

Rohde & Schwarz UK Limited

Report and Financial Statements

Year Ended

30 June 2017

Company Number 00539607

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Rohde & Schwarz UK Limited

**Report and financial statements
for the year ended 30 June 2017**

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Directors

F Mackel
J P Poetschke
H Jäschke

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, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Rohde & Schwarz UK Limited

Strategic report for the year ended 30 June 2017

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 a further increase in turnover in the current financial year of 19% and achieved a gross profit margin of 19.3% (2016 - 19.4%). The company reported a pre-tax profit of £2,264,453 (2016 - £1,424,925). 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 have achieved post readiness and are going into the manufacturing phase of the integrated communications system for the future Royal Navy's Type 26 Global Combat Ship.

We also acquired the project to deliver the second voice system for the UK's enroute requirement for air traffic control.

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.

	2017	2016
Turnover	£41,743,869	£35,178,825
Gross profit margin	19.3%	19.4%
Operating profit margin	5%	4%
Debtor days	45	47

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.

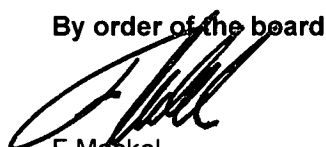
Principal risks and uncertainties

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, the risk of our customers delaying or cancelling projects, the risk of key technology companies leaving the UK, government budgets decreasing, and the risk that Brexit will have an impact on our customers, causing relocation, reduction in funding, or cancellation of project plans.

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.

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

Date 28/7/2017

Rohde & Schwarz UK Limited

Report of the directors for the year ended 30 June 2017

The directors present their report together with the audited financial statements for the year ended 30 June 2017.

Results and dividends

The income statement is set out on page 7 and shows the profit for the year.

The directors have paid an interim ordinary dividend of £1,117,022 (2016 - £1,277,334) during the year and do not recommend the payment of a final dividend (2016 - £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 (2016 - £25).

Directors

The directors who served during the year were as follows:

F Mackel
M Paoli (resigned 10/4/2017)
J Schroder (resigned 11/7/2017)
K Wu (resigned 10/4/2017)
J P Poetschke (appointed 10/4/2017)
H Jäschke (appointed 19/4/2017)

Rohde & Schwarz UK Limited

Report of the directors for the year ended 30 June 2017 (*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:

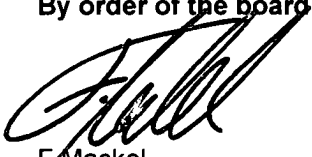
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

By order of the board



F. Mackel
Director

Date: 28/7/2017

Rohde & Schwarz UK Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ROHDE AND SCHWARZ UK LIMITED

Opinion

We have audited the financial statements of Rohde and Schwarz UK Limited ("the Company") for the year ended 30 June 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)¹.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Rohde & Schwarz UK Limited

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of Directors

As explained more fully in the Report of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Rohde & Schwarz UK Limited

Independent auditor's report (*continued*)

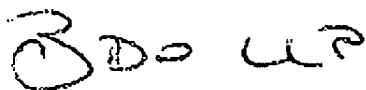
Auditor's responsibilities for the audit of the financial statements

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



James Fearon (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick

United Kingdom

Date: 7 August 2017

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

Rohde & Schwarz UK Limited

Statement of comprehensive income for the year ended 30 June 2017

	Note	2017 £	2016 £
Turnover	3	41,743,869	35,178,825
Cost of sales		33,699,515	28,370,105
Gross profit		8,044,354	6,808,720
Administrative expenses		6,618,427	5,915,130
		1,425,927	893,590
Other operating income		829,873	496,056
Operating profit	4	2,255,800	1,389,646
Interest receivable and similar income	5	8,653	35,279
Profit on ordinary activities before taxation		2,264,453	1,424,925
Tax on profit on ordinary activities	8	508,597	307,903
Profit and total comprehensive income for the financial year		1,755,856	1,117,022

All amounts relate to continuing activities.

The notes on pages 12 to 20 form part of these financial statements.

Rohde & Schwarz UK Limited

Balance sheet at 30 June 2017

Company number 00539607	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	9		402,501		451,645
Current assets					
Stock and work in progress	10	3,122,264		1,976,380	
Debtors	11	18,292,009		5,390,743	
Cash at bank and in hand		6,579,090		11,842,353	
		<u>27,993,363</u>		<u>19,209,476</u>	
Creditors: amounts falling due within one year	13	<u>16,510,269</u>		<u>7,816,695</u>	
Net current assets			<u>11,483,094</u>		<u>11,392,781</u>
Total assets less current liabilities			<u>11,885,595</u>		<u>11,844,426</u>
Provisions for liabilities	14		<u>866,818</u>		<u>1,464,483</u>
Net assets			<u>11,018,777</u>		<u>10,379,943</u>
Capital and reserves					
Called up share capital	15		156,100		156,100
Capital redemption reserve			18,900		18,900
Profit and loss account			10,843,777		10,204,943
Shareholders' funds			<u>11,018,777</u>		<u>10,379,943</u>

These financial statements were approved by the board of directors and authorised for issue on **28/7/2017**


F. Mackel
Director

The notes on pages 12 to 20 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of changes in equity for the year ended 30 June 2017

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
1 July 2016	156,100	18,900	10,204,943	10,379,943
Comprehensive income for the year				
Total comprehensive income for the year	-	-	1,755,856	1,755,856
Contributions by and distributions to owners				
Dividends	-	-	(1,117,022)	(1,117,022)
Total contributions by and distributions to owners	-	-	(1,117,022)	(1,117,022)
30 June 2017	156,100	18,900	10,843,777	11,018,777

The notes on pages 12 to 20 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of changes in equity for the year ended 30 June 2016 *(continued)*

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
1 July 2015	156,100	18,900	10,365,255	10,540,255
Comprehensive income for the year				
Total comprehensive income for the year	-	-	1,117,022	1,117,022
Contributions by and distributions to owners				
Dividends	-	-	(1,277,334)	(1,277,334)
Total contributions by and distributions to owners	-	-	(1,277,334)	(1,277,334)
30 June 2016	156,100	18,900	10,204,943	10,379,943

The notes on pages 12 to 20 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of cash flows for the year ended 30 June 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		1,755,856	1,117,022
Adjustments for:			
Depreciation of fixed assets		174,680	162,282
Net interest receivable		(8,653)	(35,279)
Taxation expense		508,597	307,903
(Increase)/decrease in trade and other debtors		(3,100,116)	2,138,022
(Increase)/decrease in stocks		(1,145,884)	126,466
Increase/(decrease) in trade and other creditors		8,693,574	(1,260,665)
Foreign exchange		-	-
Movement in provision		(597,665)	314,027
Cash from operations		6,280,389	2,869,778
Taxation paid		(432,384)	(301,274)
Net cash generated from operating activities		5,848,005	2,568,504
Cash flows from investing activities			
Purchases of tangible fixed assets		(125,536)	(113,943)
Interest received		8,653	35,279
Advances to group companies		(9,877,363)	-
Net cash from investing activities		(9,994,246)	(78,664)
Cash flows from financing activities			
Equity dividends paid		(1,117,022)	(1,277,334)
Net cash used in financing activities		(1,117,022)	(1,277,334)
Net increase in cash and cash equivalents		(5,263,263)	1,212,506
Cash and cash equivalents at beginning of year		11,842,353	10,629,847
Cash and cash equivalents at end of year		6,579,090	11,842,353

The notes on pages 12 to 20 form part of these financial statements.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2017

1 Accounting policies

Rohde & Schwarz UK Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

In determining the appropriate basis of preparation of the financial statements the Directors have considered and confirm that the company can continue in operational existence for the next 12 months at a minimum. As such, the financial statements have been prepared on the going concern basis.

The following principal accounting policies have been applied:

Turnover

Turnover from the sales of goods is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment. For long term projects, recognition of revenue is 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

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. This policy is considered to fairly reflect the risk of obsolescence and the impact this has on net realisable value

Leased assets

Operating lease rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

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 statement of comprehensive income in the year in which they become payable.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

1 Accounting policies (continued)

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 profit or loss.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 9)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Provision for guarantee liability (see note 14)*

The most critical estimates, assumptions and judgements relate to the determination of future expected costs in respect of the company's provision for product guarantees. In determining this, the company calculates the estimated cost of providing warranty for one year, and then multiplies it by the number of years warranty outstanding.

- *Stock provision (See note 4)*

The assumptions and judgements relate to the determination of expected realisable value of demonstration stock. In determining this, the company includes an annual provision of 25% on original cost of demonstration stock held for a period in excess of one year until the stock reaches a net book value of 25% of its original cost.

3 Turnover

Turnover and profit on ordinary activities before tax relate to the company's principal activities. The analysis of turnover by geographical market of destination is as follows:

	2017 £	2016 £
United Kingdom	38,185,548	32,950,671
Rest of Europe	3,502,672	2,228,154
USA & Canada	55,649	-
	41,743,869	35,178,825

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

4 Operating profit

	2017 £	2016 £
This is arrived at after charging:		
Depreciation - owned assets	174,680	162,282
Hire of plant and machinery - operating leases	237,634	242,376
Stock recognised as an expense	28,855,425	23,629,430
Stock provision	160,340	(82,226)
Defined contribution pension costs	248,065	225,513
Auditors' remuneration:		
- audit of the company's financial statements	46,038	41,115
- other taxation services	7,841	8,479
Exchange difference	(95,562)	(470,757)

5 Interest receivable and similar income

	2017 £	2016 £
Bank interest	6,387	35,279
Loan to group company	2,266	-
	8,653	35,279

6 Employees

	2017 £	2016 £
Staff costs (including directors) consist of:		
Wages and salaries	3,741,248	3,545,987
Social security costs	484,887	443,550
Pension costs	248,065	225,513
	4,474,200	4,215,050

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

	2017 Number	2016 Number
Sales	37	36
Service	13	14
Administration	11	11
	61	61

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

7 Directors' remuneration

	2017 £	2016 £
Directors' emoluments	368,145	371,995
Social security costs	44,722	51,335
Company contributions to money purchase pension scheme	43,115	26,804

There was one director (2016 - one) for whom the company made pension contributions during the year.

Emoluments for the highest paid director amounted to £368,145 (2016 - £371,995). Company pension contributions of £43,155 (2016 - £26,804) were made to a money purchase pension scheme on his behalf.

8 Taxation on profit on ordinary activities

	2017 £	2016 £
<i>UK corporation tax</i>		
Current tax on profits of the year	487,088	304,406
Adjustment in respect of prior years	21,509	3,443
	508,597	307,903

The tax assessed for the year is higher (2016 - higher) than the standard rate of corporation tax in the UK applied to profit before tax. The difference is explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	2,264,453	1,424,925
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.75% (2016 - 20.0%)	444,230	284,985
Effects of:		
Expenses not deductible for tax purposes	9,170	6,066
Unrecognised deferred tax	10,787	12,608
Group relief	-	-
Other timing differences	22,901	801
Adjustments in respect of previous years	21,509	3,443
Current tax charge for the year	508,597	307,903

Factors that may affect future tax charges

With effect from 1 April 2017 and 1 April 2020, the UK corporate tax rate will be reduced to 19% and 17% respectively. These changes, which were announced in the March 2015 budget and affirmed in the March 2016 budget, will have no significant impact on these financial statements.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2017 *(continued)*

9 Tangible fixed assets

	Short leasehold properties £	Furniture and equipment £	Technical equipment £	Motor vehicles and bicycles £	Computer equipment £	Total £
<i>Cost</i>						
At 1 July 2016	454,311	457,131	1,795,108	29,331	426,759	3,162,640
Additions	1,770	47,839	38,010	-	37,917	125,536
Disposals	-	-	(7,070)	-	-	(7,070)
At 30 June 2017	456,081	504,970	1,826,048	29,331	464,676	3,281,106
<i>Depreciation</i>						
At 1 July 2016	427,979	320,173	1,614,785	29,331	318,727	2,710,995
Charge for year	8,029	37,330	70,372	-	58,949	174,680
Disposals	-	-	(7,070)	-	-	(7,070)
At 30 June 2017	436,008	357,503	1,678,087	29,331	377,676	2,878,605
<i>Net book value</i>						
At 30 June 2017	20,073	147,467	147,961	-	87,000	402,501
At 30 June 2016	26,332	136,958	180,323	-	108,032	451,645

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 2017 (continued)

10 Stock and work in progress

	2017 £	2016 £
Finished goods and goods held for resale	<u>3,122,264</u>	<u>1,976,380</u>

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

11 Debtors

	2017 £	2016 £
Amounts receivable within one year:		
Trade debtors	6,158,230	4,046,977
Amounts due from group undertakings	10,173,272	231,311
Corporation tax	12,450	88,663
Other debtors	1,146,734	195,419
Prepayments and accrued income	801,323	828,373
	<u>18,292,009</u>	<u>5,390,743</u>

Within the balance of amounts due from group undertakings is £9,877,363 deposited with a fellow group subsidiary. This attracts 0.25% below the Bank of England interest rate and is repayable on demand. Other amounts due from group undertakings is non-interest bearing and is repayable on demand.

12 Financial instruments

The company's financial instruments may be analysed as follows:

	2017 £	2016 £
Financial assets		
Financial assets that are measured at amortised cost	<u>24,057,326</u>	<u>16,125,851</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>12,937,276</u>	<u>5,850,367</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

13 Creditors

	2017 £	2016 £
Amounts falling due within one year:		
Trade creditors	363,656	257,462
Amounts owed to group undertakings	11,746,211	4,704,036
Other taxes and social security costs	1,876,988	639,229
Other creditors	80,044	86,804
Accruals and deferred income	2,443,370	2,129,164
	16,510,269	7,816,695

Amounts owed to group undertakings are non-interest bearing and is payable on demand.

14 Provision for liabilities

	Provision for guarantee liability £
Provision at 1 July 2016	1,464,483
Utilised in year	(740,046)
Provided during the year	142,381
	866,818
Provision at 30 June 2017	

15 Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
156,100 (2016 - 156,100) Ordinary shares of £1 each	156,100	156,100

16 Dividends

	2017 £	2016 £
Ordinary shares		
Interim paid dividend of £7.16 (2016 - £8.18) per share	1,117,022	1,277,334

17 Pensions

The current year pension charge represents contributions payable to the group personal pension plan. Contributions totalling £44,579 (2016 - £45,553) 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 2017 (continued)

18 Commitments under operating leases

As at 30 June 2017, the company had minimum lease payments under non-cancellable operating leases as set out below.

	2017 £	2016 £
Not later than 1 year	211,936	217,079
Later than 1 and not later than 5 years	142,427	199,153
	<u>354,362</u>	<u>416,232</u>

19 Related party transactions

The ultimate parent company is Rohde & Schwarz GmbH & Co. KG, a private company registered in Germany. There is no ultimate controlling party.

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.

Key management of the Company are considered to be the directors. The total remuneration of the directors is covered in note 7.