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Rohde & Schwarz UK Limited

Report and Financial Statements

Year Ended

30 June 2008



JBDO

BDO Stoy Hayward
Chartered Accountants

Rohde & Schwarz UK Limited

**Annual report and financial statements
for the year ended 30 June 2008**

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Directors

F Mackel
M Becker
M Paoli
M Vondermaben

Bankers

HSBC, 54 Clarence Street, Kingston upon Thames, Surrey KT1 1NS

Secretary and Registered Office

C Morrow, Rohde & Schwarz House, Ancells Business Park, Fleet, Hampshire GU51 2UZ

Company Number

00539607

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey KT17 1HS

Rohde & Schwarz UK Limited

Report of the directors for the year ended 30 June 2008

The directors present their report together with the audited financial statements for the year ended 30 June 2008

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

The directors do not recommend the payment of a dividend

Principal activity, review of business and future developments

The principal activity of Rohde & Schwarz UK Limited is that of a sales and service organisation, selling products within the fields of test and measurement, broadcasting, radiomonitoring, radiolocation and mission-critical radiocommunications manufactured by group owned production sites for resale primarily in the UK and Ireland

Following strong growth in turnover and profits in recent years, the company experienced a decrease in turnover in the current financial year of 1.6%, and a gross profit margin of 24% (2007 – 27%). The decrease in turnover is mainly due to a decreasing Test & Measurement market size, especially in the wireless devices segment. The strong Euro currency is generating some pressure on our gross profit margin.

In the current financial year the company produced satisfactory results due to an improvement in order income of 31.8%, driven by two major projects which have been won in the Defence and Broadcast markets. For the next business year we expect the performance of the company to improve based on the high order backlog arising from these projects and further improvements in market share.

The main foreseeable risk to the trading performance of the company will be a further strengthening of the Euro, which will increase pressure on our gross profit margin.

The company seeks to minimise its risk of losing customers to key competitors by the quality of our products and also of our sales force, employing skilled engineers with the ability to assist our customers in selecting the best solution for their needs and to provide ongoing support and training.

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

Financial instruments

The company holds or issues financial instruments to finance its operations. Operations are financed by retained profits. Working capital requirements are met out of retained profits. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the company's operations. The company's cash resources are held in Sterling, Euros and US Dollars. The company seeks to reduce its foreign exchange exposure arising in various currencies through matching, as far as possible, receipts and payments in individual currencies. In addition, the company has a hedging agreement with its ultimate parent company, in the form of a forward rate agreement to significantly reduce its currency exposure in respect of the company's current asset investment, which is denominated in Euros. The company's policy is not to trade in derivatives.

The company is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The directors monitor the liquidity and cash flow risk of the company carefully. The company has investments in liquidity funds with the company's bankers which are used to manage fluctuations in cash flow. Cash flow is monitored by the directors on a regular basis.

Rohde & Schwarz UK Limited

Report of the directors for the year ended 30 June 2008 (Continued)

Charitable donations

During the year the company made charitable donations of £2,560 (2007 - £1,035)

Directors

The directors who served during the year were as follows

F Mackel
M Becker
M Paoli
M Vondermaben (appointed 6 September 2007)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

Auditors

All of the current directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next annual general meeting.

By order of the board



F Mackel
Director

Date 30 July 2008

Rohde & Schwarz UK Limited

Report of the independent auditors

To the shareholders of Rohde & Schwarz UK Limited

We have audited the financial statements of Rohde & Schwarz UK Limited for the year ended 30 June 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historic cost profits and losses, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Rohde & Schwarz UK Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
Epsom, Surrey

Date 31 July 2008

Rohde & Schwarz UK Limited

Profit and loss account for the year ended 30 June 2008

	Note	2008 £	2007 £
Turnover	2	25,648,057	26,052,719
Cost of sales		19,471,280	19,025,269
Gross profit		6,176,777	7,027,450
Administrative expenses		5,177,000	4,425,296
		999,777	2,602,154
Other operating income		174,763	119,383
Operating profit	3	1,174,540	2,721,537
Interest receivable	4	1,292,427	925,345
Profit on ordinary activities before taxation		2,466,967	3,646,882
Tax on profit on ordinary activities	7	751,755	1,139,408
Profit on ordinary activities after taxation		1,715,212	2,507,474

All amounts relate to continuing activities

A statement of the movement in shareholders' funds can be found in note 16

The notes on pages 9 to 17 form part of these financial statements

Rohde & Schwarz UK Limited

Statement of total recognised gains and losses and note of historic cost profits and losses for the year ended 30 June 2008

	Note	2008 £	2007 £
Statement of total recognised gains and losses			
Profit for the financial year		1,715,212	2,507,474
Unrealised surplus on revaluation of investment property		-	275,000
Corporation tax on sale of investment property	7	(150,000)	-
Total gains and losses recognised since last financial statements		<u>1,565,212</u>	<u>2,782,474</u>
		2008 £	2007 £
Note of historic cost profits and losses			
Reported profit on ordinary activities before taxation		2,466,967	3,646,882
Realisation of property revaluation gains of previous years		620,341	-
Historical cost profit on ordinary activities before taxation		<u>3,087,308</u>	<u>3,646,882</u>
Corporation tax on sale of investment property		(150,000)	-
Retained historical cost profit for the year after taxation		<u>2,937,308</u>	<u>2,507,474</u>

The notes on pages 9 to 17 form part of these financial statements

Rohde & Schwarz UK Limited

Balance sheet at 30 June 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	8		521,056		1,337,958
Current assets					
Stock and work in progress	9	3,467,798		1,848,772	
Debtors	10	15,955,232		15,084,681	
Investments	11	7,035,889		-	
Cash at bank and in hand		6,282,659		11,530,763	
		32,741,578		28,464,216	
Creditors: amounts falling due within one year		9,249,352		7,232,370	
Net current assets			23,492,226		21,231,846
Total assets less current liabilities			24,013,282		22,569,804
Provisions for liabilities					
Provision for guarantee liability	13		967,176		1,088,910
			23,046,106		21,480,894
Capital and reserves					
Called up share capital	14		156,100		156,100
Capital redemption reserve	15		18,900		18,900
Revaluation reserve	15		-		620,341
Profit and loss account	15		22,871,106		20,685,553
Shareholders' funds	16		23,046,106		21,480,894

These financial statements were approved by the board of directors and authorised for issue on 30 July 2008.


F. Mackel
Director

The notes on pages 9 to 17 form part of these financial statements

Rohde & Schwarz UK Limited

Cash flow statement for the year ended 30 June 2008

	Note	2008 £	2008 £	2007 £	2007 £
Net cash inflow from operating activities	18		1,375,371		6,000,376
Returns on investment and servicing of finance					
Interest received		1,292,427		925,345	
Net cash inflow from returns on investments and servicing of finance			1,292,427		925,345
Taxation					
UK corporation tax paid			(1,185,389)		(1,173,792)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(98,910)		(440,710)	
Receipts from sale of fixed assets		450		83	
Receipt from sale of investment property		710,000		-	
Net cash outflow from capital expenditure and financial investment			611,540		(440,627)
Cash inflow before use of liquid resources			2,093,949		5,311,302
Management of liquid resources					
Cash withdrawn from /(transferred to) short term deposits		5,233,446		(5,541,102)	
Purchase of current asset investments		(7,328,988)		-	
Net cash outflow from management of liquid resources			(2,095,542)		(5,541,102)
Decrease in cash in the year	19		(1,593)		(229,800)

The notes on pages 9 to 17 form part of these financial statements

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover is stated net of value added tax and discounts given and represents amounts invoiced and delivered to third parties, or, in the case of long term projects, in accordance with FRS 5, based on an assessment of the fair value of goods and services provided as a proportion of the total fair value of the contract.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values of all tangible fixed assets, except for investment properties, evenly over their expected useful lives. It is calculated at the following rates:

Furniture and equipment	15% per annum straight line
Demonstration and service equipment	20% per annum straight line
Motor vehicles and computer equipment	25% per annum straight line
Short leasehold properties	over length of lease

Investment Properties

In accordance with SSAP 19 investment properties are revalued periodically to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Variation of investments

Investments held as current assets are stated at the lower of cost and net realistic value.

Stocks and work in progress

Stocks represent finished goods and demonstration stock which is stated at the lower of cost and net realisable value. Demonstration stock held for a period in excess of one year is provided against at a rate of 25% per annum, until the stock reaches a net book value of 25% of its original cost. Stock is regularly reviewed for obsolescence.

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 in accordance with FRS 5, based on an assessment of the fair value of goods and services provided as a proportion of the total fair value of the contract. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2008 (Continued)

1 Accounting policies (Continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- deferred tax is not recognised in respect of all timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

Guarantee liability

In respect of contracts where the company has given a guarantee a provision is made for the expected future guarantee liability. This liability is estimated based on the budgeted costs of servicing guarantees for the forthcoming year and the unexpired guarantee periods at the balance sheet date. Liabilities arising under the guarantees are charged against the profits for the year.

Pension costs

Retirement benefits to employees of the company are provided by a defined contribution group personal pension scheme which is funded by contributions paid to a separately administered fund. Contributions to the pension scheme are charged to the profit and loss account in the year in which they become payable.

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. Any differences are taken to the profit and loss account.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2008 (Continued)

2 Turnover

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:

	2008 £	2007 £
United Kingdom	23,982,487	24,542,126
Rest of Europe	1,586,324	1,425,552
USA & Canada	34,467	11,539
Asia/North Africa	44,779	73,502
	<u>25,648,057</u>	<u>26,052,719</u>

3 Operating profit

This is arrived at after charging/(crediting)

	2008 £	2007 £
Depreciation - owned assets	215,811	226,339
Impairment of current asset investment	293,099	-
Hire of plant and machinery – operating leases	172,724	166,894
Hire of other assets – operating leases	216,823	217,493
Auditors' remuneration - audit	36,024	33,400
- other services	7,020	5,290
Exchange difference	13,065	(25,305)
	<u></u>	<u></u>

4 Interest receivable

	2008 £	2007 £
Bank interest	697,602	381,294
Loan to group company	570,139	528,605
Other	24,686	15,446
	<u>1,292,427</u>	<u>925,345</u>

5 Employees

Staff costs (including directors) consist of

	2008 £	2007 £
Wages and salaries	2,714,549	2,435,420
Social security costs	328,580	302,787
Pension costs	157,833	155,404
	<u>3,200,962</u>	<u>2,893,611</u>

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2008 (*Continued*)

5 Employees (*continued*)

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

	2008 Number	2007 Number
Sales	37	35
Service	11	11
Administration	7	8
	<u>55</u>	<u>54</u>

6 Directors remuneration

	2008 £	2007 £
Directors' emoluments consist of		
Fees and remuneration for management services	<u>308,102</u>	<u>281,453</u>

There were no directors in the company's pension schemes during the year (2007 - Nil)
Emoluments for the highest paid director amounted to £308,102 (2007 - £281,453)

7 Taxation on profit on ordinary activities

	2008 £	2007 £
<i>UK corporation tax</i>		
Current tax on profits of the year	751,755	1,119,013
Adjustments in respect of previous years	-	20,395
	<u>751,755</u>	<u>1,139,408</u>

The tax assessed for the year is higher (2006 lower) than the standard rate of corporation tax in the UK applied to profit before tax. The difference is explained below

Profit on ordinary activities before tax	<u>2,466,967</u>	<u>3,646,882</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30%	740,090	1,094,065
Effects of		
Expenses not deductible for tax purposes	21,773	19,205
Depreciation in excess of/(lower than) capital allowances	9,828	(5,156)
Profit on disposal of fixed assets	(3,135)	-
Other timing differences	(16,801)	10,899
Adjustments in respect of previous years	-	20,395
Current tax charge for the year	<u>751,755</u>	<u>1,139,408</u>

During the year ended 30 June 2008, a corporation tax charge of £150,000 has been included in the statement of total recognised gains and losses and the note of historical cost profits and losses, in accordance with FRS 16. This charge is in respect of capital gains arising from the realisation of a revaluation surplus on the disposal of an investment property.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2008 (Continued)

8 Tangible fixed assets

	Freehold investment property £	Short leasehold premises £	Furniture and equipment £	Technical equipment £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation							
At 1 July 2007	700,001	228,363	283,140	1,214,372	32,340	233,577	2,691,793
Additions	-	81,081	6,742	2,637	-	8,450	98,910
Disposals	(700,001)	-	-	-	(20,020)	-	(720,021)
At 30 June 2008	-	309,444	289,882	1,217,009	12,320	242,027	2,070,682
Depreciation							
At 1 July 2007	-	140,985	158,704	846,197	32,339	175,610	1,353,835
Charge for year	-	49,926	30,725	107,737	-	27,423	215,811
Disposals	-	-	-	-	(20,020)	-	(20,020)
At 30 June 2008	-	190,911	189,429	953,934	12,319	203,033	1,549,626
Net book value:							
At 30 June 2008	-	118,533	100,453	263,075	1	38,994	521,056
At 30 June 2007	700,001	87,378	124,436	368,175	1	57,967	1,337,958

The company's investment property was revalued by the directors at 30 June 2007 at open market value. The surplus arising of £620,341 has been credited to the revaluation reserve. All other tangible assets are stated at historical cost.

The historical cost of the company's freehold investment property prior to its sale was £79,659 (2007 - £79,659).

9 Stock and work in progress

	2008 £	2007 £
Finished goods and goods held for resale	3,467,798	1,848,772

There is no material difference between the replacement cost of stocks and the amounts stated above.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2008 (Continued)

10 Debtors

Amounts receivable within one year:	2008 £	2007 £
Trade debtors	4,837,005	3,986,264
Amounts due from group undertakings	10,162,572	10,294,952
Other debtors	42,094	58,669
Prepayments and accrued income	913,561	744,796
	<u>15,955,232</u>	<u>15,084,681</u>

11 Current asset investments

	2008 £	2007 £
Unlisted investments	<u>7,035,889</u>	<u>-</u>

The above investment is in a European Investment Vehicle (EIV) which is a Euro investment held in Germany with HSBC Trinkaus & Burkhardt and is managed by an investment fund manager, INKA. Although the fund is held in Euros, exchange risk is significantly reduced due to the company entering into a hedge agreement its ultimate parent company.

12 Creditors

Amounts falling due within one year:	2008 £	2007 £
Trade creditors	106,101	148,863
Amounts owed to group undertakings	6,221,941	3,952,481
Corporation tax	426,012	709,646
Other taxes and social security costs	852,399	851,956
Other creditors	570,224	247,996
Accruals and deferred income	1,072,675	1,321,428
	<u>9,249,352</u>	<u>7,232,370</u>

13 Provision for liabilities

	Provision for guarantee liability £
Provision at 1 July 2007	1,088,910
Utilised in year	(632,884)
Provided during the year	<u>511,150</u>
Provision at 30 June 2008	<u>967,176</u>

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2008 (Continued)

14 Share capital

	2008 £	Authorised 2007 £
175,000 (2007 - 175,000) Ordinary shares of £1 each	<u>175,000</u>	<u>175,000</u>
		Alotted, called up and fully paid
	2008 £	2007 £
156,100 (2007 - 156,100) Ordinary shares of £1 each	<u>156,100</u>	<u>156,100</u>

15 Reserves

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
At 1 July 2007	620,341	18,900	20,685,553
Retained profit for the year	-	-	1,715,212
Corporation tax on sale of investment property	-	-	(150,000)
Realisation of property revaluation gains of previous years	<u>(620,341)</u>	<u>-</u>	<u>620,341</u>
At 30 June 2008	<u>-</u>	<u>18,900</u>	<u>22,871,106</u>

16 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the year	1,715,212	2,507,474
Unrealised surplus on revaluation of investment property	-	275,000
Corporation tax on sale of investment property	(150,000)	-
Opening shareholders' funds	<u>21,480,894</u>	<u>18,698,420</u>
Closing shareholders' funds	<u>23,046,106</u>	<u>21,480,894</u>

17 Pensions

The current year pension charge represents contributions payable to the group personal pension plan. Contributions totalling £43,393 (2007 - £22,695) were payable under the group personal pension plan and are included in creditors.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2008 *(Continued)*

18 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2008 £	2007 £
Operating profit	1,174,540	2,721,537
Depreciation of tangible fixed assets	215,811	226,339
(Profit)/loss on disposal of fixed asset	(10,450)	328
Increase in stocks	(1,619,026)	617,341
Increase in debtors	(870,551)	781,657
Increase in creditors	2,178,883	1,678,479
Exchange difference	13,065	(25,305)
Impairment of current asset investment	293,099	-
	<u>1,375,371</u>	<u>6,000,376</u>

19 Reconciliation of net cash flow to movement in net funds

	2008 £	2007 £
Decrease in cash in the year	(1,593)	(229,800)
Cash outflow from decrease in liquid resources	2,095,542	5,541,102
	<u>2,093,949</u>	<u>5,311,302</u>
Change in net funds resulting from cash flows		
Exchange difference	(13,065)	25,305
Impairment of current asset investment	(293,099)	-
	<u>1,787,785</u>	<u>5,336,607</u>
Movement in net funds in the year		
Opening net funds	11,530,763	6,194,156
Closing net funds	<u>13,318,548</u>	<u>11,530,763</u>

20 Analysis of net funds

	At 1 July 2007 £	Cash flow £	Non-cash items £	At 30 June 2008 £
Cash in hand and at bank	227,006	(1,593)	-	225,413
Other liquid resources	11,303,757	2,095,542	(306,164)	13,093,135
Total	<u>11,530,763</u>	<u>2,093,949</u>	<u>(306,164)</u>	<u>13,318,548</u>

The non-cash items above relate to the impairment against the current asset investment and exchange differences as detailed in note 19

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2008 (Continued)

21 Financial commitments

Operating leases

As at 30 June 2008 the company had annual commitments under non-cancellable operating leases as set out below

	2008 Land and buildings £	2008 Other £	2007 Land and buildings £	2007 Other £
Operating leases which expire				
In less than one year	-	53,590	-	15,747
In two to five years	213,520	98,901	214,744	142,356
	<u>213,520</u>	<u>152,491</u>	<u>214,744</u>	<u>158,103</u>

Forward contracts

As at 30 June 2008, the company had no commitment due to or from its ultimate parent company under the terms of any foreign exchange forward rate contracts

22 Ultimate parent company

The ultimate parent company is Rohde & Schwarz GmbH & Co KG, a private company registered in Germany

Copies of the annual published accounts of Rohde & Schwarz GmbH & Co KG are available from the Companies' registrar in Munich under reference HRA 16270 at Präsident des Amtsgerichts, Munich, Amtsgericht Munich, Pacellistraße 5, 00315 Munich

The company's immediate parent company is Rusint A G, a company incorporated in Switzerland. No consolidated financial statements are prepared by Rusint A G

23 Related party transactions

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