

REGISTRAR'S COPY

COMPANY NUMBER 539607

ROHDE & SCHWARZ U.K. LIMITED

Financial statements

Year ended

30 June 1995



ROHDE & SCHWARZ U.K. LIMITED

Annual report and financial statements for the year ended 30 June 1995

Contents

Page:

1 - 2	Directors' report
3	Report of the auditors
4	Profit and loss account
5	Balance sheet
6	Cash flow statement
7 - 15	Notes on the financial statements

ROHDE & SCHWARZ U.K. LIMITED

DIRECTOR'S REPORT

30 June 1995

The directors submit their report and financial statements for the year ended 30 June 1995.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDEND

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

FIXED ASSETS

Movements in fixed assets are shown in note 8 on the financial statements.

DIRECTORS

The directors who served during the year were:

C.G. Morrow
Dr H. Spiegel

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

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. 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.

ROHDE & SCHWARZ U.K. LIMITED

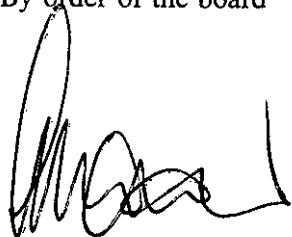
DIRECTOR'S REPORT (continued)

30 June 1995

AUDITORS

With effect from 1 October 1994 our auditors changed their name to BDO Stoy Hayward. BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'C.G. Morrow', written over a horizontal line.

C.G. MORROW

Director

4 September 1995

ROHDE & SCHWARZ U.K. LIMITED

REPORT OF THE AUDITORS

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

We have audited the financial statements on pages 4 to 15 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 1995 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD

Chartered Accountants and Registered Auditors
RICHMOND UPON THAMES

4 September 1995

ROHDE & SCHWARZ U.K. LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 1995

		1995		1994	
	note	£	£	£	£
TURNOVER	2		19,169,706		14,043,424
Cost of sales			14,896,627		10,746,339
GROSS PROFIT			4,273,079		3,297,085
Personnel and related expenses		1,441,015		1,325,750	
Selling costs		621,696		593,316	
Establishment costs		420,011		380,892	
			2,482,722		2,299,958
			1,790,357		997,127
Other income			168,332		216,419
OPERATING PROFIT			1,958,689		1,213,546
Interest receivable			147,537		118,298
Interest payable	3		(447)		(685)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	4		2,105,779		1,331,159
Tax on profit on ordinary activities	6		712,078		480,769
PROFIT ON ORDINARY ACTIVITIES AFTER TAX			1,393,701		850,390
Dividend	7		265,331		250,000
AMOUNT TRANSFERRED TO RESERVES	16		1,128,370		600,390

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 7 to 15 form part of these financial statements.

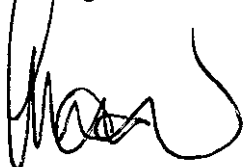
ROHDE & SCHWARZ U.K. LIMITED

BALANCE SHEET

30 June 1995

		1995		1994	
	note	£	£	£	£
FIXED ASSETS					
Tangible assets	8		278,099		248,234
CURRENT ASSETS					
Stocks	9	1,191,499		1,791,812	
Debtors	10	5,294,111		3,320,190	
Cash at bank and in hand		7,410,274		2,675,834	
		<u>13,895,884</u>		<u>7,787,836</u>	
CREDITORS: amounts falling due within one year	11	9,181,481		4,245,801	
NET CURRENT ASSETS			<u>4,714,403</u>		<u>3,542,035</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,992,502</u>		<u>3,790,269</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Provision for guarantee liability	13		(303,868)		(238,708)
Deferred tax	14		(17,148)		(8,445)
			<u>4,671,486</u>		<u>3,543,116</u>
CAPITAL AND RESERVES					
Called up share capital	15		175,000		175,000
Profit and loss account	16		4,496,486		3,368,116
			<u>4,671,486</u>		<u>3,543,116</u>

These financial statements were approved by the board on 4 September 1995 and signed on its behalf by:



C.G. MORROW
Director

The notes on pages 7 to 15 form part of these financial statements.

ROHDE & SCHWARZ U.K. LIMITED

CASH FLOW STATEMENT

Year ended 30 June 1995

			1995		1994
	note	£	£	£	£
Net cash inflow from operating activities	19		5,445,825		508,174
Returns on investment and servicing of finance					
Interest received		134,501		115,917	
Interest paid		(447)		(685)	
Dividends paid		(265,331)		(200,000)	
Net cash outflow from returns on investments and servicing of finance			(131,277)		(84,768)
Taxation					
UK corporation tax paid			(485,605)		(316,226)
Investing activities					
Purchase of tangible fixed assets	8	(122,504)		(63,259)	
Sale of tangible fixed assets		28,001		750	
Net cash outflow from investing activities			(94,503)		(62,509)
Increase in cash and cash equivalents	20		4,734,440		44,671

The notes on pages 7 to 15 form part of these financial statements

NOTES ON THE FINANCIAL STATEMENTS
30 June 1995

1 ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The following accounting policies have been applied:

Translation of foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred.

Foreign currency balances are translated to sterling at the exchange rates ruling at the balance sheet date.

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. 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 and demonstration equipment and commercial vehicles	20%
Private cars and 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.

Deferred tax assets are only recognised when they are expected to be recovered without replacement by equivalent debit balances.

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

Guarantee liability

In respect of contracts where the company has given a one year guarantee a provision of 1.5% of instrument sales for the year is carried forward. Where a guarantee on a contract extends over a period in excess of one year then the level of provision is increased proportionately. Liabilities arising under the guarantees are charged against the profits for the year.

NOTES ON THE FINANCIAL STATEMENTS (continued)**30 June 1995****1 ACCOUNTING POLICIES (continued)****Pension costs**

Retirement benefits to employees of the company are provided by a defined benefit scheme which is funded by contributions paid to a separately administered fund.

Contributions to the fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Long term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as the proportion of total contract value which corresponds to the proportion of costs incurred at the year end compared to total expected costs for that contract. Full provision is made for losses on all contracts in the year in which they are first foreseen.

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Turnover is stated net of value added tax and discounts given and represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the year, including estimates in respect of amounts not invoiced.

Turnover and profit on ordinary activities before tax relate to the company's principal activities and arose wholly within the U.K.

3 INTEREST PAYABLE	1995	1994
	£	£
On bank overdraft	-	685
Other interest	447	-
	447	685

NOTES ON THE FINANCIAL STATEMENTS (continued)
30 June 1995

4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	1995	1994
	Is stated after charging/(crediting):	£	£
	Depreciation and amortisation	67,684	61,006
	Profit on sale of fixed assets	(3,046)	(750)
	Auditors' remuneration	19,000	18,000
	Directors' remuneration		
	- Fees	1,337	2,171
	- Other emoluments	264,223	173,679
	Hire of equipment	7,668	8,186
		<u> </u>	<u> </u>
	Emoluments (excluding pension contributions paid on their behalf):		
	Chairman	1,337	-
	Highest paid director	236,103	141,331
		<u> </u>	<u> </u>
5	STAFF COSTS		
	Wages and salaries	1,229,528	1,130,609
	Social security costs	123,641	114,059
	Other pension costs	75,064	77,273
		<u> </u>	<u> </u>
		1,428,233	1,321,941
		<u> </u>	<u> </u>

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

	Number	Number
Sales	21	26
Service	14	13
Administration	12	11
	<u> </u>	<u> </u>
	47	50
	<u> </u>	<u> </u>

ROHDE & SCHWARZ U.K. LIMITED**NOTES ON THE FINANCIAL STATEMENTS (continued)****30 June 1995**

6	TAX ON PROFIT ON ORDINARY ACTIVITIES	1995	1994
		£	£
	The tax charge consists of:		
	Corporation tax at 33 % (1994: 33 %)		
	based on results for the year	677,761	471,310
	Adjustments in respect of prior years	25,614	12,734
	Deferred tax charge/(release)	8,703	(3,275)
		712,078	480,769
7	DIVIDEND		
	Proposed dividend of 142.9p (1994: 142.9p) per share	250,000	250,000
	Additional payment arising from foreign tax relief	15,331	-
		265,331	250,000

NOTES ON THE FINANCIAL STATEMENTS (continued)
30 June 1995

8	FIXED ASSETS	Freehold premises and fittings £	Short leasehold premises £	Furniture and equipment £	Demonstration and service equipment £	Motor vehicles £	Computer equipment £	Total £
	Cost							
	At 1 July 1994	79,660	90,738	239,142	364,324	96,368	150,681	1,020,913
	Additions	-	1,866	2,094	62,524	14,467	41,553	122,504
	Disposals	-	-	-	3,276	75,593	-	78,869
	At 30 June 1995	79,660	92,604	241,236	423,572	35,242	192,234	1,064,548
	Depreciation							
	At 1 July 1994	19,650	23,656	209,264	316,972	61,205	141,932	772,679
	Disposals	-	-	-	1,312	52,602	-	53,914
	Charge for year	1,593	4,505	17,209	23,572	12,172	8,633	67,684
	At 30 June 1995	21,243	28,161	226,473	339,232	20,775	150,565	786,449
	Net book value:							
	At 30 June 1995	58,417	64,443	14,763	84,340	14,467	41,669	278,099
	At 30 June 1994	60,010	67,082	29,878	47,352	35,163	8,749	248,234

ROHDE & SCHWARZ U.K. LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

30 June 1995

9	STOCKS	1995	1994
		£	£
	Finished goods:		
	Goods for resale	1,098,368	1,693,900
	Stock of components	93,131	97,912
		<u>1,191,499</u>	<u>1,791,812</u>
10	DEBTORS		
	Amounts falling due within one year:		
	Trade debtors	4,464,599	2,379,735
	Amounts recoverable on contracts	1,020	12,888
	Amount due from group undertakings	600,777	679,941
	Other debtors	76,592	62,144
	Prepayments	108,725	122,982
		<u>5,251,713</u>	<u>3,257,690</u>
	Amounts falling due after more than one year:		
	Advance corporation tax recoverable	42,398	62,500
		<u>5,294,111</u>	<u>3,320,190</u>
11	CREDITORS		
	Amounts falling due within one year:		
	Payments on account	-	125,234
	Trade creditors	373,172	282,011
	Amounts owed to group undertakings	6,211,815	2,804,093
	Corporation tax	672,990	475,322
	Other taxes and social security costs	1,217,053	92,462
	Proposed dividend	250,000	250,000
	Other creditors	368,541	147,357
	Accruals	87,910	69,322
		<u>9,181,481</u>	<u>4,245,801</u>

ROHDE & SCHWARZ U.K. LIMITED**NOTES ON THE FINANCIAL STATEMENTS (continued)**
30 June 1995**12 SECURED CREDITORS**

Included in trade creditors are amounts totalling approximately £75,449 (1994: £109,217) in respect of stock held at the balance sheet date which had been supplied under reservation of title.

13 PROVISION FOR GUARANTEE LIABILITY

	1995	1994
	£	£
Provision at 1 July 1994	238,708	191,438
Increase in provision in year	65,160	47,270
	<u> </u>	<u> </u>
Provision at 30 June 1995	303,868	238,708
	<u> </u>	<u> </u>

14 DEFERRED TAX

Full provision has been made for deferred tax at 33% as follows:

Accelerated capital allowances	(4,899)	(9,300)
Other timing differences	22,047	17,745
	<u> </u>	<u> </u>
	17,148	8,445
	<u> </u>	<u> </u>

15 CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid 175,000 ordinary shares of £1 each	175,000	175,000
	<u> </u>	<u> </u>

16 RESERVES

Profit and loss account:

At 1 July 1994	3,368,116
Retained profit for the year	1,128,370
	<u> </u>
At 30 June 1995	4,496,486
	<u> </u>

ROHDE & SCHWARZ U.K. LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

30 June 1995

17 PENSION COMMITMENTS

The company operates a defined benefit pension and life assurance scheme with pensions of a maximum of two thirds of final pensionable earnings subject to Inland Revenue limitations. The assets of the scheme are held separately from those of the company and are administered by a pension company.

The required contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. An actuarial valuation as at

1 August 1989 has been obtained which uses the following main assumptions:

Rate of return on investments	9% per annum
Rate of salary growth	7.5% per annum

At the last actuarial valuation date the market value of the scheme's assets amounted to £110,000 and this value was sufficient to cover 69% of the benefits which had accrued to members, after allowing for the effect of future increases in their earnings.

The pension charge for the year in respect of the above scheme was £47,273 (1993: £44,970).

18 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.

19 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995 £	1994 £
Operating profit	1,958,689	1,213,546
Depreciation charges	67,684	61,006
Profit on sale of tangible fixed assets	(3,046)	(750)
Decrease in stocks	600,313	23,993
(Increase)/decrease in debtors	(1,994,023)	8,171
Increase/(decrease) in creditors	4,816,208	(797,792)
	<u>5,445,825</u>	<u>508,174</u>

ROHDE & SCHWARZ U.K. LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)
30 June 1995

20 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	£
Balance at 1 July 1994	2,675,834
Net cash inflow	4,734,440
Balance at 30 June 1995	7,410,274

21 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1995 £	1994 £	Change in year £
Cash at bank and in hand	7,410,274	2,675,834	4,734,440

22 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including premium) £	Loans and finance leases obligations £
Balance at 1 July 1994 and 30 June 1995	175,000	-

23 ULTIMATE HOLDING COMPANY

The ultimate holding company is Rusint A.G. incorporated in Switzerland.

24 CLOSE COMPANY

The close company provisions of the Income and Corporation Taxes Act 1988 apply to the company.