

Rohde & Schwarz UK Limited

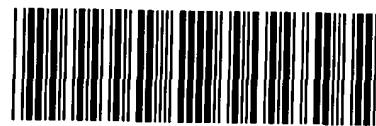
Report and Financial Statements

Year Ended

30 June 2021

Company Number 00539607

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Rohde & Schwarz UK Limited

Report and financial statements for the year ended 30 June 2021

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Directors

F Mackel
J P Poetschke
H Jäschke
F Oehler (appointed 11 March 2021)

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 2021

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 decrease in turnover in the current financial year of 27.7% and achieved an improved gross profit margin of 20.2% (2020 - 17.2%). The company reported a pre-tax profit of £1,921,203 (2020 - £2,180,079). 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 having taken 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.

	2021	2020
Turnover	£36,605,759	£50,610,433
Gross profit margin	20.2%	17.2%
Operating profit margin	5.2%	4.3%
Debtor days	27	50

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 2021

Section 172 statement

Under Section 172(1) of the Companies Act 2006, a Director of a Company must act in a way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequence of any decision in the long term
- The interests of the Company's employees
- The need to foster business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company to maintain a reputation for high standards of business conduct
- The need to act fairly between members of the Company

This disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the Directors statement required by the Companies act 2006

Stakeholder engagement

Stakeholder group	Why we engage	How we engage
Employees	Our employees strongly identify with our company and our values. We nurture an inspiring and strength-oriented culture where performance matters. We continuously support our employees so that we can build our future together and continue to attract talent. We focus on responsibility, agility and holistic thinking across boundaries to ensure our path to success.	We have systematic target setting, performance review, training and remuneration in place for all employees. We hold regular, in person, communication sessions and have information and collaboration systems in place. Employee surveys are conducted and action plans produced.
Customers	We handle diverse customer requirements for product/standard systems business and transactional business as well as for project business with a tailored go-to-market approach in our defined market segments. We strengthen our business responsibilities along the entire value chain through application segment planning and a powerful divisionalised structure.	Targeted Sales and Product teams collaborate with our customers and interactions are recorded in our CRM database. After sales support is handled locally to minimise any downtime. We conduct customer surveys throughout the year to ensure we are focused on customer needs.
Suppliers	We build and maintain long term relationships with our suppliers. Their success is integral to our own and we work to ensure that the high standards we set ourselves are maintained throughout our supply chain.	We collaborate with our suppliers, actively encouraging an integrated approach to our customers.
Community	Having been present in Fleet, Hampshire for 33 years, we operate with respect for our local community to maintain a strong reputation.	We manage our site for the benefit of both us and the community that live around us. We actively donate to local schools when appropriate.

Rohde & Schwarz UK Limited

Strategic report (continued)
for the year ended 30 June 2021

Environment

Environmental responsibility at Rohde & Schwarz encompasses the entire product life cycle, from design and development to production and takeback. It influences all our business processes and shapes the way we manage our company locations. Our continued efforts to advance sustainable environmental practices at Rohde & Schwarz not only reduce our eco-footprint but are also beneficial for our customers.

We undergo continuous building refurbishment to reduce our energy use. Our processes are reviewed and adapted to make the best use of our resources.

Shareholders

As a privately-owned company, we operate independently with a long-term view on profitability.

In an increasingly volatile business environment, we manage opportunities and risks with increased flexibility and scalability in our business models. Long term planning and recurring revenues balance out our business performance

Principal Board decisions

Board Decision

Considerations

Approval of the budget for business year 2021/22

Market conditions, requirements of parent company, technology trends

Purchase approval for additional calibration machines

Return on investment, customer downtime improvement, improved local capability.

Headcount approval for BY 2021/22

Ability to meet target in a changing environment

Approval of dividend for Shareholders

Maintaining the ability to reinvest locally

Rohde & Schwarz UK Limited

Strategic report (continued)
for the year ended 30 June 2021

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.

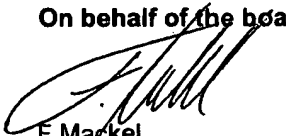
The company seeks to minimise its risk of losing customers to key competitors by the innovation and quality of our products and also of our sales force, employing skilled engineers with the ability to assist our customers in selecting the best solution for their needs and to provide ongoing support and 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 6/8/2021

Rohde & Schwarz UK Limited

Directors' report for the year ended 30 June 2021

The directors present their report together with the audited financial statements for the year ended 30 June 2021.

Results and dividends

The statement of comprehensive income is set out on page 13 and shows the profit for the year.

The directors have paid an interim ordinary dividend of £1,756,734 (2020 - £2,276,339) during the year and do not recommend the payment of a final dividend (2020 - £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 (2020 - £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
F Oehler (Appointed 11 March 2021)
J Fries (Resigned 11 March 2021)

Rohde & Schwarz UK Limited

Directors' report (continued) for the year ended 30 June 2021

Streamlined Energy and Carbon Reporting

SECR (Streamlined Energy and Carbon Reporting) is a government reporting initiative that came into force on 1st April 2019. Table 1 below shows the information for Rohde & Schwarz UK Ltd for the period 1st July 2020 to 30th June 2021.

The company collected the data from supplied billing data

Scope 1 – All direct emissions from the activities of Rohde & Schwarz UK Ltd., including fuel combustion on site such as gas boilers, fleet vehicle and air conditioning leaks.

Scope 2 – Indirect emissions from electricity purchased and used by Rohde & Schwarz UK Ltd.

Table 1

Energy consumption/Mileage used to calculate emissions	Gas: Electricity: Petrol company owned cars: Diesel company owned cars:	74,392.27 kWh 251,379.60 kWh 71,805 miles 82,345 miles
Conversion factors	Gas: Electricity: Petrol company owned cars: Diesel company owned cars:	0.20297 0.21233 0.32764 0.25678
Calculated Emissions (TCO2e)	Gas: Electricity: Petrol company owned cars: Diesel company owned cars:	15.1 53.0 23.5 21.1
Total gross TCO2e		112.7
Intensity ratio TCO2e / £1M Turnover		3.079
Methodology	Data retrieved from invoices supplied by energy suppliers and converted using factors at - https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021	
Assumptions	Transport data conversions assume: - 50/50 split of petrol/diesel vehicles. - Mileage is extrapolated from fuel costs using https://www.gov.uk/guidance/advisory-fuel-rates . - All vehicles classified as "Car - Upper Medium".	
Energy efficiency improvement activities	No significant activities have been undertaken, excluding those imposed by the COVID pandemic – reduction in car transport and reduction in office use.	

Rohde & Schwarz UK Limited

**Directors' report (continued)
for the year ended 30 June 2021**

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: 6/8/2021

Rohde & Schwarz UK Limited

Directors' responsibilities statement for the year ended 30 June 2021

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

Opinion on the 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 2021 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.

We have audited the financial statements of Rohde & Schwarz UK Limited ("the Company") for the year ended 30 June 2021 which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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 directors 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

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 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 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, 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.

Rohde & Schwarz UK Limited

Independent auditor's report (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Audit procedures included:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company. We determined that the most significant are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS102, the Companies Act 2006) and the tax related legislation (the Finance Act);
- We tested the company's compliance with these laws and regulations through our audit procedures over the financial statements and the related tax balances;
- We enquired with management, and those charged with governance, as to whether there were known or suspected instances of non-compliance with laws and regulations or fraud;
- We challenged assumptions made by management in their significant accounting estimates;
- We identified and tested journal entries with unusual characteristics, in particular any journal entries posted with unusual descriptions; manual journals posted to cash and revenue and large journals posted close to year end;
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit; and
- We identified a potential fraud risk in revenue for premature recognition of revenue and addressed this through cut-off testing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. We considered the risk of fraud to be most significant in the areas of revenue recognition and management override of controls. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:

James Fearon

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James Fearon (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick

United Kingdom

Date 06 August 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 2021

	Note	2021 £	2020 £
Turnover	3	36,605,759	50,610,433
Cost of sales		29,222,936	41,916,564
Gross profit		7,382,823	8,693,869
Administrative expenses		7,998,856	8,552,556
Profit on sale of fixed assets		919,146	705,129
Other operating income		1,612,247	1,321,503
Operating profit	4	1,915,360	2,167,945
Interest receivable and similar income	5	5,843	12,134
Profit on ordinary activities before taxation		1,921,203	2,180,079
Tax on profit on ordinary activities	8	230,249	423,345
Profit and total comprehensive income for the financial year		1,690,954	1,756,734

All amounts relate to continuing activities.

The notes on pages 18 to 27 form part of these financial statements.

Rohde & Schwarz UK Limited

Balance sheet at 30 June 2021

<i>Company number 00539607</i>	<i>Note</i>	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	9		2,959,725		2,371,689
Current assets					
Stock and work in progress	10	2,478,610		2,397,909	
Debtors	11	11,620,488		14,964,024	
Cash at bank and in hand		2,691,308		1,522,428	
		<u>16,790,406</u>		<u>18,884,361</u>	
Creditors: amounts falling due within one year	12	<u>12,056,082</u>		<u>13,556,712</u>	
Net current assets			<u>4,734,324</u>		<u>5,327,649</u>
Total assets less current liabilities			<u>7,694,049</u>		<u>7,699,338</u>
Provisions for liabilities	13		<u>1,003,095</u>		<u>942,604</u>
Net assets			<u>6,690,954</u>		<u>6,756,734</u>
Capital and reserves					
Called up share capital	14		4,981,100		4,981,100
Capital redemption reserve			18,900		18,900
Profit and loss account			1,690,954		1,756,734
Shareholders' funds			<u>6,690,954</u>		<u>6,756,734</u>

These financial statements were approved by the board of directors and authorised for issue on 06/08/2021


 F Mackel
 Director

The notes on pages 18 to 27 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of changes in equity for the year ended 30 June 2021

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
1 July 2020	4,981,100	18,900	1,756,734	6,756,734
Comprehensive income for the year	-	-	1,690,954	1,690,954
Total comprehensive income for the year	-	-	1,690,954	1,690,954
Contributions by and distributions to owners				
Dividends	-	-	(1,756,734)	1,756,734
Total contributions by and distributions to owners	-	-	(1,756,734)	(1,756,734)
30 June 2021	4,981,100	18,900	1,690,954	6,690,954

The notes on pages 18 to 27 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of changes in equity for the year ended 30 June 2021 *(continued)*

	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	-	-	1,756,734	1,756,734
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 18 to 27 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of cash flows for the year ended 30 June 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,690,954	1,756,734
Adjustments for:		
Depreciation of fixed assets	899,544	799,995
Profit on disposal of fixed assets	(919,146)	(705,129)
Net interest receivable	(5,843)	(12,134)
Taxation expense	230,249	423,345
Increase in trade and other debtors	3,330,150	656,128
Increase in stocks	(80,701)	(885,142)
Decrease in trade and other creditors	(1,500,630)	(1,040,104)
Increase / (Decrease) in provision	60,491	(152,946)
Cash from operations	3,705,068	840,747
Taxation paid	(216,864)	(400,000)
Net cash generated from operating activities	3,488,204	440,747
Cash flows from investing activities		
Purchases of tangible fixed assets	(2,078,907)	(1,455,100)
Proceeds from sale of fixed assets	1,510,474	1,261,972
Interest received	5,843	12,134
Net cash from investing activities	(562,590)	(180,944)
Cash flows from financing activities		
Equity dividends paid	(1,756,734)	(2,276,339)
Net cash used in financing activities	(1,756,734)	(2,276,339)
Net increase in cash and cash equivalents	1,168,880	(2,016,586)
Cash and cash equivalents at beginning of year	1,522,428	3,539,014
Cash and cash equivalents at end of year	2,691,308	1,522,428

The notes on pages 18 to 27 form part of these financial statements.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements for the year ended 30 June 2021

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 2021 (*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 2021 (*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 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 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 10)*

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 2021 (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:

	2021 £	2020 £
United Kingdom	34,752,329	47,451,421
Rest of Europe	1,580,142	3,087,145
Other	273,288	71,867
	<u>36,605,759</u>	<u>50,610,433</u>

4 Operating profit

	2021 £	2020 £
This is arrived at after charging:		
Depreciation - owned assets	899,544	799,995
Hire of tangible assets - operating leases	226,429	262,688
Hire of property - operating leases	285,867	280,518
Stock recognised as an expense	22,577,989	28,172,051
Stock provision	(31,270)	74,444
Defined contribution pension costs	387,611	330,203
Auditors' remuneration:		
- audit of the company's financial statements	53,339	57,305
- other taxation services	3,371	2,299
Exchange difference	182,519	(36,735)
	<u></u>	<u></u>

5 Interest receivable and similar income

	2021 £	2020 £
Bank interest	59	4,671
Loan to group company	5,784	7,463
	<u>5,843</u>	<u>12,134</u>

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2021 *(continued)*

6 Employees

	2021 £	2020 £
Staff costs (including directors) consist of:		
Wages and salaries	4,294,037	4,324,195
Social security costs	593,194	577,696
Pension costs	387,611	330,203
	<u>5,274,842</u>	<u>5,232,094</u>

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

	Number	Number
Sales	32	36
Service	16	17
Administration	13	15
	<u>61</u>	<u>68</u>

7 Directors' remuneration

	2021 £	2020 £
Directors' emoluments	240,504	231,748
Social security costs	65,687	63,249
Company contributions to money purchase pension scheme	110,426	91,709
	<u>416,617</u>	<u>386,706</u>

There was one director (2020 - one) for whom the company made pension contributions during the year.

Emoluments for the highest paid director amounted to £ 240,504 (2020 - £231,748). Company pension contributions of £110,426 (2020 - £91,709) 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 2021 (*continued*)

8 Taxation on profit on ordinary activities

	2021 £	2020 £
<i>UK corporation tax</i>		
Current tax on profits of the year	365,029	423,345
Adjustment in respect of prior years	(134,780)	-
	<u>230,249</u>	<u>423,345</u>

The tax assessed for the year is higher (2020 - higher) than the standard rate of corporation tax in the UK applied to profit before tax. The difference is explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,921,203</u>	<u>2,180,079</u>
Profit on ordinary activities at the standard rate of corporation tax in the UKI of 19% (2020 – 19%)	365,029	414,215
Effects of:		
Expenses not deductible for tax purposes	-	4,616
Unrecognised deferred tax	-	9,500
Chargeable gains	-	132,272
Other timing differences	-	(137,258)
Adjustments in respect of previous years	<u>(134,780)</u>	<u>-</u>
Current tax charge for the year	<u>230,249</u>	<u>423,345</u>

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax asset/liability at the statement of financial position date has been calculated using the applicable rate when the asset/liability is expected to be realised.

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2021 (*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 2020	462,605	915,717	1,928,978	60,079	399,007	2,921,555	6,687,941
Additions	-	10,547	366,045	5,833	22,065	1,674,417	2,078,907
Disposals	-	-	(909)	-	-	(1,259,406)	(1,260,315)
At 30 June 2021	462,605	926,264	2,294,114	65,912	421,072	3,336,566	7,506,533
<i>Depreciation</i>							
At 1 July 2020	266,676	371,998	1,808,431	32,134	274,480	1,562,533	4,316,252
Charge for year	47,108	109,020	58,457	11,253	52,717	620,989	899,544
Disposals	-	-	(909)	-	-	(668,078)	(668,987)
At 30 June 2021	313,784	481,018	1,865,979	43,387	327,197	1,515,444	(4,546,809)
<i>Net book value</i>							
At 30 June 2021	148,821	445,246	428,135	22,525	93,875	1,821,122	2,959,724
At 30 June 2020	195,929	543,719	120,547	27,945	124,527	1,359,022	2,371,689

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 2021 *(continued)*

10 Stock and work in progress

	2021 £	2020 £
Finished goods and goods held for resale	2,478,610	2,397,909

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

11 Debtors

	2021 £	2020 £
Amounts receivable within one year:		
Trade debtors	2,712,107	6,925,002
Amounts due from group undertakings	6,115,502	5,005,082
Corporation tax	205,277	218,662
Other debtors	431,870	653,460
Prepayments and accrued income	2,155,732	2,161,818
	<u>11,620,488</u>	<u>14,964,024</u>

Within the balance of amounts due from group undertakings is £5,329,249 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 Creditors

	2021 £	2020 £
Amounts falling due within one year:		
Trade creditors	174,815	393,010
Amounts owed to group undertakings	6,402,955	7,035,617
Other taxes and social security costs	780,862	1,546,500
Other creditors	1,536,775	1,743,198
Accruals and deferred income	3,160,675	2,838,387
	<u>12,056,082</u>	<u>13,556,712</u>

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

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2021 *(continued)*

13 Provision for liabilities

	Provision for guarantee liability £
Provision at 1 July 2020	942,604
Utilised in year	(272,768)
Provided during the year	333,259
Provision at 30 June 2021	1,003,095

14 Share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
4,981,100 (2020 – 4,981,100) Ordinary shares of £1 each	4,981,100	4,981,100

15 Dividends

	2021 £	2020 £
Ordinary shares		
Interim paid dividend of £0.35 (2020 - £0.46) per share	1,756,734	2,276,339

16 Pensions

The current year pension charge represents contributions payable to the group personal pension plan. Contributions totalling £107,601 (2020 - £173,637) 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 2021 (continued)

17 Commitments under operating leases

As at 30 June 2021, the company had minimum lease payments under non-cancellable operating leases as set out below.

	2021 £	2020 £
Not later than 1 year	146,521	184,812
Later than 1 and not later than 5 years	94,633	134,299
	<u>241,154</u>	<u>319,111</u>

18 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 7.