

Rohde & Schwarz UK Limited

Report and Financial Statements

Year Ended

30 June 2020

Company Number 00539607



Rohde & Schwarz UK Limited

Report and financial statements for the year ended 30 June 2020

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Directors

F Mackel
J P Poetschke
H Jäschke
J Fries

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 2020

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 13% and achieved an improved gross profit margin of 17.2% (2019 - 18.4%). The company reported a pre-tax profit of £2,180,079 (2019 - £2,818,954). We are confident that the company will continue to trade successfully in the future.

The company has seen an impact on revenue due to COVID-19 which has seen a decrease in transactional revenue. However project revenue has been unaffected in most areas as this relates to longer term projects which were already in progress when COVID-19 hit. Business in relation to security scanning of passengers at airports has been adversely affected. The company has taken appropriate mitigating actions to counter this decrease in revenue, including alignment of staff with activities and cutting down of non-essential expenditure, including travel and marketing expenditure. We continue to monitor cashflow on an ongoing basis and are satisfied that the company is currently in a strong position.

In the current financial year the company produced outstanding results and we exceeded our forecast profit expectations due to achieving a higher gross profit margin than planned.

We are in the manufacturing & delivery phase of the integrated communications system for the future Royal Navy's Type 26 Global Combat Ship, with first deliveries taking place in the first half of 2020.

We continue to grow in the aviation security sector with the next generation of millimetre wave scanners, with airports across the country.

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.

	2020	2019
Turnover	£50,610,433	£44,750,317
Gross profit margin	17.2%	18.4%
Operating profit margin	4.3%	6.2%
Debtor days	50	60

The results were in line with expectations, with lower revenue and higher gross margin related to the mix of our activities between product sales and the Type 26 project and our broadcast projects.

Rohde & Schwarz UK Limited

Strategic report (continued) for the year ended 30 June 2020

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.

Brexit

Following the end of the Brexit Transition Period on 31 December 2020, the directors have closely monitored the impact of Brexit on the Company. Sales and profitability have not been significantly impacted with the logistical interruptions seen at the start of January 2021 beginning to ease. However, it is still at an early stage of the Brexit implementation phase and the directors continue to closely monitor the development in 2021.

On behalf of the board



F Mackel
Director

Date 12/3/2021

Rohde & Schwarz UK Limited

Directors' report for the year ended 30 June 2020

The directors present their report together with the audited financial statements for the year ended 30 June 2020.

Results and dividends

The income statement is set out on page 9 and shows the profit for the year.

The directors have paid an interim ordinary dividend of £2,276,339 (2019 - £2,008,625) during the year and do not recommend the payment of a final dividend (2019 - £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. Cash flow is monitored by the directors on a regular basis.

Charitable donations

During the year the company made charitable donations of £Nil (2019 - £Nil).

Going concern

In preparing the financial statements, the Directors are required to assess the company's ability to continue to trade as a going concern for the foreseeable future.

In undertaking this assessment, the Directors have given due consideration to the historical and current trading, together with the forward-looking projections and the impact of the COVID-19 pandemic further details of which are set out in the strategic report. The company has prepared detailed cashflow forecasts for the following 12 months after the approval date of these financial statements. These forecasts have been stressed which demonstrates that the company will not require further funding. The cash flow forecast will continue to be monitored regularly to ensure the company has the resources required to operate as normal in the current climate.

Based on the cash flow forecasts the Directors have considered the cash requirement of the company and they are confident that the company will continue as a going concern and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements."

Directors

The directors who served during the year were as follows:

F Mackel
J P Poetschke
H Jäschke
J Fries

Rohde & Schwarz UK Limited

**Directors' report (continued)
for the year ended 30 June 2020**

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.

On behalf of the board



**F Mackel
Director**

Date: 12/3/2021

Rohde & Schwarz UK Limited

Directors' responsibilities statement for the year ended 30 June 2020

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.

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 & Schwarz UK Limited ("the Company") for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the Statement of Cash Flows, and the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 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 that are 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 relating 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.

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.

Rohde & Schwarz UK Limited

Independent auditor's report (continued)

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 have 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 misstatements in the Strategic report and Directors' 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 Directors' responsibilities statement, 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 determine 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.

Auditor's responsibilities for the audit of the financial statements

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 on the Financial Reporting Council's website at:

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

Rohde & Schwarz UK Limited

Independent auditor's report (continued)

Use of our report

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.

BDO LLP

James Fearon (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK
Date: 15 March 2021

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 2020

	Note	2020 £	2019 £
Turnover	3	50,610,433	44,750,317
Cost of sales		41,916,564	36,537,322
Gross profit		8,693,869	8,212,995
Administrative expenses		8,552,556	8,051,003
Profit on sale of fixed assets		705,129	1,237,937
Other operating income		1,321,503	1,393,665
Operating profit	4	2,167,945	2,793,594
Interest receivable and similar income	5	12,134	25,360
Profit on ordinary activities before taxation		2,180,079	2,818,954
Tax on profit on ordinary activities	8	423,345	542,615
Profit and total comprehensive income for the financial year		1,756,734	2,276,339

All amounts relate to continuing activities.

The notes on pages 14 to 23 form part of these financial statements.

Rohde & Schwarz UK Limited

Balance sheet at 30 June 2020

Company number 00539607	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	9		2,371,689		2,273,428
Current assets					
Stock and work in progress	10	2,397,909		1,512,767	
Debtors	11	14,964,024		15,643,496	
Cash at bank and in hand		1,522,428		3,539,014	
		<u>18,884,361</u>		<u>20,695,277</u>	
Creditors: amounts falling due within one year	13	<u>13,556,712</u>		<u>14,596,816</u>	
Net current assets			<u>5,327,649</u>		<u>6,098,461</u>
Total assets less current liabilities			<u>7,699,338</u>		<u>8,371,889</u>
Provisions for liabilities	14		<u>942,604</u>		<u>1,095,550</u>
Net assets			<u>6,756,734</u>		<u>7,276,339</u>
Capital and reserves					
Called up share capital	15	4,981,100		4,981,100	
Capital redemption reserve		18,900		18,900	
Profit and loss account		1,756,734		2,276,339	
Shareholders' funds			<u>6,756,734</u>		<u>7,276,339</u>

These financial statements were approved by the board of directors and authorised for issue on 12/3/2021



F Mackel
Director

The notes on pages 14 to 23 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of changes in equity for the year ended 30 June 2020

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
1 July 2019	4,981,100	18,900	2,276,339	7,276,339
Comprehensive income for the year				
Total comprehensive income for the year	-	-	1,756,734	1,756,734
Contributions by and distributions to owners				
Dividends	-	-	(2,276,339)	(2,276,339)
Total contributions by and distributions to owners	-	-	(2,276,339)	(2,276,339)
30 June 2020	4,981,100	18,900	1,756,734	6,756,734

The notes on pages 14 to 23 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of changes in equity for the year ended 30 June 2019 *(continued)*

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
1 July 2018	4,981,100	18,900	2,008,625	7,008,625
Comprehensive income for the year				
Total comprehensive income for the year	-	-	2,276,339	2,276,339
Contributions by and distributions to owners				
Dividends	-	-	(2,008,625)	(2,008,625)
Total contributions by and distributions to owners	-	-	(2,008,625)	(2,008,625)
Issue of share capital	-	-	-	-
30 June 2019	4,981,100	18,900	2,276,339	7,276,339

The notes on pages 14 to 23 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of cash flows for the year ended 30 June 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,756,734	2,276,339
Adjustments for:		
Depreciation of fixed assets	799,995	623,907
Profit on disposal of fixed assets	(705,129)	(1,237,937)
Net interest receivable	(12,134)	(25,360)
Taxation expense	423,345	542,615
Increase in trade and other debtors	656,128	(1,824,455)
Increase in stocks	(885,142)	(609,580)
Increase / (Decrease) in trade and other creditors	(1,040,104)	(919,432)
Increase in provision	(152,946)	33,589
Cash from operations	840,747	(1,140,314)
Taxation paid	(400,000)	(535,449)
Net cash generated from operating activities	440,747	(1,675,763)
Cash flows from investing activities		
Purchases of tangible fixed assets	(1,455,100)	(2,647,802)
Proceeds from sale of fixed assets	1,261,972	3,058,140
Interest received	12,134	25,360
Net cash from investing activities	(180,944)	435,698
Cash flows from financing activities		
Equity dividends paid	(2,276,339)	(2,008,625)
Net cash used in financing activities	(2,276,339)	(2,008,625)
Net increase in cash and cash equivalents	(2,016,586)	(3,248,690)
Cash and cash equivalents at beginning of year	3,539,014	6,787,704
Cash and cash equivalents at end of year	1,522,428	3,539,014

The notes on pages 14 to 23 form part of these financial statements.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2020

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.

Going concern

In preparing the financial statements, the Directors are required to assess the company's ability to continue to trade as a going concern for the foreseeable future.

In undertaking this assessment, the Directors have given due consideration to the historical and current trading, together with the forward-looking projections and the impact of the COVID-19 pandemic further details of which are set out in the strategic report. The company has prepared detailed cashflow forecasts for the following 12 months after the approval date of these financial statements. These forecasts have been stressed which demonstrates that the company will not require further funding. The cash flow forecast will continue to be monitored regularly to ensure the company has the resources required to operate as normal in the current climate.

Based on the cash flow forecasts the Directors have considered the cash requirement of the company and they are confident that the company will continue as a going concern and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements."

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
Demonstration equipment	25% per annum straight line

Stocks and work in progress

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

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (*continued*)

1 Accounting policies (*continued*)

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.

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 statement of comprehensive income.

Current and deferred taxation

The tax expense for the period comprises current 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.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (*continued*)

1 Accounting policies (*continued*)

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.

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 8)*

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 13)*

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 3)*

The assumptions and judgements relate to the determination of expected realisable value of stock. In determining this, the company assesses stock at each reporting date for any provisions. If provisions are made against stock the carrying amount is reduced. The provision amount is recognised immediately in the profit or loss.

- *Long Term Contracts (see note 10)*

Turnover from long term contracts is recognised on a stage of completion basis. The stage of completion is determined either by fixed milestones, agreed in advance, or by expenditure incurred, with turnover accrued to match.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (*continued*)

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:

	2020 £	2019 £
United Kingdom	47,451,421	41,783,057
Rest of Europe	3,087,145	2,967,260
Other	71,867	-
	<u>50,610,433</u>	<u>44,750,317</u>

4 Operating profit

	2020 £	2019 £
This is arrived at after charging:		
Depreciation - owned assets	799,995	623,907
Hire of tangible assets - operating leases	262,688	241,200
Hire of property – operating leases	280,518	278,391
Stock recognised as an expense	28,172,051	30,252,164
Stock provision	74,444	(15,647)
Defined contribution pension costs	330,203	338,225
Auditors' remuneration:		
- audit of the company's financial statements	57,305	44,908
- other taxation services	2,299	6,042
Exchange difference	(36,735)	(48,008)
	<u></u>	<u></u>

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

5 Interest receivable and similar income

	2020 £	2019 £
Bank interest	4,671	22,073
Loan to group company	7,463	3,287
	<u>12,134</u>	<u>25,360</u>

6 Employees

	2020 £	2019 £
Staff costs (including directors) consist of:		
Wages and salaries	4,324,195	4,246,719
Social security costs	577,696	538,843
Pension costs	330,203	338,225
	<u>5,232,094</u>	<u>5,123,787</u>

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

	Number	Number
Sales	36	37
Service	17	15
Administration	15	13
	<u>68</u>	<u>65</u>

7 Directors' remuneration

	2020 £	2019 £
Directors' emoluments	231,748	455,001
Social security costs	63,249	58,226
Company contributions to money purchase pension scheme	91,709	119,172
	<u>386,706</u>	<u>632,399</u>

There was one director (2019 - one) for whom the company made pension contributions during the year.

Emoluments for the highest paid director amounted to £231,748 (2019 - £455,001). Company pension contributions of £91,709 (2019 - £119,172) were made to a money purchase pension scheme on his behalf.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (continued)

8 Taxation on profit on ordinary activities

	2020 £	2019 £
<i>UK corporation tax</i>		
Current tax on profits of the year	423,845	535,382
Adjustment in respect of prior years	-	7,233
	<u>423,345</u>	<u>542,615</u>

The tax assessed for the year is higher (2019 - higher) than the standard rate of corporation tax in the UK applied to profit before tax. The difference is explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>2,180,079</u>	<u>2,818,954</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	414,215	535,601
Effects of:		
Expenses not deductible for tax purposes	4,616	16,828
Unrecognised deferred tax	9,500	9,937
Chargeable gains	132,272	199,886
Other timing differences	(137,258)	(226,870)
Adjustments in respect of previous years	-	7,233
	<u>423,345</u>	<u>542,615</u>

Factors that may affect future tax charges

With effect from 1 April 2020, the UK corporate tax rate will be reduced to 17%. This change was 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 2020 *(continued)*

9 Tangible fixed assets

	Short leasehold properties £	Furniture and equipment £	Technical equipment £	Motor vehicles and bicycles £	Computer equipment £	Demonstration Equipment £	Total £
<i>Cost</i>							
At 1 July 2019	262,767	784,631	1,867,361	35,463	327,348	3,406,546	6,684,116
Additions	199,838	131,086	61,617	24,616	71,659	966,284	1,455,100
Disposals	-	-	-	-	-	(1,451,275)	(1,451,275)
At 30 June 2020	462,605	915,717	1,928,978	60,079	399,007	2,921,555	6,687,941
<i>Depreciation</i>							
At 1 July 2019	240,495	259,928	1,761,702	22,393	224,375	1,901,795	4,410,688
Charge for year	26,181	112,070	46,729	9,741	50,105	555,169	799,995
Disposals	-	-	-	-	-	(894,431)	(894,431)
At 30 June 2020	266,676	371,998	1,808,431	32,134	274,480	1,562,533	4,316,252
<i>Net book value</i>							
At 30 June 2020	195,929	543,719	120,547	27,945	124,527	1,359,022	2,371,689
At 30 June 2019	22,272	524,703	105,659	13,070	102,973	1,504,751	2,273,428

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 2020 (continued)

10 Stock and work in progress

	2020 £	2019 £
Finished goods and goods held for resale	2,397,909	1,512,767

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

11 Debtors

	2020 £	2019 £
Amounts receivable within one year:		
Trade debtors	6,925,002	7,843,483
Amounts due from group undertakings	5,005,082	4,306,124
Corporation tax	218,662	242,007
Other debtors	653,460	506,512
Prepayments and accrued income	2,161,818	2,745,370
	14,964,024	15,643,496

Within the balance of amounts due from group undertakings is £4,234,429 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:

	2020 £	2019 £
Financial assets		
Financial assets that are measured at amortised cost	14,105,972	16,195,133
Financial liabilities		
Financial liabilities measured at amortised cost	10,177,451	9,980,290

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 2020 (continued)

13 Creditors

	2020 £	2019 £
Amounts falling due within one year:		
Trade creditors	393,010	777,562
Amounts owed to group undertakings	7,035,617	7,969,552
Other taxes and social security costs	1,546,500	1,933,936
Other creditors	1,743,198	191,496
Accruals and deferred income	2,838,387	3,724,270
	<u>13,556,712</u>	<u>14,596,816</u>

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 2019	1,095,550
Utilised in year	(319,918)
Provided during the year	166,972
	<u>942,604</u>
Provision at 30 June 2020	

15 Share capital

	2020 £	2019 £
<i>Allotted, called up and fully paid</i>		
4,981,100 (2019 – 4,981,100) Ordinary shares of £1 each	<u>4,981,100</u>	<u>4,981,100</u>

16 Dividends

	2020 £	2019 £
Ordinary shares		
Interim paid dividend of £0.46 (2019 - £0.40) per share	<u>2,276,339</u>	<u>2,008,625</u>

17 Pensions

The current year pension charge represents contributions payable to the group personal pension plan. Contributions totalling £173,637 (2019 - £144,126) 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 2020 (continued)

18 Commitments under operating leases

As at 30 June 2020, the company had minimum lease payments under non-cancellable operating leases as set out below.

	2020 £	2019 £
Not later than 1 year	184,812	157,359
Later than 1 and not later than 5 years	134,299	156,467
	<u>319,111</u>	<u>313,826</u>

19 Related party transactions

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.

The group for which financial statements are drawn up which incorporate the results of Rohde & Schwarz UK Limited is that headed by Rohde & Schwarz GmbH & Co. KG, a company incorporated in Germany.

Key management of the Company are considered to be the directors. The total remuneration of the directors is covered in note 6.