NXP Laboratories UK Limited

Annual report and financial statements

Registered number 03191371

Year ended 31 December 2019

Contents

Company information

Directors
Martin Burns
Renee Glenn — Resigned 18th January 2019
Hinderikus Huisman — Appointed 1st February 2019
Caspar Marcel Hulleman

Company secretary

Caspar Marcel Hulleman

Registered Office

Synergy Building
5th Floor, Bank Street
Sheffield
S1 2EL

Solicitors

Eversheds LLP
70 Great Bridgewater Street
Manchester
M1 5ES

Bank

Citibank International Plc
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Auditor

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

Strategic report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2019.

Principal Activity

The principal activity of the Company is the design for wireless microcontrollers.

NXP Laboratories UK Limited is a wholly owned subsidiary of NXP B.V., which is a wholly owned subsidiary of NXP Semiconductors N.V. The NXP group has its headquarters in Eindhoven, the Netherlands.

NXP enables secure connections and infrastructure for a smarter world, advancing solutions that make lives easier, better and safer. As the world leader in secure connectivity solutions for embedded applications, NXP is driving innovation in the secure connected vehicle, end-to-end security & privacy and smart connected solutions markets. Built on more than 60 years of combined experience and expertise, the company has 29,400 employees in more than 30 countries and posted revenue of $8.88 billion in 2019.

Business review

For the year to 31 December 2019 the overall profit before tax for the Company is £4.6m *(2018: £4.1m)*.

The financial position of the Company is strong with net assets of £34.8m *(2018: £32.0m)*.

Strategy

The UK Company strategy is to develop microcontrollers, embedded software, supporting hardware and to support customers in using our products. The intended market is the so called internet of things. Manufacturing is undertaken by other parts of the NXP organisation in East Asia.

Key performance indicators

	2019	**2018**
Current Ratio	**4.9**	**4.1**
Turnover per employee	**99%**	**95%**

Key financial indicators used in managing the financial position and overall performance of the company are shown above. Where percentages are used they are based on the company's performance from the prior year.

Financial risks

As part of its ordinary activities, the Company could be exposed to financial risks, including liquidity and foreign exchange risks, however, there are no significant financial risks for this Company. The Company has adequate policies and procedures in place to monitor and manage these risks, should it become necessary.

Commercial risks

The major risk to the business is the overall state of the semiconductor market. The market has a tendency to be volatile, and is characterised by periods of large upturns followed by periods of weak demand. The management of NXP Laboratories UK Limited reduces this risk by pursuing an asset light strategy. For the Research and Development activities the major risk is that the product and technology roadmaps accurately reflect the future direction of the semiconductor market, which it aims to serve. Management reduces this risk by ensuring it has access to the latest market information and by using the latest management tools for developing roadmaps, and maintaining an up to date long term business strategy.

Strategic report *(continued)*

Principal risks and uncertainties

The company has considered the implications of COVID-19 through the 'lenses' of operational capability, market-based demand and structural finance.

To date, the company has remained operational with staff working remotely from home. Where staff need to work at the company's offices we have put in place appropriate sanitising and social distancing guidelines. The management team are monitoring the operational situation regularly and have contingency plans in place should an outbreak occur in the offices that would result in a short shut-down at worst.

Market-based demand for the company's products has continued to be strong during the pandemic to date. The Company is largely a research and development centre which is reimbursed for its costs by NXP Semiconductors Netherlands B.V. It is not clear how the global economy will respond to the COVID-19 outbreak but some form of recession is expected therefore we have considered this uncertainty in our stress testing below. The company has not needed to make use of any governments support schemes such as furlough.

The company's principal activities are primarily to provide sales and marketing support and research and development activities for the group. The costs incurred by the company in relation to these activities are ultimately borne by the members of the NXP group. As a result of ongoing cash balances held by the company, combined with the intergroup cost recharging arrangements in place, the directors believe the company will continue to generate sufficient cash flows to enable it to continue to fulfil its obligations to the NXP group as a sales and marketing and research and development centre of excellence. The company is financed by a cash-pooling arrangement with its parent entity. The company has obtained a letter of support from its parent entity confirming their bank balance at 31 December 2019 will be made available to the company for at least the next 12 months. The company has completed stress testing to assess the impact on COVID-19 on the company's liquidity and ability to continue as a going concern. The stress test shows the company can continue to operate for at least the next 12 months given the intergroup cost recharging arrangements in place. Management do not deem credit risk to be relevant given it has no third party sales.

Based upon the forecasting performed, the directors are confident that the intergroup cost recharging arrangements and banking facilities in place under the cash-pooling arrangement allow the company to weather even the most severe of circumstances while maintaining liquidity. This together with results of the company to date allow the business to mitigate business threats and emerge strongly, when circumstances allow.

The directors consider that the COVID-19 unknowns do not at present represent material uncertainty to company's ability to continue as a going concern.

Outlook

Demand for products is expected to grow significantly in the longer term, although this can be affected by global or macroeconomic factors. The Company has an ongoing process of identifying actions to reduce our cost base and we have a continued focus on ensuring our quality is regarded as the best in class. We invest continuously in our product offering in order to stay competitive. Whilst there is still a large degree of uncertainty surrounding the Brexit process between the UK and the European Union NXP Laboratories UK Ltd will potentially be minimally impacted regardless of the outcome.

Strategic report *(continued)*

Financing

The company's principal activities are primarily to provide sales and marketing support and research and development activities for the group. The costs incurred by the company in relation to these activities are ultimately borne by the members of the NXP group. As a result of ongoing cash balances held by the company, combined with the intergroup cost recharging arrangements in place, the directors believe the company will continue to generate sufficient cash flows to enable it to continue to fulfil its obligations to the NXP group as a sales and marketing and research and development centre of excellence. Accordingly, the directors continue to present the company's financial statements on the basis of a going concern.

This report was approved by the board on 31 July 2020 and signed on its behalf.

Martin Burns

Director

Synergy Building
5th Floor, Bank Street
Sheffield
S1 2EL

Directors' report

Employee relations

During the year under review, the Company employed an average of 156 (*2018: 164*) employees. The Company recognises that the success of the business is dependent on the consistent performance of our employees in delivering timely products and services.

The Company periodically carries out employee engagement surveys to enable us to obtain feedback on issues facing our employees and also to enhance their working environment.

Health and safety

The Company recognises and accepts its responsibilities for health and safety. The Company ensures continuous training of staff and compliance with all applicable health and safety standards. During the year under review there were no reportable accidents or incidents (*2018: none*).

Directors and their interests

The directors who served throughout the year are shown on page 1.

Dividends

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

Going concern

Please refer to note 1 and discussion in the strategic report.

Employees

The Company has an established policy of equal opportunities regardless of sex, race, colour, nationality, ethnic origin, religion/belief, disability, marital status, age, part-time or fixed-time status, parental responsibilities or sexual orientation. This policy has been established to ensure each business within the Company is working to achieve a situation where no employee unjustifiably receives less favourable treatment on any of the aforementioned grounds. Recruitment, learning and development opportunities and other employment decisions will be made on the basis of fair and objective criteria.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through discussion in formal and informal meetings, and information cascaded through a range of media including email, intranet, newsletters and notice boards.

Disclosure of information to auditor

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to established that the Company's auditor is aware of that information.

Subsequent events

The outbreak of COVID-19 in early 2020 has affected business and economic activity around the world. The company considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Details of the potential impact on the company are detailed in the Strategic Report.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and BDO LLP will, therefore, continue in office.

By order of the board

Martin Burns
Director

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of NXP Laboratories UK Limited

Opinion

We have audited the financial statements of NXP Laboratories UK Limited ("the Company") for the year ended 31 December 2019 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Independent auditor's report to the members of NXP Laboratories UK Limited *(continued)*

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 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 and Director's 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 Statement of directors' responsibilities in respect of the annual report and the financial statements, 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 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 at the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of NXP Laboratories UK Limited
(continued)

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.

BDO LLP

Mark McCluskey (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow

13 August 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit and Loss and other comprehensive income
for the year ended 31 December 2019

	Note	**2019** **£000**	2018 £000
Turnover	*2*	**30,374**	30,845
Cost of sales		**(15,001)**	(16,274)
Gross profit		**15,373**	14,571
Selling and distribution expenditure		**(5,005)**	(5,025)
Administration costs		**(5,809)**	(5,432)
Operating profit before exceptional operating expenses		**4,559**	4,114
Exceptional operating expenses	*3*	**-**	-
Loss on sale of fixed assets		**(7)**	(21)
Operating profit		**4,552**	4,093
Dividend Received		**-**	-
Other interest receivable and similar income	*6*	**103**	54
Other Finance Expense	*7*	**(60)**	(32)
Profit before taxation		**4,595**	4,115
Taxation	*8*	**(1,739)**	(2,891)
Profit for the year		**2,856**	1,224

For 2018 and 2019 there has been no income or expense in other comprehensive income except for the profit or loss for the financial year and as such no separate statement of other comprehensive income has been prepared.

The accompanying notes on pages 13 to 31 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2019

	Share capital £000	Share premium account £000	Capital contribution reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2018	19,801	27,302	16,208	(32,581)	30,730
Profit for the year	-	-	-	1,224	1,224
Balance at 31 December 2018 (as previously stated)	19,801	27,302	16,208	(31,357)	31,954
Profit for the year	-	-	-	2,856	2,856
Capital contribution		-	34	-	34
Balance at 31 December 2019	**19,801**	**27,302**	**16,242**	**(28,501)**	**34,844**

The accompanying notes on pages 13 to 31 form part of these financial statements.

Balance Sheet
at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	*9*	**2,319**	720
Intangible assets	*10*	**13,105**	19,449
		15,424	20,169
Current assets			
Debtors	*11*	**24,386**	15,584
Cash at bank and in hand		-	-
		24,386	15,584
Current liabilities			
Creditors: amounts falling due within one year	*13*	**(3,824)**	(3,799)
Net current assets		**20,562**	11,785
Total assets less current liabilities		**35,986**	31,954
Creditors: amount falling due after one year			
Lease Liabilities	*14*	**(1,142)**	-
Net assets		**34,844**	31,954
Capital and reserves			
Share capital	*15*	**19,801**	19,801
Capital contribution reserve	*16*	**16,242**	16,208
Share premium account		**27,302**	27,302
Profit and loss account		**(28,501)**	(31,357)
Shareholders' funds		**34,844**	31,954

The accompanying notes on pages 13 to 31 form part of these financial statements.

These financial statements were approved by the board of directors on 31 July 2020 and were signed on its behalf by:

Martin Burns
Director

Notes
(forming part of the financial statements)

1. Accounting policies

NXP Laboratories UK Limited is a Company incorporated and domiciled in the United Kingdom. The address of the registered office is given in Company information on page 1. The nature of the Company's operations and its principal activities are given in the Strategic report.

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are rounded to the nearest thousand (£'000). The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

1.1. Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 reduced disclosure framework (FRS 101). The amendments to FRS 101 (2014/2015 cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but make amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel

As the consolidated financial statements of NXP Semiconductors N.V. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- The disclosures required by IFRS 7 *Financial Instrument Disclosures.*

This year we have adopted IFRS 16 and as a result have updated our accounting policy and made adjustments as disclosed in note 1.18.

The Company's ultimate parent undertaking, NXP Semiconductors N.V., includes the Company in its consolidated financial statements. The consolidated financial statements of NXP Semiconductors N.V. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Group's website www.nxp.com or from: the Company Secretary, High Tech Campus 60, 5656 AG Eindhoven, Netherlands.

The Company intends to continue to adopt the reduced disclosure framework of FRS 101 in its financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes *(continued)*

1. Accounting policies (continued)

1.2. Measurement convention

The financial statements have been prepared on the historical cost basis, unless otherwise stated. The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.3 Going concern

In carrying out their duties in respect of going concern, the Directors have carried out a review of the financial position of the Company for a period of 12 months from the date of signing these statements. These have been based on a review of revenue and expenditure, taking into account specific business risks and the uncertainties brought about by the current economic environment. The performance, financial position and the key risks impacting the Company are detailed in the Strategic Report and the Directors' Report.

At the current time the Company has sufficient financial resources, including net assets of £34.8m. There is currently no reliance on external facilities. As detailed in the strategic report, the directors have also completed a thorough assessment of the impact of Covid-19, including stress testing. The company has obtained a letter of support from its parent entity confirming their bank balance will made available to the company for at least the next 12 months.

The directors have assessed that the company can maintain liquidity even under stress test conditions. Therefore, as there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, the directors have concluded this does not represent a material uncertainty with regards to going concern.

The Company is largely a research and development centre which is reimbursed for its costs by NXP Semiconductors Netherlands B.V. As a consequence of this, the Directors are of the opinion that the Company should be able to operate within its available funding.

Having taken all of the above factors into consideration and making the appropriate enquiries, the Directors have a reasonable expectation that the Company is well placed to manage its business risks given the current economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.4 Foreign currency

The financial statements are presented in pounds sterling, which is the functional currency of the Company.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recorded at the rates prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

Where it is necessary, to hedge exposure to foreign exchange risks the Company will enter into forward contracts. However, this was not necessary in 2019.

1.5 Classification of financial instruments issued by the Company

Following the adoption of IFRS 9, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

a) They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative

c) That will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes *(continued)*

1. Accounting policies *(continued)*

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Non derivative financial instruments

Trade and other debtors

Trade receivables are measured at fair value. There are no long-term receivables and no interest charges. The Company did not have any bad debts in 2019 and so no provision has been made as at the year end.

Financial liabilities and equity

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

Trade and other creditors

Trade payables are measured at fair value. There are no long term trade payables.

1.7 Tangible Fixed Assets

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are stated in the balance sheet at their valued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided so as to write off the cost less the estimated residual value of assets on a straight line basis over their estimated useful economic lives as follows:

Fixtures and Fittings	3 to 10 years straight line
Plant and machinery	3 to 10 years straight line
Leasehold improvements	Term of lease

There are no assets held under finance leases.

Depreciation methods, useful lives and residual values are reviewed at balance sheet date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Notes *(continued)*

1. Accounting policies *(continued)*

1.8 Business combinations (continued)

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.9 Impairment of tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.10 Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Licences – 5 years

Goodwill - 3 to 14 years straight line

The basis for choosing these useful lives is the duration of each licence.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.12 Borrowing costs

There are no borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. All borrowing costs are recognised in the statement of profit and loss and other comprehensive income in the period in which they are incurred.

1.13 Research and development

Expenditure on research and development is recognised in the profit and loss accounts as an expense as incurred.

Notes *(continued)*

1. Accounting policies *(continued)*

1.13 Research and development (continued)

All research and development costs are invoiced to NXP Semiconductors Netherlands B.V. with appropriate profit uplifts and the income received is included as turnover.

1.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

NXP Laboratories UK Limited has a defined contribution retirement benefit scheme. This scheme is a group stakeholder pension outsourced to a pension provider who manages the individual investment funds of all qualifying employees of NXP Laboratories UK Limited. Contributions are paid into these personal pension accounts monthly and invested by the pension provider. Employees who leave the Company or the pension scheme no longer receive Company contributions towards their pension scheme.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Share-based payments

During 2008 a shared-based compensation plan was put in place by the ultimate parent Company for NXP employees, which was extended to NXP Laboratories UK Limited in 2011. Under this plan management and certain other executives acquire the right to receive depository receipts of shares upon exercise and payment of the exercise price, after these rights have vested and only if a change in control event that triggers exercise has taken place. The plan is accounted for in accordance with the provisions of IFRS 2 Share-based payments. Further information is given in the Corporate Accounts of NXP Semiconductors N.V.

1.16 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

1.17 Turnover

Turnover is measured at fair value of the consideration received or receivable, based on the transfer pricing policy of the NXP Group. Revenue includes research and development costs invoiced to NXP Semiconductors Netherlands B.V. with an appropriate profit uplift. The Company also receives a fixed mark up from other group companies on the cost of any administrative work.

1.18 Leasing

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 20. The following policies apply subsequent to the date of initial application, 1 January 2019.

Notes *(continued)*

1. Accounting policies (*continued*)

Identifying Leases

The company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;
(b) The company obtains substantially all the economic benefits from use of the asset; and
(c) The company has the right to direct use of the asset.

The company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the company obtains substantially all the economic benefits from use of the asset, the company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the company has the right to direct use of the asset, the company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease Measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and

Notes *(continued)*

1. Accounting policies (*continued*)

- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of- use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Notes *(continued)*

1. Accounting policies *(continued)*

1.19 Operating profit

Operating profit is stated after charging restructuring costs but before finance costs.

1.20 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment
Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 9 and details of the useful lives are included within the accounting policy.

(b) Useful lives of intangible assets

Intangible assets are amortised over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue. These estimates are reviewed at least annually and changes to these estimates can result in significant variations in the carrying value and amounts charged to profit or loss. The carrying amount of intangible assets by each class is included in note 10 and details of the useful lives are included within the accounting policy.

(c) Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities and the corresponding right-of-use assets. To determine the incremental borrowing rate the company uses recent third-party financing as a starting point, and adjusts this for conditions specific to the lease such as its term and security.

Notes *(continued)*

2. Turnover

An analysis of the Company's revenue is as follows:

	2019	2018
	£000	£000
Sales of goods and services	**5,081**	4,881
Recharges to parent for R&D and G&A	**18,817**	19,488
Royalty Income	**6,476**	6,476
Revenue	**30,374**	30,845

Geographical information

The following table provides an analysis of the Company's sales by geographical market, irrespective of the origin of the goods or services:

	2019	2018
	£000	£000
Europe	**30,374**	30,845

Notes *(continued)*

3. Expenses and auditor's remuneration

	2019 £000	2018 £000
Depreciation of property, plant and equipment	156	164
Restructuring costs	674	603
Grant Income	(49)	(6)

Profit for the year has been arrived at after charging:

The analysis of auditor's remuneration is as follows:

	2019 £000	2018 £000
Audit of financial statements	12	11

4. Staff numbers and costs

The average monthly number of employees (including directors) during the year was:

	2019	2018
Headcount		
Personnel employed in development	94	99
Personnel employed in the commercial sector	30	30
Personnel employed in G&A	32	35
	156	164

Their aggregate remuneration comprised:

	2019 £000	2018 £000
Included in:		
Wages and salaries	12,397	12,786
Social security costs	1,496	1,484
Post retirement benefits (*see note 17)*	1,095	1,111
	14,988	15,381

Notes *(continued)*

5. Remuneration of directors

	2019 £000	2018 £000
Remuneration	**182**	313
Company contributions to money purchase pension scheme	**15**	15
	197	328
Emoluments of highest paid director	**182**	313
Pension contributions of highest paid director	**15**	15

The aggregate emoluments including amounts receivable under the long term incentive schemes of the highest paid director was £182,000 *(2018: £313,000).*

6. Other interest receivable and similar income

	2019 £000	2018 £000
Interest income	**103**	54

7. Other Finance Charges

	2019 £000	2018 £000
Interest paid and other finance charges	**61**	32

Notes *(continued)*

8. Tax

	2019	2018
	£000	£000
UK corporation tax		
Current tax	**1,739**	1,676
Prior year tax	-	1,215
	1,739	2,891
Deferred tax		
Origination of temporary differences	-	-
Total tax charge on profit on ordinary activities	**1,739**	2,891

Reconciliation of effective tax rate

	2019	2018
	£000	£000
Profit for the year	**2,856**	1,224
Total tax expense	**(1,739)**	(2,891)
Profit excluding taxation	**4,595**	4,115
Tax using the UK corporation tax rate of 19% in 2019 (19% in 2018)	**873**	782
Fixed Asset Timing difference	**1,222**	1,238
Tax effect of non-deductible items	**4**	(70)
Impact of losses for which no deferred tax was recognised	**(360)**	(274)
Taxation charge on ordinary activities	**1,739**	1,676

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 6 September 2016. No deferred taxes are recognised for NXP Laboratories UK Ltd as there is uncertainty whether carry forward losses can be used to offset future tax liabilities.

Notes *(continued)*

9. Tangible fixed assets

	Right of Use Assets £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 January 2019	-	301	919	**1,220**
Acquisitions	273	-	101	**374**
Disposals	-	-	(41)	**(41)**
Additions on adoption of IFRS 16	1,853	-	-	1,853
At 31 December 2019	**2,126**	**301**	**979**	**3,406**
Accumulated depreciation				
At 1 January 2019	-	(224)	(276)	**(500)**
Charge for the year	(465)	(15)	(140)	**(620)**
Disposals	-	-	33	**33**
Additions in adoption of IFRS 16	-	-	-	-
At 31 December 2019	**(465)**	**(239)**	**(383)**	**(1,087)**
Carrying amount				
At 31 December 2019	**1,661**	**62**	**596**	**2,319**
At 31 December 2018	-	77	643	720

At 31 December 2019, NXP Laboratories UK Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment.

For the period 31 December 2019, assets arising from leases where the company is a lessee have been accounted for under IFRS 16 and shown under right-of-use assets within tangible fixed assets. See note 20.

10. Intangible assets

	Goodwill £000	Licences £000	Total £000
Cost			
At 1 January 2019 and 31 December 2019	834	31,582	**32,416**
Provisions and Amortisation			
At 1 January 2019	(334)	(12,633)	**(12,967)**
Charge for the year	(27)	(6,317)	**(6,344)**
At 31 December 2019	(361)	(18,950)	**(19,311)**
Net book value			
At 31 December 2019	**473**	**12,632**	**13,105**
At 31 December 2018	500	18,949	19,449

Notes (continued)

11. Debtors

	2019 £000	2018 £000
Trade and other receivables	**106**	288
Prepayments and accrued income	**75**	43
Other Debtors	**752**	902
Income Tax Receivable	[illegible]	[illegible]
Amounts due from group undertakings	**23,453**	14,351
	24,386	15,584

There are no overdue receivables.

12. Deferred tax

The following are the deferred tax liabilities and assets that are not recognised by the Company and movements thereon during the current and prior reporting period.

	2019 £000	2018 £000
Deferred tax assets		
Tax losses	**4,038**	4,533
Property, plant and equipment	**(32)**	(215)
	4,006	4,318

The Company has tax losses potentially giving rise to deferred tax assets, however, these are not recognised as there is uncertainty regarding the utilisation of carry forward losses against future profits. The deferred tax assets are therefore, merely disclosed.

13. Creditors: amount falling due less than one year

	2019 £000	2018 £000
Trade creditors	**705**	513
Accruals	**623**	574
Social security and payroll	**1,004**	1,760
Lease Liability (2019 – note 20)	**460**	-
Amounts owed to group undertakings	**158**	121
Income tax payable	**874**	831
	3,824	3,799

Trade creditors and accruals comprise amounts outstanding for trade purchases and ongoing costs.

Notes (continued)

14. Creditors: Amount falling due after one year

	2019 £000	2018 £000
Lease Liability (2019 – note 20)	**1,142**	-
	1,142	-

15. Leases

In the capacity as lessee

The company leases a number of properties. For some lease contracts payments increase each year by inflation or and in others they are reset periodically to market rental rates. For some property leases, the periodic rent is fixed over the lease term.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable.

31 December 2019	Lease Contracts Number	Fixed Payments %
Property leases with periodic uplifts to market rentals	5	100
	5	100

The total cash outflow for leases during the year was £428,000.

Notes (continued)

16. Called up share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
19,801,200,000 Ordinary shares of 0.1p each	**19,801**	19,801

17. Capital contribution reserve

	2019 £000	2018 £000
Balance at 1 January 2019	**16,208**	16,208
Capital contribution received in the year	**34**	-
Balance at 31 December 2019	**16,242**	16,208

The Company's ultimate parent undertaking NXP Semiconductors N.V. grant rights under a share-based compensation plan to the employees of the Company. This has led to £34,000 *(2018: nil)* being recognised in equity during the year. Details of the plan can be obtained from the holding Company accounts (NXP Semiconductors N.V.).

18. Post retirement benefit schemes

NXP Laboratories UK Limited has its own defined contribution retirement benefit scheme. This is a group stakeholder pension outsourced to a pension provider who manages the individual investment funds of all qualifying employees of NXP Laboratories UK Limited. Contributions are paid into these personal pension accounts monthly and invested by the pension provider. Employees who leave the Company or the pension scheme no longer receive Company contributions towards their pension scheme.

The total cost of post retirement benefit schemes (see note 4) charged to income of £1,095,000 in 2019 *(2018: £1,111,000)* represents contributions payable to the stakeholder pension scheme at rates specified in the rules of the plans. There were no unpaid pension contributions at the end of 2019 (2018: nil).

19. Ultimate parent undertaking

The Company's parent undertaking is NXP B.V. The accounts of the Company are consolidated in the group accounts of the ultimate controlling entity, NXP Semiconductors N.V., a Company registered in the Netherlands.

20. Effects of changes in accounting policies

The company adopted IFRS 16 with a transition date of 1 January 2019. The company has chosen not to restate comparatives on adoption, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances. Details of the impact of the standard has had are given below. Other new and amended standards and Interpretations did not impact the company as they are either not relevant to the company's activities or require accounting which is consistent with the company's current accounting policies.

Notes (continued)

20. Effects of changes in accounting policies (continued)

IFRS 16 Leases

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The company does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:
(a) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
(b) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
(c) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the company recognises right-of-use assets and lease liabilities for most leases. However, the company has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

Notes (continued)

20. Effects of changes in accounting policies (continued)

On adoption of IFRS 16, the company recognised right-of-use assets and lease liabilities as follows:-

Classification under IAS 17	Right-Of-Use Assets	Lease Liabilities
All other operating leases	Office space: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. All other: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above	Measured at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate as at 1 January 2019. The company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted- average rate applied was 3.4%

The following table presents the impact of adopting IFRS 16 on the balance sheet as at 1 January 2019:-

		31 Dec 2018 as originally presented £000	IFRS 16 adjustment £000	1st Jan 2019 as restated £000
Assets				
Tangible fixed assets – right-of-use assets	(a)	-	1,853	**1,853**
Liabilities				
Creditors: amounts falling due within one year	(b)	62	(62)	-
			370	**370**
Creditors: amounts fallings due after more than one year	(c)	-	1,421	**1,421**
Equity				
Retained Earnings		-	-	-

(a) Operating leases that had not previously been accounted for 'on balance sheet' have been recognised based on their fair value as at 1 January 2019.

(b) Loans and borrowings were adjusted to reclassify leases previously classified as finance leases to lease liabilities.

(c) The following table reconciles the minimum lease commitments disclosed in the company's 31 December 2018 annual financial statements to the amount of lease liabilities recognised on 1 January 2019:-

Notes (continued)

20. Effects of changes in accounting policies (continued)

	1 January 2019 £000
Minimum operating lease commitment at 31 December 2018	2,126
Less: short term leases not recognised under IFRS 16	-
Less: low value leases not recognised under IFRS 16	(194)
Plus: effect of extension options reasonably certain to be exercised	-
Undiscounted lease payments	-
Less: effect of discounting using incremental borrowing rate as at the date of initial application	(140)
Lease liabilities for leases classified as operating type under IAS 17	-
Lease liability as at 1 January 2019	1,792

There was no impact on opening retained earnings from the adoption of IFRS 16.

21. Post balance sheet events

The outbreak of COVID-19 in early 2020 has affected business and economic activity around the world. The company considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Details of the potential impact on the company are detailed in the Strategic Report.