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ROHDE & SCHWARZ U.K. LIMITED

Financial statements
31 December 1985



ROHDE & SCHWARZ U.K. LIMITED

FINANCIAL STATEMENTS
31 December 1985

	Page
CONTENTS	
Directors' report	1
Report of the auditors	2
Profit and loss account	3
Balance sheet	4
Notes on the financial statements	5-9
Statement of source and application of funds	10



ROHDE & SCHWARZ U.K. LIMITED

1

DIRECTORS' REPORT
31 December 1985

The directors submit their report and financial statements for the year ended 31 December 1985.

PRINCIPAL ACTIVITY

The principal activity of the company is the sale and service of specialised imported electronic test, measuring and communication equipment.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

An improved gross profit margin allied with an increase in turnover has produced very good results. No particular developments of the business are envisaged.

RESULTS AND DIVIDEND

Details of the results for the year together with the dividend proposed are shown in the profit and loss account and the related notes.

DIRECTORS

The directors who served during the year were:

J.A. Dearlove (Chairman)

H.J. Bardehle

C.G. Morrow

W.D. Oertel

None of the directors had any interests in the ordinary shares of the company during the year.

FIXED ASSETS

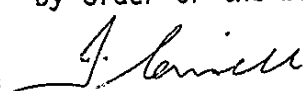
Changes in the fixed assets during the year are set out in note 8 to the financial statements.

The directors consider that the market value of the company's fixed assets approximates to the book amount.

AUDITORS

The reappointment as auditors of Finnie & Co., Chartered Accountants, will be proposed at the annual general meeting.

By order of the board



I.F. CRISELL

Secretary

11 July 1986

ROHDE & SCHWARZ U.K. LIMITED

2

REPORT OF THE AUDITORS

To the members of Rohde & Schwarz U.K. Limited

We have audited the financial statements on pages 3 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31 December 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

FINNIE & CO.

Chartered Accountants

LONDON

11 July 1986

ROHDE & SCHWARZ U.K. LIMITED

3

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1985

	note	1985		1984	
		£	£	£	£
TURNOVER	2		6,024,592		5,556,524
Cost of sales			4,186,390		3,904,752
GROSS PROFIT			<u>1,838,202</u>		<u>1,651,772</u>
Personnel and related expenses		661,672		523,068	
Selling costs		397,085		365,396	
Establishment costs		<u>173,621</u>		<u>167,189</u>	
			1,232,378		1,055,653
			<u>605,824</u>		<u>596,119</u>
Other income			79,666		79,173
			<u>685,490</u>		<u>675,292</u>
Interest payable	3		46		701
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	4		685,444		674,591
Tax on profit on ordinary activities	6		<u>282,185</u>		<u>305,706</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAX			403,259		368,885
Dividend	7		<u>250,000</u>		<u>250,000</u>
AMOUNT TRANSFERRED TO RESERVES	16		<u>153,259</u> =====		<u>118,885</u> =====

ROHDE & SCHWARZ U.K. LIMITED

4

BALANCE SHEET
31 December 1985

	note	£	1985	£	1984	£
FIXED ASSETS						
Tangible assets	8		392,317		412,528	
CURRENT ASSETS						
Stocks	9	920,107		636,599		
Debtors	10	1,066,883		1,290,642		
Cash at bank and in hand		442,760		318,191		
		<u>2,429,750</u>		<u>2,243,432</u>		
CREDITORS: amounts falling due within one year	11	1,850,277		1,820,864		
NET CURRENT ASSETS			579,473		422,568	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>971,790</u>		<u>835,096</u>	
PROVISIONS FOR LIABILITIES AND CHARGES						
Provision for guarantee liability	13	86,378		79,943		
Deferred tax	14	10,000		33,000		
		<u>96,378</u>		<u>112,943</u>		
			875,412		722,153	
			=====		=====	
CAPITAL AND RESERVES						
Called up share capital	15	175,000		175,000		
Profit and loss account	16	700,412		547,153		
		<u>875,412</u>		<u>722,153</u>		
			=====		=====	

Directors:

H.J. BARDEHLE

J.A. DEARLOVE

These financial statements were approved by the board on
11 July 1986

NOTES ON THE FINANCIAL STATEMENTS
31 December 1985

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention.

TRANSLATION OF FOREIGN CURRENCY

Foreign currency balances are translated to sterling at the exchange rates ruling at the balance sheet date, except where the balances outstanding have been settled since the year end, when the actual liability has been included.

STOCKS

Stocks represent finished goods and are stated at the lower of cost and net realisable value.

DEPRECIATION AND AMORTISATION

Short leasehold premises are amortised over the unexpired portion of the lease on a straight line basis. Other fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

	Annual rate
Freehold buildings	2%
Furniture and equipment	15%
Technical service equipment	20%
Demonstration equipment	20%
Private cars	25%
Commercial vehicles	20%
Computer equipment	25%

DEFERRED TAX

Deferred tax in respect of capital allowances and other timing differences is provided under the liability method, except where such timing differences are expected with reasonable probability to continue in the foreseeable future.

Advance corporation tax which is expected to be recoverable is deducted from the provision for deferred tax.

GUARANTEE LIABILITY

To recognise the company's liability under the terms of its guarantees, a provision of 1½% of instrument sales for the year is carried forward. Liabilities arising under the guarantees are charged against the profits for the year.

2 TURNOVER

Turnover represents the total amount receivable in the ordinary course of business for goods sold after deducting discounts given and credit notes issued. The turnover and pre-tax profit is attributable to one activity, that of instrument sales and service.

3 INTEREST PAYABLE

	1985	1984
	£	£
On overdue tax	46	701
	===	===

NOTES ON THE FINANCIAL STATEMENTS (continued)
31 December 1985

4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAX is stated after charging/(crediting):	1985 £	1984 £
	Depreciation and amortisation	111,990	103,668
	(Profit)/loss on sale of fixed assets	(23,073)	1,371
	Auditors' remuneration	7,500	7,000
	Directors' remuneration:		
	Fees	3,652	2,038
	Other emoluments	74,506	49,089
		=====	=====
	Emoluments (excluding pension contributions paid on their behalf):		
	Chairman	500	500
	Highest paid director	52,762	32,791
		=====	=====
	Other directors:	Number	Number
	£0 - £5,000	2	2
		=====	=====
5	STAFF COSTS	1985 £	1984 £
	Wages and salaries	562,071	445,965
	Social security costs	54,144	38,658
	Other pension costs	34,794	26,965
		=====	=====
		651,009	511,588
		=====	=====
	The average number of employees during the year was made up as follows:		
		Number	Number
	Sales	15	15
	Service	10	8
	Administration	21	19
		=====	=====
		46	42
		=====	=====
6	TAX ON PROFIT ON ORDINARY ACTIVITIES	1985 £	1984 £
	The tax charge consists of:		
	Corporation tax at 41.25% (1984: 46.25%) based on the results for the year	303,308	329,000
	Adjustments in respect of prior years	(5,123)	(444)
	Deferred tax (release)	(16,000)	(22,850)
		=====	=====
		282,185	305,706
		=====	=====
7	DIVIDEND		
	Proposed dividend of 142.8p (1984: 142.8p) per share	250,000	250,000
		=====	=====

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 December 1985

FIXED ASSETS	Freehold premises and fittings £	Short leasehold premises £	Furniture and equipment £	Demonstration and service equipment £	Motor vehicles £	Computer equipment £	Total £
Cost							725,242
At 1 January 1985	67,626	47,625	116,355	348,045	84,066	61,525	99,651
Additions in the year	-	-	1,150	32,106	32,685	33,710	(32,758)
Disposals in the year	-	-	-	(19,205)	(13,553)	-	
At 31 December 1985	67,626	47,625	117,505	360,946	103,198	95,235	792,135
Depreciation							312,714
At 1 January 1985	6,497	13,290	67,296	178,933	19,988	26,710	(24,886)
Applicable to disposals	-	-	-	(11,860)	(13,026)	-	111,990
Charge for the year	1,353	3,960	12,214	58,848	19,532	16,083	
At 31 December 1985	7,850	17,250	79,510	225,921	26,494	42,793	399,818
Net amounts:							
At 31 December 1985	59,776	30,375	37,995	135,025	76,704	52,442	392,317
At 31 December 1984	61,129	34,335	49,059	169,112	64,078	34,815	412,528

RUHDE & SCHWARZ U.K. LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)
31 December 1985

8

	1985 £	1984 £
9 STOCKS		
Finished goods:		
Goods for resale	887,602	605,419
Stock of components	32,505	31,180
	<u>920,107</u>	<u>636,599</u>
	=====	=====
10 DEBTORS		
Amounts falling due within one year:		
Trade debtors	943,959	1,156,552
Other debtors	54,374	54,569
Prepayments	8,437	7,378
	<u>1,006,770</u>	<u>1,218,499</u>
Amounts falling due after one year:		
Advance corporation tax recoverable	60,113	72,143
	<u>1,066,883</u>	<u>1,290,642</u>
	=====	=====
11 CREDITORS		
Amounts falling due within one year:		
Trade creditors	959,935	1,025,996
Corporation tax	405,325	436,143
Other taxes and social security costs	43,459	31,950
Proposed dividend	250,000	250,000
Other creditors	97,502	16,213
Accruals	94,056	60,562
	<u>1,850,277</u>	<u>1,820,864</u>
	=====	=====
12 SECURED CREDITORS		
Included in trade creditors are amounts totalling £20,507 (1984: £17,117) in respect of stock held at the balance sheet date which had been supplied under reservation of title.		
13 PROVISION FOR GUARANTEE LIABILITY	1985 £	1984 £
Provision at 1 January 1985	79,943	59,573
Increase in provision in year	6,435	20,370
Provision at 31 December 1985	<u>86,378</u>	<u>79,943</u>
	=====	=====

ROHDE & SCHWARZ U.K. LIMITED

9

NOTES ON THE FINANCIAL STATEMENTS (continued)
31 December 1985

14	DEFERRED TAX	1985 £	1984 £
	Full provision has been made for deferred tax at 36.25% (1985: 41.25%) as follows:		
	Accelerated capital allowances	80,000	100,000
	Other timing differences	(28,000)	(32,000)
		<u>52,000</u>	<u>68,000</u>
		42,000	35,000
	Less: unrelieved advance corporation tax	<u>10,000</u>	<u>33,000</u>
		=====	=====
15	CALLED UP SHARE CAPITAL		
	Authorised, allotted and fully paid 175,000 shares of £1 each	175,000	175,000
		=====	=====
16	RESERVES		
	Profit and loss account		
	At 1 January 1985	547,153	428,268
	Retained profit for year	153,259	118,885
		<u>700,412</u>	<u>547,153</u>
	At 31 December 1985	=====	=====
17	CONTINGENT LIABILITIES		
	Certain guarantees have been given by the company's bankers to third parties in the normal course of business. No loss is expected to arise as a result of these guarantees.		
18	ULTIMATE HOLDING COMPANY		
	The ultimate holding company is Rusint A.G. which is registered in Switzerland.		
19	CLOSE COMPANY		
	The close company provisions of the Taxes Act 1970 apply to the company.		

ROHDE & SCHWARZ U.K. LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Year ended 31 December 1985

	note	£	1985	£	£	1984	£
SOURCE OF FUNDS							
Generated from operations	1		780,796			800,000	
Funds from other sources:							
Proceeds from sale of fixed assets			30,945			39,116	
			<u>811,741</u>			<u>839,116</u>	
APPLICATION OF FUNDS							
Increase in net working capital	2	11,548			555,914		
Purchase of fixed assets		99,651			189,686		
Tax paid		323,973			194,836		
Dividend paid		250,000			162,750		
			<u>685,172</u>			<u>1,103,186</u>	
			<u>126,569</u>			<u>(264,070)</u>	
			=====			=====	
INCREASE/(DECREASE) IN CASH RESOURCES							
NOTES							
1	Generated from operations:						
	Profit before tax		685,444			674,591	
	Adjustments for items not involving the movement of funds:						
	Depreciation		111,990			103,668	
	(Profit)/loss on sale of fixed assets		(23,073)			1,371	
	Increase in guarantee liability provision		6,435			20,370	
			<u>780,796</u>			<u>800,000</u>	
			=====			=====	
2	Increase/(decrease) in net working capital:						
	Debtors (excluding ACT recoverable)		(211,729)			297,900	
	Stocks		283,508			(28,533)	
	Creditors (excluding tax and dividend)		(60,231)			286,547	
			<u>11,548</u>			<u>555,914</u>	
			=====			=====	