

Rohde & Schwarz UK Limited

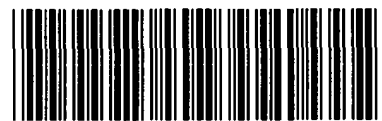
Report and Financial Statements

Year Ended

30 June 2022

Company Number 00539607

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Rohde & Schwarz UK Limited

Report and financial statements for the year ended 30 June 2022

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Directors

F Mackel
J P Poetschke
H Jäschke
F Oehler

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 2022

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 55.3% and achieved a gross profit margin of 18.9% (2021 - 20.2%). The company reported a pre-tax profit of £4,529,662 (2021 - £1,921,203). We are confident that the company will continue to trade successfully in the future.

The company has seen a further increase in transactional revenue after seeing this impacted due to COVID-19 in the previous business year. Project business has continued to be strong this year and has increased from last year. Business in relation to security scanning of passengers at airports has been affected however we have seen some improvement in revenue in this area and expect this to improve in the next year.

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 higher revenue 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 ongoing deliveries throughout the business year.

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.

	2022	2021
Turnover	£56,836,504	£36,605,759
Gross profit margin	18.9%	20.2%
Operating profit margin	7.9%	5.2%
Debtor days	65	27

The results were above expectations, with higher revenue 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 2022

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 consequences 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 divisional structure	Targeted Sales and Products 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 2022

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 2022/23	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 2022/23	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 2022

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 an increase in costs due to the increasing inflation rate.

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.

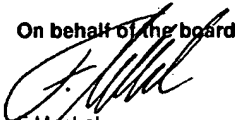
Russia-Ukraine

Generally, we must assume that longer-term sanctions in a region may also affect us. Rohde & Schwarz is a company with a high export share, subsidiaries in more than 70 countries and a diversified solution portfolio. Therefore, the lack of business activities with Russia can be compensated.

Due to regulatory sanctions and our company-internal policy Rohde & Schwarz has no business activity with Russia and Belarus. It goes without saying that we always adhere strictly to the applicable regulations and legislation.

As a medium-sized company with production locations at home and abroad, the long-term security of the necessary supply chains as well as securing permanent production and supply capabilities are very important. We are monitoring the global situation very closely and have made the appropriate preparations to act, for example choosing alternative suppliers. That's why our supply chain is hardly affected by this conflict.

On behalf of the board



F. Mackel
Director

Date 15/8/2022

Rohde & Schwarz UK Limited

Directors' report for the year ended 30 June 2022

The directors present their report together with the audited financial statements for the year ended 30 June 2022.

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 £1,690,954 (2021 - £1,756,734) during the year and do not recommend the payment of a final dividend (2021 - £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 (2021 - £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, any impact from the Russia-Ukraine sanctions and increasing inflation. 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

Rohde & Schwarz UK Limited

Directors' report (continued)
for the year ended 30 June 2022

Streamlined Energy and Carbon Reporting

SECR (Streamlined Energy and Carbon Reporting) is a government reporting initiative that came into focus on 1 April 2019. Table 1 below shows the information for Rohde & Schwarz UK Ltd for the period 1 July 2021 to 30 June 2022.

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	Gas:	72,776 kWh
	Electricity:	238,719 kWh
	Petrol company owned cars	127,977 miles
	Diesel company owned cars	135,976 miles
Conversion factors	Gas:	0.20000
	Electricity:	0.19338
	Petrol company owned cars	0.32063
	Diesel company owned cars	0.26068
Calculated Emissions (TCO2e)	Gas:	14.5
	Electricity:	46.2
	Petrol company owned cars:	41.0
	Diesel company owned cars	35.4
Total gross TCO2e		137.4
Intensity ratio TCO2e/£1M Turnover		2.417
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 cost 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.	

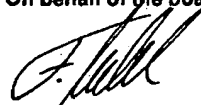
Rohde & Schwarz UK Limited

**Directors' report (continued)
for the year ended 30 June 2022**

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: 15/8/2022

Rohde & Schwarz UK Limited

Directors' responsibilities statement for the year ended 30 June 2022

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 2022 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 2022 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.

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 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.

Rohde & Schwarz UK Limited

Independent auditor's report (continued)

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.

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: 15 August 2022

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 2022

	Note	2022 £	2021 £
Turnover	3	56,836,504	36,605,759
Cost of sales		46,083,479	29,222,936
Gross profit		10,753,025	7,382,823
Administrative expenses		9,654,843	7,998,856
Profit on sale of fixed assets		971,214	919,146
Other operating income		2,448,470	1,612,247
Operating profit	4	4,517,866	1,915,360
Interest receivable and similar income	5	11,796	5,843
Profit on ordinary activities before taxation		4,529,662	1,921,203
Tax on profit on ordinary activities	8	598,210	230,249
Profit and total comprehensive income for the financial year		3,931,452	1,690,954

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 2022

Company number 00539607	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	9		2,178,055		2,959,725
Current assets					
Stock and work in progress	10	3,926,147		2,478,610	
Debtors	11	21,987,862		11,620,488	
Cash at bank and in hand		2,579,564		2,691,308	
		<u>28,493,573</u>		<u>16,790,406</u>	
Creditors: amounts falling due within one year	12	<u>20,347,768</u>		<u>12,056,082</u>	
Net current assets			<u>8,145,805</u>		<u>4,734,324</u>
Total assets less current liabilities			<u>10,323,860</u>		<u>7,694,049</u>
Provisions for liabilities	13		<u>1,392,408</u>		<u>1,003,095</u>
Net assets			<u>8,931,452</u>		<u>6,690,954</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			3,931,452		1,690,954
Shareholders' funds			<u>8,931,452</u>		<u>6,690,954</u>

These financial statements were approved by the board of directors and authorised for issue on


 F. Mackel
 Director 15/8/2022

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 2022

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
1 July 2021	4,981,100	18,900	1,690,954	6,690,954
Comprehensive Income for the year				
Total comprehensive income for the year	-	-	3,931,452	3,931,452
Contributions by and distributions to owners				
Dividends	-	-	(1,690,954)	(1,690,954)
Total contributions by and distributions to owners	-	-	(1,690,954)	(1,690,954)
30 June 2022	4,981,100	18,900	3,931,452	8,931,452

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 2020	4,981,100	18,900	1,756,734	6,756,734
Comprehensive income for the year				
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 cash flows for the year ended 30 June 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	3,931,452	1,690,954
Adjustments for:		
Depreciation of fixed assets	902,207	899,544
Profit on disposal of fixed assets	(971,214)	(919,146)
Net interest receivable	(11,796)	(5,843)
Taxation expense	598,210	230,249
Increase in trade and other debtors	(8,827,925)	3,330,150
Increase in stocks	(1,447,538)	(80,701)
Increase in trade and other creditors	7,975,948	(1,500,630)
Increase in provision	389,313	60,491
Cash from operations	2,538,657	3,705,088
Taxation paid	(77,195)	(216,864)
Net cash generated from operating activities	2,461,462	3,488,204
Cash flows from investing activities		
Purchases of tangible fixed assets	(1,189,048)	(2,078,907)
Proceeds from sale of fixed assets	2,039,725	1,510,474
Interest received	11,796	5,843
Net cash from investing activities	862,473	(562,590)
Cash flows from financing activities		
Equity dividends paid	(1,690,954)	(1,756,734)
Payments to intergroup finance deposits	(1,744,726)	-
Net cash used in financing activities	(3,435,680)	(1,756,734)
Net increase in cash and cash equivalents	(111,745)	1,168,880
Cash and cash equivalents at beginning of year	2,691,309	1,522,428
Cash and cash equivalents at end of year	2,579,564	2,691,308

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 2022

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, any impact from the Russia-Ukraine sanctions and increasing inflation. 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 2022 (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 2022 (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 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 2022 (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:

	2022 £	2021 £
United Kingdom	52,671,778	34,752,329
Rest of Europe	4,032,352	1,580,142
Other	132,374	273,288
	56,836,504	36,605,759

4 Operating profit

This is arrived at after charging:

	2022 £	2021 £
Depreciation - owned assets	902,207	899,544
Hire of tangible assets - operating leases	224,992	226,429
Hire of property - operating leases	283,223	285,867
Stock recognised as an expense	37,871,341	22,577,989
Stock provision	(21,127)	(31,270)
Defined contribution pension costs	144,334	387,611
Auditors' remuneration:		
- audit of the company's financial statements	51,620	53,339
- other taxation services	3,371	3,371
Exchange difference	2,441	182,519

5 Interest receivable and similar income

	2022 £	2021 £
Bank interest	-	59
Loan to group company	11,796	5,784
	11,796	5,843

Rohde & Schwarz UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2022 *(continued)*

6 Employees

	2022 £	2021 £
Staff costs (including directors) consist of:		
Wages and salaries	5,114,988	4,294,037
Social security costs	785,482	593,194
Pension costs	354,835	387,611
	<u>6,255,305</u>	<u>5,274,842</u>
The average number of employees of the company during the year was made up as follows:		
	Number	Number
Sales	34	32
Service	15	16
Administration	13	13
	<u>62</u>	<u>61</u>

7 Directors' remuneration

	2022 £	2021 £
Directors' emoluments	247,215	240,504
Social security costs	67,006	65,687
Company contributions to money purchase pension scheme	107,256	110,426
	<u>421,477</u>	<u>416,617</u>

There was one director (2021) for whom the company made pension contributions during the year.

Emoluments for the highest paid director amounted to £247,215 (2021 - £240,504). Company pension contributions of £107,256 (2021 - £110,426) 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 2022 (continued)

8 Taxation on profit on ordinary activities

	2022 £	2021 £
<i>UK corporation tax</i>		
Current tax on profits of the year	886,979	365,029
Adjustment in respect of prior years	(288,769)	(134,780)
	<u>598,210</u>	<u>230,249</u>

The tax assessed for the year is lower (2021 - higher) than the standard rate of corporation tax in the UK applied to profit before tax. The difference is explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	4,529,662	1,921,203
Profit on ordinary activities at the standard rate of corporation tax in the UK for 2022 of 19% (2021 – 19%)	860,636	365,029
Effects of:		
Expenses not deductible for tax purposes	(45,105)	-
Unrecognised deferred tax	-	-
Chargeable gains	71,448	-
Other timing differences	-	-
Adjustments in respect of previous years	(288,769)	(134,780)
Current tax charge for the year	<u>598,210</u>	<u>230,249</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 2022 (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 2021	462,606	926,263	2,294,115	65,912	421,072	3,336,565	7,506,533
Additions	100,244	37,743	15,057	(5,833)	39,083	1,002,755	1,189,049
Disposals	-	-	-	-	-	(1,679,627)	(1,679,627)
At 30 June 2022	562,850	964,006	2,309,172	60,079	460,155	2,659,693	7,015,955
<i>Depreciation</i>							
At 1 July 2021	313,784	481,017	1,865,980	43,387	327,197	1,515,444	4,546,809
Charge for year	44,723	108,798	108,141	9,556	49,365	581,623	902,206
Disposals	-	-	-	(44)	-	(611,073)	(611,117)
At 30 June 2022	358,507	589,815	1,974,121	52,899	376,562	1,485,994	4,837,900
<i>Net book value</i>							
At 30 June 2022	204,342	374,190	335,051	7,180	83,594	1,173,698	2,178,055
At 30 June 2021	148,822	445,246	428,135	22,525	93,875	1,821,121	2,959,724

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 2022 (continued)

10 Stock and work in progress

	2022 £	2021 £
Finished goods and goods held for resale	3,926,147	2,478,610

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

11 Debtors

	2022 £	2021 £
Amounts receivable within one year:		
Trade debtors	10,174,302	2,712,107
Amounts due from group undertakings	7,357,940	6,115,502
Corporation tax	-	205,277
Other debtors	1,323,515	431,870
Prepayments and accrued income	3,132,105	2,155,732
	<u>21,987,862</u>	<u>11,620,488</u>

Within the balance of amounts due from group undertakings is £7,073,975 (2021: £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

	2022 £	2021 £
Amounts falling due within one year:		
Trade creditors	596,752	174,815
Amounts owed to group undertakings	10,595,262	6,402,955
Corporation Tax	315,739	-
Other taxes and social security costs	2,390,367	780,862
Other creditors	2,221,877	1,536,775
Accruals and deferred income	4,227,771	3,160,675
	<u>20,347,768</u>	<u>12,056,082</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 2022 *(continued)*

13 Provision for liabilities

	Provision for guarantee liability £
Provision at 1 July 2021	1,003,095
Utilised in year	(299,932)
Provided during the year	689,245
Provision at 30 June 2022	1,392,408

14 Share capital

	2022 £	2021 £
<i>Allotted, called up and fully paid</i>		
4,981,100 (2021 – 4,981,100) Ordinary shares of £1 each	4,981,100	4,981,100

15 Dividends

	2022 £	2021 £
Ordinary shares		
Interim paid dividend of £0.34. (2021 - £0.35) per share	1,690,954	1,756,734

16 Pensions

The current year pension charge represents contributions payable to the group personal pension plan. Contributions totalling £55,841 (2021 - £107,601) 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 2022 (continued)**

17 Commitments under operating leases

As at 30 June 2022, the company had minimum lease payments under non-cancellable operating leases as set out below.

	2022	2021
	£	£
Not later than 1 year	89,765	146,521
Later than 1 and not later than 5 years	61,442	94,633
Lease later than 5 years	-	-
	151,207	241,154

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.