financial statements

29 March 2019

17. Pensions

The Company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

During the year, contributions payable amounted to £524,500 (2018 – £469,051). There were outstanding pension contributions amounting to £0 unpaid as of 29 March 2019 (2018 – nil). These figures do not include social security contributions made in France or Czech.

18. Other financial commitments

At 29 March 2019 the Company had future minimum payments under non-cancellable operating leases as set out below:

	2019		2018	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Amounts payable on operating leases:				
Not later than one year	398,468	8,115	343,192	19,849
Later than one year and not later than five years	1,281,230	1,267	1,373,865	6,889
Over five years	466,667	-	772,500	-
	<u>2,146,365</u>	<u>9,382</u>	<u>2,489,557</u>	<u>26,738</u>

19. Related party transactions

The Company has taken advantage of the exemption offered under FRS102 from disclosing related party transactions with other wholly owned subsidiaries within the same group.

The following table provides the total amount of transactions that have been entered into with related parties not including those covered by this exemption.

	<i>Intermediary billings to related party during the year</i>	<i>Intermediary billings from related party during the year</i>	<i>Amounts owed by related parties</i>	<i>Amounts owing to related parties</i>
	<i>Euro</i>	<i>Euro</i>	<i>Euro</i>	<i>Euro</i>
CrivaSense Technologies SAS 2019	27,326	0	0	0
2018	253,768	0	0	0

Notes to the financial statements

29 March 2019

19. Related party transactions (continued)

	<i>Intermediary billings to related party during the year GBP</i>	<i>Intermediary billings from related party during the year GBP</i>	<i>Amounts owed by related parties GBP</i>	<i>Amounts owing to related parties GBP</i>
Sanken Electric Company Ltd 2019	0	7,359,556	0	1,225,636
2018	0	7,691,909	0	1,286,232

In addition to the transactions detailed above, CrivaSense Technologies repaid a portion of the share premium the Company contributed upon incorporation of CrivaSense Technologies. In line with CrivaSense Technologies' Articles of Association, CrivaSense Technologies repaid EUR 1.5 million to the Company, which consisted of EUR 918,204 capital repayment and EUR 581,796 interest. The Company also received a dividend of EUR 65,000 from CrivaSense Technologies.

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 30 days of invoice. The Company has not provided or benefited from any guarantees for any related party receivables and payables. During the period ended 29 March 2019, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2018: £0).

20. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking and smallest group within which these financial statements are included is Allegro MicroSystems LLC, a company incorporated in the United States of America.

In the Directors' opinion, the Company's ultimate parent undertaking and controlling party and the largest group within which these financial statements are included is Sanken Electric Company Limited, which is incorporated in Japan. Sanken Electric Company Limited's group financial statements are available from:

Sanken Electric Co., Ltd.
3-6-3 Kitano
Niiza-shi
Saitama-ken 352-8666
Japan

21. Events after the reporting period

Subsequent to the reporting period, the company has opened a branch in Italy in order to expand the company's R&D resources.