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COMPANY NUMBER 00539607

ROHDE & SCHWARZ U.K. LIMITED

Financial Statements

Year ended  
30 June 1999



# **ROHDE & SCHWARZ U.K. LIMITED**

**Annual report and financial statements for the year ended 30 June 1999**

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## **Directors**

C. G. Morrow  
Dr H. Spiegel  
Dr W. Winter

## **Secretary and Registered Office**

J. Edwards  
Rohde & Schwarz House  
Ancells Business Park  
Fleet  
Hampshire  
GU13 8UZ

## **Company Number**

00539607

## **Auditors**

BDO Stoy Hayward  
Willoughby House  
439 Richmond Road  
Nr Richmond Bridge  
Middlesex  
TW1 2HA

# **ROHDE & SCHWARZ U.K. LIMITED**

## **DIRECTORS' REPORT** **Year ended 30 June 1999**

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The directors submit their report and financial statements for the year ended 30 June 1999.

### **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 and the dividends are shown in the profit and loss account and the related notes.

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The results for the year were as expected taking account of the current market opportunities.

There have been no events since the balance sheet date which materially affect the position of the company.

### **DIRECTORS**

The directors who served during the year were as follows:

C. G. Morrow  
Dr H. Spiegel  
Dr W. Winter

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 keeping 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities.

**DIRECTORS' REPORT (continued)**  
**Year ended 30 June 1999**

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**YEAR 2000 COMPLIANCE**

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

The directors have initiated a project to determine the potential risks to the company's activities arising from the date change to the year 2000. A company-wide programme, designed to address the impact on the Year 2000 on our business, has been commissioned by the Board and is under way. Resources have been allocated and the Board receives regular reports on progress.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the company. The total cost of modifications to our computer hardware and software will be capitalised as incurred.

**AUDITORS**

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.

On behalf of the board



**C. MORROW**  
Director

Date: 12.10.99

**ROHDE & SCHWARZ U.K. LIMITED**

**REPORT OF THE AUDITORS**

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

We have audited the financial statements on pages 4 to 14 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 the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and 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 the company's affairs as at 30 June 1999 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**

Date: 12<sup>th</sup> October 1999

**ROHDE & SCHWARZ U.K. LIMITED****PROFIT AND LOSS ACCOUNT****Year ended 30 June 1999**

|                                                          | Note | 1999       | 1998       |
|----------------------------------------------------------|------|------------|------------|
|                                                          |      | £          | £          |
| <b>TURNOVER</b>                                          | 2    | 31,441,668 | 20,976,906 |
| Cost of sales                                            |      | 25,511,057 | 17,476,723 |
| <b>GROSS PROFIT</b>                                      |      | 5,930,611  | 3,500,183  |
| Personnel and related expenses                           |      | 1,752,814  | 1,464,082  |
| Selling costs                                            |      | 705,689    | 561,123    |
| Establishment costs                                      |      | 532,634    | 551,403    |
|                                                          |      | 2,991,137  | 2,576,608  |
|                                                          |      | 2,939,474  | 923,575    |
| Other income                                             |      | 101,805    | 147,534    |
| <b>OPERATING PROFIT</b>                                  | 3    | 3,041,279  | 1,071,109  |
| Interest receivable                                      |      | 553,965    | 383,550    |
| Interest payable                                         |      | (2,897)    | (404)      |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |      | 3,592,347  | 1,454,255  |
| Tax on profit on ordinary activities                     | 6    | 1,367,945  | 617,857    |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>AFTER TAXATION</b>  |      | 2,224,402  | 836,398    |
| Dividend                                                 | 7    | 1,000,000  | 250,000    |
| <b>AMOUNT TRANSFERRED TO<br/>RESERVES</b>                | 15   | 1,224,402  | 586,398    |

All amounts relate to continuing activities.

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

A statement of the movement in reserves can be found in note 15.

The notes on pages 7 to 14 form part of these financial statements.

**ROHDE & SCHWARZ U.K. LIMITED**
**BALANCE SHEET**
**30 June 1999**

|                                                       | Note | 1999              | 1998              |
|-------------------------------------------------------|------|-------------------|-------------------|
|                                                       |      | £                 | £                 |
| <b>FIXED ASSETS</b>                                   |      |                   |                   |
| Tangible assets                                       | 8    | 478,557           | 450,196           |
| <b>CURRENT ASSETS</b>                                 |      |                   |                   |
| Stock and work in progress                            | 9    | 2,786,774         | 1,813,744         |
| Debtors                                               | 10   | 7,615,054         | 9,370,087         |
| Cash at bank and in hand                              |      | 10,186,002        | 9,446,374         |
|                                                       |      | <u>20,587,830</u> | <u>20,630,205</u> |
| <b>CREDITORS: amounts falling due within one year</b> | 11   | <u>10,644,963</u> | <u>12,637,399</u> |
| <b>NET CURRENT ASSETS</b>                             |      | <u>9,942,867</u>  | <u>7,992,806</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      | 10,421,424        | 8,443,002         |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>         |      |                   |                   |
| Provision for guarantee liability                     | 12   | (1,587,239)       | (833,219)         |
| Deferred tax                                          | 13   | -                 | -                 |
|                                                       |      | <u>8,834,185</u>  | <u>7,609,783</u>  |
| <b>CAPITAL AND RESERVES</b>                           |      |                   |                   |
| Called up share capital                               | 14   | 175,000           | 175,000           |
| Profit and loss account                               | 15   | 8,659,185         | 7,434,783         |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                     | 16   | <u>8,834,185</u>  | <u>7,609,783</u>  |

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



**C. G. MORROW**  
Director

Date of approval: 12.10.99

The notes on pages 7 to 14 form part of these financial statements.

**ROHDE & SCHWARZ U.K. LIMITED**
**CASH FLOW STATEMENT**
**Year ended 30 June 1999**

|                                                                             | Note | 1999        | 1998        |
|-----------------------------------------------------------------------------|------|-------------|-------------|
|                                                                             |      | £           | £           |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                  | 19   | 1,814,944   | 5,922,231   |
| <b>Returns on investment and servicing of finance</b>                       |      |             |             |
| Interest received                                                           |      | 569,715     | 383,550     |
| Interest paid                                                               |      | (2,897)     | (404)       |
| <b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b> |      | 566,818     | 383,146     |
| <b>TAXATION</b>                                                             |      |             |             |
| UK corporation tax paid                                                     |      | (468,541)   | (761,222)   |
| <b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>                         |      |             |             |
| Purchase of tangible fixed assets                                           |      | (192,220)   | (142,150)   |
| Sale of tangible fixed assets                                               |      | 18,627      | -           |
| <b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS</b>  |      | (173,593)   | (142,150)   |
| <b>EQUITY DIVIDENDS PAID</b>                                                |      | (1,000,000) | (500,000)   |
| Cash inflow before use of liquid resources                                  | 21   | 739,628     | 4,902,005   |
| <b>MANAGEMENT OF LIQUID RESOURCES</b>                                       |      |             |             |
| Cash (transferred to)/withdrawn from investment accounts                    |      | 126,743     | (5,071,444) |
| <b>INCREASE/(DECREASE) IN CASH</b>                                          | 21   | 866,371     | (169,439)   |

The notes on pages 7 to 14 form part of these financial statements.

NOTES ON THE FINANCIAL STATEMENTS

30 June 1999

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1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are 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 and work in progress**

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

Work in progress arises on long term contracts. Profit on these contracts is recognised as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit 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.

**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:

|                                                                       |               |
|-----------------------------------------------------------------------|---------------|
| Freehold buildings                                                    | 2% per annum  |
| Furniture and equipment                                               | 15% per annum |
| Technical service and demonstration equipment and commercial vehicles | 20% per annum |
| Motor vehicles and computer equipment                                 | 25% per annum |

**Deferred taxation**

Deferred tax in respect of accelerated 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.

**NOTES ON THE FINANCIAL STATEMENTS (continued)**

**30 June 1999**

**1 ACCOUNTING POLICIES (continued)**

**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.

**Pension costs**

Staff are eligible for membership of a pension and life assurance scheme operated by the company. Retirement benefits to employees of the company are provided by a defined contribution money purchase scheme which is funded by contributions paid to a separately administered fund. The current contribution rate is 5% of payroll costs.

**2 TURNOVER**

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. The analysis of turnover by geographical market is as follows:

|                | 1999<br>£         | 1998<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | 29,540,081        | 20,534,183        |
| Rest of Europe | 550,871           | 442,723           |
| Cayman Islands | 1,185,590         | -                 |
| Rest of World  | 165,126           | -                 |
|                | <u>31,441,668</u> | <u>20,976,906</u> |

**3 OPERATING PROFIT**

is stated after charging/(crediting):

|                                |                             |                             |
|--------------------------------|-----------------------------|-----------------------------|
| Depreciation                   | 145,742                     | 126,625                     |
| Profit on sale of fixed assets | (510)                       | -                           |
| Auditors' remuneration         | 31,711                      | 28,493                      |
| Other services                 | 18,538                      | 22,580                      |
| Directors' emoluments          | 176,212                     | 50,469                      |
| Rentals under operating lease  | 106,670                     | 87,119                      |
|                                | <u>                    </u> | <u>                    </u> |

During the year the company paid fees of £Nil to Rohde and Schwarz Munich GmbH for the services of Dr W. Winter (1998: £34,497)

**NOTES ON THE FINANCIAL STATEMENTS (continued)**

**30 June 1999**

**4 INTEREST PAYABLE**

|                   | <b>1999</b>  | <b>1998</b> |
|-------------------|--------------|-------------|
|                   | <b>£</b>     | <b>£</b>    |
| On bank overdraft | 2,897        | 375         |
| Other interest    | -            | 29          |
|                   | <u>2,897</u> | <u>404</u>  |

**5 EMPLOYEES**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,407,449        | 1,254,214        |
| Social security costs | 138,087          | 119,067          |
| Pension costs         | 103,121          | 64,684           |
|                       | <u>1,648,657</u> | <u>1,437,965</u> |

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

|                | <b>Number</b> | <b>Number</b> |
|----------------|---------------|---------------|
| Sales          | 22            | 22            |
| Service        | 16            | 15            |
| Administration | 11            | 10            |
|                | <u>49</u>     | <u>47</u>     |

Pension contributions include an amount paid on behalf of a director to the company pension scheme of £37,596 (1998: £Nil).

**6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

|                                        | <b>1999</b>      | <b>1998</b>    |
|----------------------------------------|------------------|----------------|
|                                        | <b>£</b>         | <b>£</b>       |
| The tax charge consists of:            |                  |                |
| UK corporation tax at 31% (1998: 31%)  | 1,375,000        | 628,192        |
| Deferred tax                           | -                | (4,089)        |
|                                        | <u>1,375,000</u> | <u>624,103</u> |
| Adjustments in respect of prior years: |                  |                |
| Corporation tax                        | (7,055)          | (6,246)        |
|                                        | <u>1,367,945</u> | <u>617,857</u> |

**7 DIVIDENDS**

|                                                                   |                  |                |
|-------------------------------------------------------------------|------------------|----------------|
| Interim ordinary dividend paid of 571.4p (1998: 142.9p) per share | <u>1,000,000</u> | <u>250,000</u> |
|-------------------------------------------------------------------|------------------|----------------|

**ROHDE & SCHWARZ U.K. LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS (continued)**  
**30 June 1999**

| <b>8 TANGIBLE ASSETS</b> | <b>Freehold premises and fittings<br/>£</b> | <b>Short Leasehold Premises<br/>£</b> | <b>Furniture And Equipment<br/>£</b> | <b>Demonstration and service equipment<br/>£</b> | <b>Motor vehicles<br/>£</b> | <b>Computer Equipment<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------|---------------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------------------|-----------------------------|---------------------------------|--------------------|
| <b>Cost</b>              |                                             |                                       |                                      |                                                  |                             |                                 |                    |
| At 1 July 1998           | 79,660                                      | 102,455                               | 316,082                              | 659,441                                          | 25,885                      | 325,308                         | 1,508,831          |
| Additions                | -                                           | -                                     | 24,659                               | 87,222                                           | 20,020                      | 60,319                          | 192,220            |
| Disposals                | -                                           | -                                     | -                                    | -                                                | -                           | (25,607)                        | (25,607)           |
| At 30 June 1999          | 79,660                                      | 102,455                               | 340,741                              | 746,663                                          | 45,905                      | 360,020                         | 1,675,444          |
| <b>Depreciation</b>      |                                             |                                       |                                      |                                                  |                             |                                 |                    |
| At 1 July 1998           | 26,022                                      | 42,791                                | 250,488                              | 487,020                                          | 13,673                      | 238,641                         | 1,058,635          |
| Disposals                | -                                           | -                                     | -                                    | -                                                | -                           | (7,490)                         | (7,490)            |
| Charge for year          | 1,593                                       | 5,378                                 | 13,947                               | 74,077                                           | 9,918                       | 40,829                          | 145,742            |
| At 30 June 1999          | 27,615                                      | 48,169                                | 264,435                              | 561,097                                          | 23,591                      | 271,980                         | 1,196,887          |
| <b>Net book value:</b>   |                                             |                                       |                                      |                                                  |                             |                                 |                    |
| At 30 June 1999          | 52,045                                      | 54,286                                | 76,306                               | 185,566                                          | 22,314                      | 88,040                          | 478,557            |
| At 30 June 1998          | 53,638                                      | 59,664                                | 65,594                               | 172,421                                          | 12,212                      | 86,667                          | 450,196            |

**NOTES ON THE FINANCIAL STATEMENTS (continued)**

**30 June 1999**

**9 STOCK AND WORK IN PROGRESS**

|                     | 1999<br>£        | 1998<br>£        |
|---------------------|------------------|------------------|
| Work in progress    | -                | 892,487          |
| Finished goods:     |                  |                  |
| Goods for resale    | 2,746,753        | 881,236          |
| Stock of components | 40,021           | 40,021           |
|                     | <u>2,786,774</u> | <u>1,813,744</u> |

**10 DEBTORS**

**Amounts receivable within one year:**

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Trade debtors                       | 6,871,992        | 8,830,082        |
| Amounts recoverable on contracts    | -                | 153,814          |
| Amounts due from group undertakings | 483,994          | 26,308           |
| Other debtors                       | 169,125          | 236,283          |
| Prepayments                         | 89,943           | 123,600          |
|                                     | <u>7,615,054</u> | <u>9,370,087</u> |

**11 CREDITORS**

**Amounts falling due within one year:**

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Payments on account                   | 2,597,222         | 3,574,354         |
| Trade creditors                       | 178,004           | 388,653           |
| Amounts owed to group undertakings    | 5,136,936         | 6,370,054         |
| Corporation tax                       | 1,375,000         | 475,596           |
| Other taxes and social security costs | 711,781           | 1,395,681         |
| Other creditors                       | 390,861           | 189,527           |
| Accruals and deferred income          | 255,159           | 243,534           |
|                                       | <u>10,644,963</u> | <u>12,637,399</u> |

NOTES ON THE FINANCIAL STATEMENTS (continued)  
30 June 1999

12 PROVISIONS FOR GUARANTEE LIABILITY

|                               | 1999<br>£        | 1998<br>£      |
|-------------------------------|------------------|----------------|
| Provision at 1 July 1998      | 833,219          | 314,613        |
| Increase in provision in year | 754,020          | 518,606        |
| Provision at 30 June 1999     | <u>1,587,239</u> | <u>833,219</u> |

13 DEFERRED TAX

|                                                                     | 1999                    |                         | 1998                    |                         |
|---------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                     | Potential<br>asset<br>£ | Amount<br>provided<br>£ | Potential<br>asset<br>£ | Amount<br>provided<br>£ |
| Full provision has been made for<br>deferred tax at 31% as follows: |                         |                         |                         |                         |
| Accelerated capital allowances                                      | 1,274                   | -                       | 2,290                   | -                       |
| Warranty provisions                                                 | 317,000                 | -                       | 183,000                 | -                       |
|                                                                     | <u>318,274</u>          | <u>-</u>                | <u>185,290</u>          | <u>-</u>                |

14 SHARE CAPITAL

|                                    | Authorised     |                | Allotted, called up<br>and fully paid |                |
|------------------------------------|----------------|----------------|---------------------------------------|----------------|
|                                    | 1999<br>£      | 1998<br>£      | 1999<br>£                             | 1998<br>£      |
| 175,000 ordinary shares of £1 each | <u>175,000</u> | <u>175,000</u> | <u>175,000</u>                        | <u>175,000</u> |

15 RESERVES

| Profit and loss account:     | £                |
|------------------------------|------------------|
| At 1 July 1998               | 7,434,783        |
| Retained profit for the year | <u>1,224,402</u> |
| At 30 June 1999              | <u>8,659,185</u> |

**NOTES ON THE FINANCIAL STATEMENTS (continued)**
**30 June 1999**
**16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|                                     | 1999<br>£        | 1998<br>£        |
|-------------------------------------|------------------|------------------|
| Profit for the financial year       | 2,224,402        | 836,398          |
| Dividends                           | (1,000,000)      | (250,000)        |
| Net addition to shareholders' funds | 1,224,402        | 586,398          |
| Opening shareholders' funds         | 7,609,783        | 7,023,385        |
| Closing shareholders' funds         | <u>8,834,185</u> | <u>7,609,783</u> |

**17 PENSIONS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

**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**

|                                         | 1999<br>£        | 1998<br>£        |
|-----------------------------------------|------------------|------------------|
| Operating profit                        | 3,041,279        | 1,071,109        |
| Depreciation charge                     | 145,742          | 126,625          |
| Profit on sale of tangible fixed assets | (510)            | -                |
| Increase in stocks                      | (973,030)        | (576,921)        |
| Decrease/(increase) in debtors          | 1,739,283        | (3,852,501)      |
| (Decrease)/increase in creditors        | (2,137,820)      | 9,153,919        |
|                                         | <u>1,814,944</u> | <u>5,922,231</u> |

NOTES ON THE FINANCIAL STATEMENTS (continued)

30 June 1999

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

|                                               | £                 |
|-----------------------------------------------|-------------------|
| Increase in cash in the period                | 866,371           |
| Cash inflow from decrease in liquid resources | (126,743)         |
|                                               | <u>739,628</u>    |
| Change in net funds resulting from cash flows | 739,628           |
| Net funds at 1 July 1998                      | 9,446,374         |
| Net funds at 30 June 1999                     | <u>10,186,002</u> |

21 ANALYSIS OF NET DEBT

|                          | Opening<br>balance<br>£ | Cashflow<br>£  | Closing<br>balance<br>£ |
|--------------------------|-------------------------|----------------|-------------------------|
| Cash at bank and in hand | 103,473                 | 866,371        | 969,844                 |
| Cash on deposit          | 9,342,901               | (126,743)      | 9,216,158               |
|                          | <u>9,446,374</u>        | <u>739,628</u> | <u>10,186,002</u>       |

22 COMMITMENTS UNDER OPERATING LEASES

As at 30 June 1999 the company had annual commitments under non-cancellable operating leases as set out below.

|                                | 1999                       |              | 1998                       |               |
|--------------------------------|----------------------------|--------------|----------------------------|---------------|
|                                | Land and<br>buildings<br>£ | Other<br>£   | Land and<br>buildings<br>£ | Other<br>£    |
| Operating leases which expire: |                            |              |                            |               |
| Within one year                | -                          | 9,864        | -                          | 37,175        |
| In two to five years           | -                          | -            | -                          | 32,244        |
| After more than five years     | 153,280                    | -            | 153,280                    | -             |
|                                | <u>153,820</u>             | <u>9,864</u> | <u>153,280</u>             | <u>69,419</u> |

23 ULTIMATE HOLDING COMPANY

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

24 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Financial Reporting Standard 8, "Related Party Transactions", not to disclose transactions with entities that are part of the same group on the basis that consolidated financial statements in which the company is included are publicly available from the offices of the company.