

3. CH

## **Rohde & Schwarz UK Limited**

Report and Financial Statements

Year Ended

30 June 2014

Company Number 00539607

FRIDAY



A08

\*A3ETWZJN\*

22/08/2014

#327

COMPANIES HOUSE

# **Rohde & Schwarz UK Limited**

## **Report and financial statements for the year ended 30 June 2014**

---

### **Contents**

#### **Page:**

|    |                                   |
|----|-----------------------------------|
| 1  | Strategic report                  |
| 3  | Directors' report                 |
| 5  | Independent auditor's report      |
| 7  | Profit and loss account           |
| 8  | Balance sheet                     |
| 9  | Cash flow statement               |
| 10 | Notes on the financial statements |

---

### **Directors**

F Mackel  
M Becker  
M Paoli

### **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 LLP, 55 Baker Street, London, W1U 7EU

# Rohde & Schwarz UK Limited

## Strategic report for the year ended 30 June 2014

---

### Review of business

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, radio monitoring, radiolocation and mission-critical radio communications 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 an increase in turnover in the current financial year of 24% and achieved a gross profit margin of 21% (2013 - 24%). The company reported a pre-tax profit of £1,522,913 (2013 - £1,980,947). We are confident that the company will continue to trade successfully in the future. We have responded quickly to the current economic situation to optimise the use of existing resources which allows us to achieve further market share.

In the current financial year the company produced outstanding results and we exceeded our forecast expectations.

We are pleased to have been down selected, after a 12 month competition process run by BAE Systems, to be the preferred partner for the design phase of the integrated communications system for the future Royal Navy's Type 26 Global Combat Ship and have already successfully delivered the first design phase.

The company has also been appointed as sole UK distributor for DVS products. With over 25 years' experience DVS products are very successful in the digital film, video post-production and broadcast markets.

The company uses a variety of KPI's to monitor and manage the performance of the business. These include indicators such as turnover, gross profit margin and operating profit margin and debtor days.

|                         | 2014        | 2013        |
|-------------------------|-------------|-------------|
| Turnover                | £37,284,677 | £30,061,625 |
| Gross profit margin     | 20.5%       | 24.2%       |
| Operating profit margin | 3.5%        | 5.6%        |
| Debtor days             | 45          | 53          |

The results were in line with expectations, with higher revenue and lower gross margin related to our activities in the Type 26 project and sales of DVS products.

The debtor days of 45 for 2014 represent excellent collections at the year end.

### Principal risks and uncertainties

The main foreseeable risks to the trading performance of the company will be a strengthening of the Euro which will increase pressure on our gross profit margin, and the risk of our customers delaying or cancelling projects.

The company seeks to minimise its risk of losing customers to key competitors by the innovation and 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. The company continues to strive to improve market share in all areas. We consider that we are close enough to the market to be able to react quickly to changes and mitigate the impact on the company's performance.

# **Rohde & Schwarz UK Limited**

**Strategic report  
for the year ended 30 June 2014 (*continued*)**

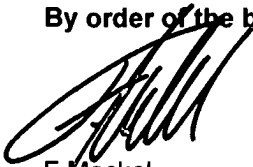
---

## **Principal risks and uncertainties (*continued*)**

Other risks to our business are if key technology companies leave the UK or if government budgets decrease.

The company remains committed to continue to developing its product functionality and product lines, and to deliver outstanding quality of service to our customers in the UK & Ireland.

**By order of the board**



F. Mackel  
**Director**

29 July 2014

# **Rohde & Schwarz UK Limited**

## **Report of the directors for the year ended 30 June 2014**

---

The directors present their report together with the audited financial statements for the year ended 30 June 2014.

### **Results and dividends**

The profit and loss account is set out on page 7 and shows the profit for the year.

The directors have paid an interim ordinary dividend of £1,605,255 (2013 - £2,114,050) during the year and do not recommend the payment of a final dividend (2013 - £Nil).

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 does not enter into any external hedging arrangements.

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.

### **Charitable donations**

During the year the company made charitable donations of £25 (2013 - £1,678).

### **Directors**

The directors who served during the year were as follows:

F Mackel  
M Becker  
M Paoli

# **Rohde & Schwarz UK Limited**

## **Report of the directors for the year ended 30 June 2014 (continued)**

---

### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **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 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**

29 July 2014

# **Rohde & Schwarz UK Limited**

## **Independent auditor's report**

---

### **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 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Rohde & Schwarz UK Limited

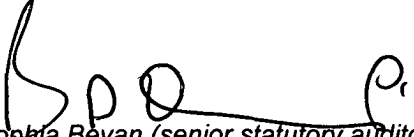
## Independent auditor's report *(continued)*

---

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
Sophia Bevan (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: 31 July 2014

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

# Rohde & Schwarz UK Limited

## Profit and loss account for the year ended 30 June 2014

|                                                      | Note | 2014<br>£         | 2013<br>£  |
|------------------------------------------------------|------|-------------------|------------|
| <b>Turnover</b>                                      | 2    | <b>37,284,677</b> | 30,061,625 |
| Cost of sales                                        |      | <b>29,635,620</b> | 22,791,270 |
| <b>Gross profit</b>                                  |      | <b>7,649,057</b>  | 7,270,355  |
| Administrative expenses                              |      | <b>6,580,846</b>  | 6,054,694  |
|                                                      |      | <b>1,068,211</b>  | 1,215,661  |
| Other operating income                               |      | <b>222,562</b>    | 479,174    |
| <b>Operating profit</b>                              | 3    | <b>1,290,773</b>  | 1,694,835  |
| Interest receivable                                  | 4    | <b>232,140</b>    | 286,112    |
| <b>Profit on ordinary activities before taxation</b> |      | <b>1,522,913</b>  | 1,980,947  |
| Tax on profit on ordinary activities                 | 7    | <b>304,799</b>    | 375,692    |
| <b>Profit for the financial year</b>                 | 16   | <b>1,218,114</b>  | 1,605,255  |

All amounts relate to continuing activities.

All recognised gains and losses for the current and prior year are included in the profit and loss account.

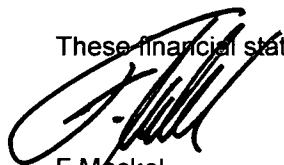
The notes on pages 10 to 19 form part of these financial statements.

# Rohde & Schwarz UK Limited

## Balance sheet at 30 June 2014

| <i>Company number 00539607</i>                        | <i>Note</i> | <b>2014</b><br>£  | <b>2014</b><br>£  | <b>2013</b><br>£ | <b>2013</b><br>£ |
|-------------------------------------------------------|-------------|-------------------|-------------------|------------------|------------------|
| <b>Fixed assets</b>                                   |             |                   |                   |                  |                  |
| Tangible assets                                       | 9           |                   | <b>535,824</b>    |                  | 484,609          |
| <b>Current assets</b>                                 |             |                   |                   |                  |                  |
| Stock and work in progress                            | 10          | <b>2,957,448</b>  |                   | 2,752,306        |                  |
| Debtors                                               | 11          | <b>17,789,691</b> |                   | 14,812,320       |                  |
| Investments                                           | 12          | <b>8,250,599</b>  |                   | 8,840,126        |                  |
| Cash at bank and in hand                              |             | <b>4,702,792</b>  |                   | 5,644,509        |                  |
|                                                       |             | <b>33,700,530</b> |                   | 32,049,261       |                  |
| <b>Creditors: amounts falling due within one year</b> | 13          | <b>8,988,258</b>  |                   | 6,874,524        |                  |
| <b>Net current assets</b>                             |             |                   | <b>24,712,272</b> |                  | 25,174,737       |
| <b>Total assets less current liabilities</b>          |             |                   | <b>25,248,096</b> |                  | 25,659,346       |
| <b>Provisions for liabilities</b>                     | 14          |                   | <b>985,175</b>    |                  | 1,009,284        |
| <b>Net assets</b>                                     |             |                   | <b>24,262,921</b> |                  | 24,650,062       |
| <b>Capital and reserves</b>                           |             |                   |                   |                  |                  |
| Called up share capital                               | 15          |                   | <b>156,100</b>    |                  | 156,100          |
| Capital redemption reserve                            | 16          |                   | <b>18,900</b>     |                  | 18,900           |
| Profit and loss account                               | 16          |                   | <b>24,087,921</b> |                  | 24,475,062       |
| <b>Shareholders' funds</b>                            | 17          |                   | <b>24,262,921</b> |                  | 24,650,062       |

These financial statements were approved by the board of directors and authorised for issue on 29 July 2014.

  
F Mackel  
Director

The notes on pages 10 to 19 form part of these financial statements.

# Rohde & Schwarz UK Limited

## Cash flow statement for the year ended 30 June 2014

|                                                                             | Note | 2014<br>£ | 2014<br>£   | 2013<br>£ | 2013<br>£   |
|-----------------------------------------------------------------------------|------|-----------|-------------|-----------|-------------|
| <b>Net cash inflow from operating activities</b>                            | 19   |           | 697,426     |           | 3,276,216   |
| <b>Returns on investment and servicing of finance</b>                       |      |           |             |           |             |
| Interest received                                                           |      | 232,140   |             | 286,112   |             |
| <b>Net cash inflow from returns on investments and servicing of finance</b> |      |           | 232,140     |           | 286,112     |
| <b>Taxation</b>                                                             |      |           |             |           |             |
| UK corporation tax paid                                                     |      |           | (370)       |           | (671,838)   |
| <b>Capital expenditure and financial investment</b>                         |      |           |             |           |             |
| Payments to acquire tangible fixed assets                                   |      | (265,658) |             | (203,812) |             |
| Payments to acquire intangible fixed assets                                 |      | -         |             | (96,000)  |             |
| <b>Net cash outflow from capital expenditure and financial investment</b>   |      |           | (265,658)   |           | (299,812)   |
| <b>Dividends paid</b>                                                       |      |           | (1,605,255) |           | (2,114,050) |
| <b>Cash (outflow)/inflow before use of liquid resources</b>                 |      |           | (941,717)   |           | 476,628     |
| <b>Management of liquid resources</b>                                       |      |           |             |           |             |
| Cash withdrawn from/(transferred to) short term deposits                    |      | 1,535,825 |             | (605,064) |             |
| (Purchase)/sale of current asset investments                                |      | -         |             | 96,058    |             |
| <b>Net cash inflow/(outflow) from management of liquid resources</b>        |      |           | 1,535,825   |           | (509,006)   |
| <b>Increase/(decrease) in cash in the year</b>                              | 21   |           | 594,108     |           | (32,378)    |

The notes on pages 10 to 19 form part of these financial statements.

# Rohde & Schwarz UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2014

### 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 and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

|                                       |                                |
|---------------------------------------|--------------------------------|
| Furniture and equipment               | - 15% per annum straight line  |
| Technical equipment                   | - 20% per annum straight line  |
| Motor vehicles and computer equipment | - 25% per annum straight line  |
| Bicycles                              | - 100% per annum straight line |
| Short leasehold properties            | - over length of lease         |

#### *Variation of investments*

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

#### *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 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.

# Rohde & Schwarz UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2014 (continued)

### 1 Accounting policies (continued)

#### *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 terms deposits.

### 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:

|                | 2014<br>£  | 2013<br>£  |
|----------------|------------|------------|
| United Kingdom | 34,336,709 | 28,035,693 |
| Rest of Europe | 2,522,458  | 1,748,275  |
| Asia           | 812        | -          |
| Africa         | 110,606    | 228,160    |
| Middle East    | 287,460    | -          |
| Australia      | -          | 18,577     |
| USA & Canada   | 26,632     | 30,920     |
|                | <hr/>      | <hr/>      |
|                | 37,284,677 | 30,061,625 |
|                | <hr/>      | <hr/>      |

# Rohde & Schwarz UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2014 (continued)

### 3 Operating profit

|                                                    | 2014<br>£ | 2013<br>£ |
|----------------------------------------------------|-----------|-----------|
| This is arrived at after charging/(crediting):     |           |           |
| Depreciation - owned assets                        | 214,443   | 130,710   |
| Amortisation of goodwill                           | -         | 96,000    |
| Reversal of impairment of current asset investment | (380)     | (171)     |
| Hire of plant and machinery - operating leases     | 268,233   | 232,417   |
| Hire of other assets - operating leases            | 202,300   | 202,300   |
| Auditors' remuneration:                            |           |           |
| - audit                                            | 35,986    | 38,588    |
| - taxation services                                | 11,438    | 7,270     |
| Exchange difference                                | 164,030   | (242,116) |
|                                                    | <hr/>     | <hr/>     |

### 4 Interest receivable

|                       | 2014<br>£ | 2013<br>£ |
|-----------------------|-----------|-----------|
| Bank interest         | 157,140   | 211,112   |
| Loan to group company | 75,000    | 75,000    |
|                       | <hr/>     | <hr/>     |
|                       | 232,140   | 286,112   |
|                       | <hr/>     | <hr/>     |

### 5 Employees

|                                               | 2014<br>£ | 2013<br>£ |
|-----------------------------------------------|-----------|-----------|
| Staff costs (including directors) consist of: |           |           |
| Wages and salaries                            | 3,470,431 | 3,485,365 |
| Social security costs                         | 448,042   | 437,975   |
| Pension costs                                 | 315,816   | 304,411   |
|                                               | <hr/>     | <hr/>     |
|                                               | 4,234,289 | 4,227,751 |
|                                               | <hr/>     | <hr/>     |

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

|                | 2014<br>Number | 2013<br>Number |
|----------------|----------------|----------------|
| Sales          | 46             | 44             |
| Service        | 11             | 11             |
| Administration | 8              | 8              |
|                | <hr/>          | <hr/>          |
|                | 65             | 63             |
|                | <hr/>          | <hr/>          |

# Rohde & Schwarz UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2014 (continued)

### 6 Directors' remuneration

|                                                        | 2014<br>£ | 2013<br>£ |
|--------------------------------------------------------|-----------|-----------|
| Directors' emoluments                                  | 292,629   | 320,597   |
| Company contributions to money purchase pension scheme | 29,827    | 34,714    |

There was one director (2013 - one) for whom the company made pension contributions during the year.

Emoluments for the highest paid director amounted to £292,629 (2013 - £320,597). Company pension contributions of £29,827 (2013 - £34,714) were made to a money purchase pension scheme on his behalf.

### 7 Taxation on profit on ordinary activities

|                                      | 2014<br>£      | 2013<br>£      |
|--------------------------------------|----------------|----------------|
| <i>UK corporation tax</i>            |                |                |
| Current tax on profits of the year   | 342,744        | 398,984        |
| Adjustment in respect of prior years | (37,945)       | (23,292)       |
|                                      | <u>304,799</u> | <u>375,692</u> |

The tax assessed for the year is lower (2013 - lower) than the standard rate of corporation tax in the UK applied to profit before tax. The difference is explained below:

|                                                                                                           | 2014<br>£        | 2013<br>£        |
|-----------------------------------------------------------------------------------------------------------|------------------|------------------|
| Profit on ordinary activities before tax                                                                  | <u>1,522,913</u> | <u>1,980,947</u> |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 22.50% (2013 - 23.75%) | 342,655          | 470,475          |
| Effects of:                                                                                               |                  |                  |
| Expenses not deductible for tax purposes                                                                  | 7,369            | 8,406            |
| Capital allowances in excess of depreciation                                                              | (33,249)         | (24,782)         |
| Group relief                                                                                              | (22,716)         | (78,916)         |
| Other timing differences                                                                                  | 48,685           | 23,801           |
| Adjustments in respect of previous years                                                                  | (37,945)         | (23,292)         |
|                                                                                                           | <u>304,799</u>   | <u>375,692</u>   |
| Current tax charge for the year                                                                           | <u>304,799</u>   | <u>375,692</u>   |

### 8 Dividends

|                                                           | 2014<br>£        | 2013<br>£        |
|-----------------------------------------------------------|------------------|------------------|
| Ordinary shares                                           |                  |                  |
| Interim paid dividend of £10.28 (2013 - £13.54) per share | <u>1,605,255</u> | <u>2,114,050</u> |

## Rohde & Schwarz UK Limited

Notes forming part of the financial statements  
for the year ended 30 June 2014 (*continued*)

### 9 Tangible fixed assets

|                       | Short<br>leasehold<br>properties<br>£ | Furniture<br>and<br>equipment<br>£ | Technical<br>equipment<br>£ | Motor<br>vehicles and<br>bicycles<br>£ | Computer<br>equipment<br>£ | Total<br>£       |
|-----------------------|---------------------------------------|------------------------------------|-----------------------------|----------------------------------------|----------------------------|------------------|
| <i>Cost</i>           |                                       |                                    |                             |                                        |                            |                  |
| At 1 July 2013        | 357,820                               | 285,113                            | 1,683,903                   | 29,331                                 | 251,454                    | 2,607,621        |
| Additions             | 67,881                                | 95,003                             | 20,791                      | 542                                    | 81,441                     | 265,658          |
| Disposals             | -                                     | (905)                              | (7,685)                     | -                                      | -                          | (8,590)          |
| At 30 June 2014       | <b>425,701</b>                        | <b>379,211</b>                     | <b>1,697,009</b>            | <b>29,873</b>                          | <b>332,895</b>             | <b>2,864,689</b> |
| <i>Depreciation</i>   |                                       |                                    |                             |                                        |                            |                  |
| At 1 July 2013        | 318,373                               | 255,038                            | 1,365,019                   | 25,433                                 | 159,149                    | 2,123,012        |
| Charge for year       | 65,646                                | 17,123                             | 87,211                      | 4,034                                  | 40,429                     | 214,443          |
| Reversed in year      | -                                     | (905)                              | (7,685)                     | -                                      | -                          | (8,590)          |
| At 30 June 2014       | <b>384,019</b>                        | <b>271,256</b>                     | <b>1,444,545</b>            | <b>29,467</b>                          | <b>199,578</b>             | <b>2,328,865</b> |
| <i>Net book value</i> |                                       |                                    |                             |                                        |                            |                  |
| At 30 June 2014       | <b>41,682</b>                         | <b>107,955</b>                     | <b>252,464</b>              | <b>406</b>                             | <b>133,317</b>             | <b>535,824</b>   |
| At 30 June 2013       | 39,447                                | 30,075                             | 318,884                     | 3,898                                  | 92,305                     | 484,609          |

All tangible assets are stated at historical cost.

# Rohde & Schwarz UK Limited

Notes forming part of the financial statements  
for the year ended 30 June 2014 (*continued*)

## 10 Stock and work in progress

|                                          | 2014<br>£        | 2013<br>£        |
|------------------------------------------|------------------|------------------|
| Finished goods and goods held for resale | <u>2,957,448</u> | <u>2,752,306</u> |

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

## 11 Debtors

|                                     | 2014<br>£         | 2013<br>£         |
|-------------------------------------|-------------------|-------------------|
| Amounts receivable within one year: |                   |                   |
| Trade debtors                       | 6,361,660         | 3,439,278         |
| Amounts due from group undertakings | 10,259,795        | 10,512,012        |
| Corporation tax                     | -                 | 249,228           |
| Other debtors                       | 625,236           | 156,529           |
| Prepayments and accrued income      | 543,000           | 455,273           |
|                                     | <u>17,789,691</u> | <u>14,812,320</u> |

## 12 Current asset investments

|                      | 2014<br>£        | 2013<br>£        |
|----------------------|------------------|------------------|
| Unlisted investments | <u>8,250,599</u> | <u>8,840,126</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 with its ultimate parent company.

# Rohde & Schwarz UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2014 (continued)

### 13 Creditors

|                                       | 2014<br>£        | 2013<br>£        |
|---------------------------------------|------------------|------------------|
| Amounts falling due within one year:  |                  |                  |
| Trade creditors                       | 405,665          | 236,111          |
| Amounts owed to group undertakings    | 5,701,630        | 4,364,213        |
| Corporation tax                       | 55,201           | -                |
| Other taxes and social security costs | 1,322,802        | 896,530          |
| Other creditors                       | 317,856          | 109,350          |
| Accruals and deferred income          | 1,185,104        | 1,268,320        |
|                                       | <u>8,988,258</u> | <u>6,874,524</u> |

### 14 Provision for liabilities

|                           | Provision for<br>guarantee<br>liability<br>£ |
|---------------------------|----------------------------------------------|
| Provision at 1 July 2013  | 1,009,284                                    |
| Utilised in year          | (813,334)                                    |
| Provided during the year  | 789,225                                      |
|                           | <u>985,175</u>                               |
| Provision at 30 June 2014 |                                              |

### 15 Share capital

|                                                     | 2014<br>£      | 2013<br>£      |
|-----------------------------------------------------|----------------|----------------|
| <i>Allotted, called up and fully paid</i>           |                |                |
| 156,100 (2013 - 156,100) Ordinary shares of £1 each | <u>156,100</u> | <u>156,100</u> |

# Rohde & Schwarz UK Limited

Notes forming part of the financial statements  
for the year ended 30 June 2014 (continued)

## 16 Reserves

|                     | Capital<br>redemption<br>reserve<br>£ | Profit and<br>loss<br>account<br>£ |
|---------------------|---------------------------------------|------------------------------------|
| At 1 July 2013      | 18,900                                | 24,475,062                         |
| Profit for the year | -                                     | 1,218,114                          |
| Dividends           | -                                     | (1,605,255)                        |
|                     | <hr/>                                 | <hr/>                              |
| At 30 June 2014     | <b>18,900</b>                         | <b>24,087,921</b>                  |
|                     | <hr/>                                 | <hr/>                              |

## 17 Reconciliation of movements in shareholders' funds

|                             | 2014<br>£         | 2013<br>£   |
|-----------------------------|-------------------|-------------|
| Profit for the year         | 1,218,114         | 1,605,255   |
| Dividends                   | (1,605,255)       | (2,114,050) |
| Opening shareholders' funds | <b>24,650,062</b> | 25,158,857  |
|                             | <hr/>             | <hr/>       |
| Closing shareholders' funds | <b>24,262,921</b> | 24,650,062  |
|                             | <hr/>             | <hr/>       |

## 18 Pensions

The current year pension charge represents contributions payable to the group personal pension plan. Contributions totalling £44,822 (2013 - £34,008) were payable under the group personal pension plan and are included in creditors.

## 19 Reconciliation of operating profit to net cash inflow from operating activities

|                                                    | 2014<br>£      | 2013<br>£ |
|----------------------------------------------------|----------------|-----------|
| Operating profit                                   | 1,290,773      | 1,694,835 |
| Depreciation of tangible fixed assets              | 214,443        | 130,710   |
| Amortisation of goodwill                           | -              | 96,000    |
| Increase in stocks                                 | (205,142)      | 353,134   |
| Increase in debtors                                | (3,226,599)    | 1,930,256 |
| Increase in creditors                              | 2,034,396      | (314,473) |
| Exchange difference                                | 589,935        | (614,075) |
| Reversal of impairment of current asset investment | (380)          | (171)     |
|                                                    | <hr/>          | <hr/>     |
|                                                    | <b>697,426</b> | 3,276,216 |
|                                                    | <hr/>          | <hr/>     |

# Rohde & Schwarz UK Limited

Notes forming part of the financial statements  
for the year ended 30 June 2014 (continued)

## 20 Reconciliation of net cash flow to movement in net funds

|                                                    | 2014<br>£   | 2013<br>£  |
|----------------------------------------------------|-------------|------------|
| Increase in cash in the year                       | 594,108     | (32,378)   |
| Cash inflow from movement in liquid resources      | (1,535,825) | 509,006    |
| Change in net funds resulting from cash flows      | (941,717)   | 476,628    |
| Exchange difference on current asset investment    | (589,907)   | 614,041    |
| Reversal of impairment of current asset investment | 380         | 171        |
| Movement in net funds in the year                  | (1,531,244) | 1,090,840  |
| Opening net funds                                  | 14,484,635  | 13,393,795 |
| Closing net funds                                  | 12,953,391  | 14,484,635 |

## 21 Analysis of net funds

|                          | At 1 July<br>2013<br>£ | Cash flow<br>£ | Non-cash<br>movement<br>£ | At 30 June<br>2014<br>£ |
|--------------------------|------------------------|----------------|---------------------------|-------------------------|
| Cash in hand and at bank | 111,804                | 594,108        | -                         | 705,912                 |
| Other liquid resources   | 14,372,831             | (1,535,825)    | (589,527)                 | 12,247,479              |
| Total                    | 14,484,635             | (941,717)      | (589,527)                 | 12,953,391              |

## 22 Commitments under operating leases

As at 30 June 2014, the company had annual commitments under non-cancellable operating leases as set out below.

|                                | Land and<br>buildings<br>2014<br>£ | Other<br>2014<br>£ | Land and<br>buildings<br>2013<br>£ | Other<br>2013<br>£ |
|--------------------------------|------------------------------------|--------------------|------------------------------------|--------------------|
| Operating leases which expire: |                                    |                    |                                    |                    |
| In less than one year          | 202,300                            | 43,756             | -                                  | 52,129             |
| In two to five years           | -                                  | 198,923            | 202,300                            | 170,540            |
|                                | 202,300                            | 242,679            | 202,300                            | 222,669            |

# **Rohde & Schwarz UK Limited**

## **Notes forming part of the financial statements for the year ended 30 June 2014 (*continued*)**

---

### **23 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.

### **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 entries that are part of the same group on the basis that consolidated financial statements in which the company is included are publicly available.