

Rohde & Schwarz UK Limited

Report and Financial Statements

Year Ended

30 June 2023

Company Number 00539607

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Rohde & Schwarz UK Limited

Company Information

Directors	F Mackel J P Poetschke F Oehler J G Fries G Mackay
Registered number	00539607
Registered office	Ancells Business Park Fleet Hampshire GU51 2UZ
Independent auditor	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Bankers	HSBC 54 Clarence Street Kingston upon Thames Surrey KT1 1NS

Rohde & Schwarz UK Limited

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Rohde & Schwarz UK Limited

Strategic report For the year ended 30 June 2023

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 3.8% and achieved a gross profit margin of 19.6% (2022 - 18.9%). The company reported a pre-tax profit of £5,566,238 (2022 - £4,529,662). We are confident that the company will continue to trade successfully in the future.

The company has seen a further increase in transactional revenue and project business has also continued to be strong this year. Turnover in relation to security scanning of passengers at airports has continued to be affected however we have seen improvement in orders received in this area and expect turnover 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 gross profit than planned.

We are in the manufacturing and 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.

	2023	2022
Turnover	£59,005,640	£56,836,504
Gross profit margin	19.6%	18.9%
Operating profit margin	8.4%	7.9%
Debtor days	53	65

The results were above expectations, with higher gross profit related to the mix of our activities between product sales and the Type 26 project and our broadcast projects.

Debtor days were unusually high in 2022 due to a small number of outstanding balances with customers of significant value. The decrease from 65 to 53 indicates a return to more typical levels.

During the year there was a significant increase in the level of down payments received from customers owing to the long-term contracts held, amounting to £19,367,621 at the year end (2022 - £2,509,109). Subsequently, amounts deposited with a fellow group subsidiary were £22,786,015, significantly higher than the prior year (2022 - £7,073,975). Together with increases to the Bank of England Base Rate, this attracted higher levels of interest receivable from group entities.

The financial position of the company remains strong, with net assets increasing to £9,190,279 (2022 - £8,931,452) due to results being above expectations.

Rohde & Schwarz UK Limited

Strategic report (continued) For the year ended 30 June 2023

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 has a normal level of exposure to price, credit and market risks arising from trading activities. Risk management is carried out by a central treasury department together with the local management team, under policies approved groupwide. These policies are written to cover specific areas such as credit risk.

The company is exposed to credit risk in the main from trade and intercompany receivables. There is a comprehensive local credit policy in place and exposure to credit risk is monitored on an ongoing basis. The credit risk from trade receivables is mitigated through a diverse customer base, across different industries and locations as well as through payment terms, including payment in advance. All customers requiring credit are evaluated using an external, independent company using data analytics.

The directors monitor the liquidity and cash flow risk of the company carefully. Cash flow is monitored by the directors on a regular basis.

Future developments

The directors anticipate the business environment will remain competitive. They believe that the company is in a good financial position and that the risks that have been identified are being well managed. Rohde & Schwarz UK has played an important role in the delivery of a diverse range of technological advances, both within our own product and system portfolio and in partnership with our UK based customers. Through developing deep relationships, Rohde & Schwarz has become an intrinsic part of the innovation landscape across key UK business sectors including; wireless communications, automotive, aerospace and defence, research, education and industrial electronics, broadcast and media, secure communications and security solutions.

With careful focus on appropriate diversification with growing markets, as well as continuing review of activities of competitors, the directors are confident in the company's ability to maintain and build on this position.

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.

Rohde & Schwarz UK Limited

Strategic report (continued)
For the year ended 30 June 2023

Section 172 statement (continued)

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 35 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.

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.

Rohde & Schwarz UK Limited

Strategic report (continued) For the year ended 30 June 2023

Section 172 statement (continued)

Stakeholder engagement

Stakeholder group	Why we engage	How we engage
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 2023/24	Market conditions, requirements of parent company, technology trends
Headcount approval for BY 2023/24	Ability to meet target in a changing environment
Approval of dividend for Shareholders	Maintaining the ability to reinvest locally

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 and 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 large-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.

Rohde & Schwarz UK Limited

Strategic report (continued)
For the year ended 30 June 2023

This report was approved by the board and signed on its behalf.

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MACKAY
Date: 2023.08.08
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G Mackay
Director

Date:

Rohde & Schwarz UK Limited

Directors' report For the year ended 30 June 2023

The directors present their report together with the audited financial statements for the year ended 30 June 2023.

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 £3,931,452 (2022 - £1,690,954) during the year and do not recommend the payment of a final dividend (2022 - £Nil).

There have been no events since the balance sheet date which materially affect the position of the company.

Charitable donations

During the year the company made charitable donations of £875 (2022 - £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 increasing inflation 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
F Oehler
J G Fries
G Mackay (appointed 5 December 2022)

Rohde & Schwarz UK Limited

Directors' report (continued) For the year ended 30 June 2023

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 Limited for the period 1 July 2022 to 30 June 2023.

The company collected the data from supplied billing data.

Scope 1 - All direct emissions from the activities of Rohde & Schwarz UK Limited, including fuel combustion on site such as gas boilers, fleet vehicle usage, business air travel, business hotel accommodation and air conditioning leaks.

Scope 2 - Indirect emissions from electricity purchased and used by Rohde & Schwarz UK Limited.

Energy consumption/Mileage used to calculate:

Utilities:

Gas	59230.39	kWh
Electricity	274132.3	kWh

Business Travel:

Business Mileage	222861	miles
Business travel-air	397317	km

Average Conversion factors:

Utilities:

Gas	0.182929
Electricity	0.207074

Business Travel:

Business Mileage	0.158996
Business travel-air	0.203554

Calculated Emissions:

Utilities:

Gas	10.8
Electricity	56.8

Business Travel:

Business Mileage	35.4
Business travel-air	80.9

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:

Energy efficiency improvement activities

- Mileage is extrapolated from fuel cost using <https://www.gov.uk/guidance/advisory-fuel-rates>.
Car policy has been updated to provide Hybrid or Electric cars only through the company car scheme.

Matters covered in the strategic report

Matters relating to the future development as well as the financial risk management objectives and policies are included in the strategic report.

Rohde & Schwarz UK Limited

Directors' report (continued) For the year ended 30 June 2023

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

 Digitally signed by
G MACKAY
Date: 2023.08.08
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G Mackay
Director

Date:

Rohde & Schwarz UK Limited

Directors' responsibilities statement For the year ended 30 June 2023

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; and
- 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 to the members of Rohde & Schwarz UK Limited

Opinion

We have audited the financial statements of Rohde & Schwarz UK Limited ("the company") for the year ended 30 June 2023 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 2023 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 to the members of Rohde & Schwarz UK Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and financial statements, 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 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 directors' responsibility 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.

Rohde & Schwarz UK Limited

Independent auditor's report to the members of Rohde & Schwarz UK Limited (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.

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 frameworks, 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 including agreeing the disclosures in the financial statements to underlying support and reviewing VAT and employee tax submissions.
- 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, and reviewed minutes of meetings to corroborate their responses.
- We challenged assumptions made by management in their significant accounting estimates.
- We identified and tested a sample of journal entries with unusual characteristics - in particular any material journal entries, manual postings to revenue and cash, and journals with selected key words - to supporting documentation.
- We performed procedures over revenue recognised in the period including ensuring the correct application of cut-off; and
- 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.

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.

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, UK

Date: 08 August 2023

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 2023

	Note	2023 £	2022 £
Turnover	4	59,005,640	56,836,504
Cost of sales		(47,462,674)	(46,083,479)
Gross profit		11,542,966	10,753,025
Administrative expenses		(10,754,549)	(9,654,843)
Profit on sale of fixed assets		1,371,676	971,214
Other operating income		2,809,470	2,448,470
Operating profit	5	4,969,563	4,517,866
Interest receivable and similar income	8	596,675	11,796
Profit on ordinary activities before taxation		5,566,238	4,529,662
Tax on profit on ordinary activities	9	(1,375,959)	(598,210)
Profit and total comprehensive income for the financial year		4,190,279	3,931,452

All amounts relate to continuing activities.

There was no other comprehensive income for 2023 (2022 - £Nil).

The notes on pages 17 to 30 form part of these financial statements.

Rohde & Schwarz UK Limited

Registered number: 00539607

Balance sheet As at 30 June 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	2,817,477	2,178,055
Current assets			
Stocks	12	3,631,134	3,926,147
Debtors: amounts falling due within one year	13	39,051,389	21,987,862
Cash at bank and in hand		2,159,553	2,579,564
		<u>44,842,076</u>	<u>28,493,573</u>
Creditors: amounts falling due within one year	14	(22,733,489)	(20,347,768)
Net current assets		<u>22,108,587</u>	<u>8,145,805</u>
Total assets less current liabilities		<u>24,926,064</u>	<u>10,323,860</u>
Creditors: amounts falling due after more than one year	15	(13,536,723)	-
Provisions for liabilities			
Deferred tax	16	(571,701)	-
Other provisions	17	(1,627,361)	(1,392,408)
Net assets		<u><u>9,190,279</u></u>	<u><u>8,931,452</u></u>
Capital and reserves			
Called up share capital	18	4,981,100	4,981,100
Capital redemption reserve	19	18,900	18,900
Profit and loss account	19	4,190,279	3,931,452
Shareholders' funds		<u><u>9,190,279</u></u>	<u><u>8,931,452</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


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 G MACKAY
 Date: 2023.08.08
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G Mackay
Director

Date:

The notes on pages 17 to 30 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of changes in equity For the year ended 30 June 2023

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2022	4,981,100	18,900	3,931,452	8,931,452
Comprehensive income for the year				
Profit for the year	-	-	4,190,279	4,190,279
Total comprehensive income for the year	-	-	4,190,279	4,190,279
Contributions by and distributions to owners				
Dividends	-	-	(3,931,452)	(3,931,452)
Total transactions with owners	-	-	(3,931,452)	(3,931,452)
At 30 June 2023	4,981,100	18,900	4,190,279	9,190,279

Statement of changes in equity For the year ended 30 June 2022

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2021	4,981,100	18,900	1,690,954	6,690,954
Comprehensive income for the year				
Profit for the year	-	-	3,931,452	3,931,452
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 transactions with owners	-	-	(1,690,954)	(1,690,954)
At 30 June 2022	4,981,100	18,900	3,931,452	8,931,452

The notes on pages 17 to 30 form part of these financial statements.

Rohde & Schwarz UK Limited

Statement of cash flows For the year ended 30 June 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	4,190,279	3,931,452
Adjustments for:		
Depreciation of tangible assets	881,066	902,207
Profit on disposal of tangible assets	(1,371,676)	(971,214)
Interest received	(596,675)	(11,796)
Taxation charge	1,375,959	598,210
Decrease/(increase) in stocks	295,013	(1,447,538)
Increase in trade and other debtors	(1,240,680)	(8,827,925)
Increase in trade and other creditors	16,238,181	7,975,948
Increase in provisions	234,953	389,313
Corporation tax paid	(1,229,090)	(77,195)
Net cash generated from operating activities	18,777,330	2,461,462
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,222,944)	(1,189,048)
Sale of tangible fixed assets	2,072,420	2,039,725
Interest received	596,675	11,796
Net cash from investing activities	446,151	862,473
Cash flows from financing activities		
Dividends paid	(3,931,452)	(1,690,954)
Net payments to intergroup finance deposits	(15,712,040)	(1,744,726)
Net cash used in financing activities	(19,643,492)	(3,435,680)
Net decrease in cash and cash equivalents	(420,011)	(111,745)
Cash and cash equivalents at beginning of year	2,579,564	2,691,309
Cash and cash equivalents at the end of year	2,159,553	2,579,564

The notes on pages 17 to 30 form part of these financial statements.

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

1. General information

Rohde & Schwarz UK Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 (see note 3).

The following principal accounting policies have been applied:

2.2 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 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.

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.4 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 short term service contracts, turnover is recognised on a straight line basis across the length of the contract. For long term projects, recognition of turnover is based on an assessment of the status of completion of goods and services provided to the customer at year end.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

2.6 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet.

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Short leasehold properties	- over length of lease
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
Demonstration equipment	- 25% per annum straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

2. Accounting policies (continued)

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is 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.

2.15 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.

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

2. Accounting policies (continued)

2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

2.17 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.

3. 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 there are indicators of impairment of the company's tangible assets.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 11)*

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 17)*

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.

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty (continued)

- *Stock provision (see note 12)*

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 13)*

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.

4. Turnover

Turnover is split between the sale of goods and rendering of services as follows

	2023 £	2022 £
Sale of goods	47,579,101	46,561,740
Services rendered	11,426,539	10,274,764
	<u>59,005,640</u>	<u>56,836,504</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	55,118,477	52,671,778
Rest of Europe	3,813,857	4,032,352
Other	73,306	132,374
	<u>59,005,640</u>	<u>56,836,504</u>

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

5. Operating profit

The operating profit is stated after (crediting)/charging:

	2023 £	2022 £
Depreciation - owned assets	881,066	902,207
Hire of tangible assets - operating leases	202,380	224,992
Hire of property - operating leases	266,636	283,223
Stock recognised as an expense	35,511,333	37,871,341
Stock provision	(991)	(21,127)
Defined contribution pension costs	158,598	144,334
Auditor's remuneration:		
- audit of the company's financial statements	61,956	51,620
- other taxation services	25,225	3,371
Commission income	(748,009)	(909,754)
Exchange difference	(144,206)	2,441
	<u>7,302,838</u>	<u>6,255,305</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	6,037,646	5,114,988
Social security costs	862,476	785,482
Pension costs	402,716	354,835
	<u>7,302,838</u>	<u>6,255,305</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Sales	34	34
Service	14	15
Administration	16	13
	<u>64</u>	<u>62</u>

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

7. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	409,347	247,215
Social security costs	88,090	67,006
Company contributions to money purchase pension scheme	110,329	107,256
	<u>607,766</u>	<u>421,477</u>

During the year retirement benefits were accruing to 2 directors (2022 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £271,348 (2022 - £247,215).

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £103,406 (2022 - £107,256).

8. Interest receivable and similar income

	2023 £	2022 £
Bank interest	15	-
Loan to group company	596,660	11,796
	<u>596,675</u>	<u>11,796</u>

9. Taxation on profit on ordinary activities

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	807,077	886,979
Adjustment in respect of prior years	(2,819)	(288,769)
Total current tax	<u>804,258</u>	<u>598,210</u>
Deferred tax		
Origination and reversal of timing differences	571,701	-
Total deferred tax	<u>571,701</u>	<u>-</u>
Tax on profit on ordinary activities	<u>1,375,959</u>	<u>598,210</u>

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

9. Taxation on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 20.5% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	5,566,238	4,529,662
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2022 - 19%)	1,141,079	860,636
Effects of:		
Fixed asset differences	(81,630)	-
Expenses not deductible for tax purposes	9,351	(45,105)
Other tax adjustments, reliefs and transfers	(137,075)	-
Chargeable gains	-	71,448
Adjustments in respect of previous years	(2,819)	(288,769)
Remeasurement of deferred tax for changes in tax rates	27,963	-
Movement in deferred tax not recognised	419,090	-
Total tax charge for the year	1,375,959	598,210

10. Dividends

	2023 £	2022 £
Ordinary shares		
Interim paid dividend of £0.79 (2022 - £0.34) per share	3,931,452	1,690,954

Rohde & Schwarz UK Limited

Notes to the financial statements
For the year ended 30 June 2023

11. Tangible fixed assets

	Short leasehold properties £	Furniture and equipment £	Technical equipment £	Motor vehicles £	Computer equipment £	Demonstration equipment £	Total £
Cost							
At 1 July 2022	562,850	964,006	2,309,172	60,079	460,155	2,659,693	7,015,955
Additions	22,175	43,907	313,724	-	70,786	1,772,352	2,222,944
Disposals	-	-	(37,585)	-	-	(1,460,723)	(1,498,308)
At 30 June 2023	585,025	1,007,913	2,585,311	60,079	530,941	2,971,322	7,740,591
Depreciation							
At 1 July 2022	358,508	589,816	1,974,121	52,899	376,561	1,485,995	4,837,900
Charge for the year	67,028	111,119	139,991	6,154	49,963	506,811	881,066
Disposals	-	-	(37,585)	-	-	(758,267)	(795,852)
At 30 June 2023	425,536	700,935	2,076,527	59,053	426,524	1,234,539	4,923,114
Net book value							
At 30 June 2023	159,489	306,978	508,784	1,026	104,417	1,736,783	2,817,477
At 30 June 2022	204,342	374,190	335,051	7,180	83,594	1,173,698	2,178,055

All tangible assets are stated at historical cost.

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

12. Stocks

	2023 £	2022 £
Work in progress	2,633,710	2,624,654
Finished goods and goods for resale	997,424	1,301,493
	<u>3,631,134</u>	<u>3,926,147</u>

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

13. Debtors: amounts falling due within one year

	2023 £	2022 £
Trade debtors	8,552,695	10,174,302
Amounts owed by group undertakings	23,535,309	7,357,940
Other debtors	611,035	1,323,515
Prepayments and accrued income	6,243,257	3,132,105
Corporation tax recoverable	109,093	-
	<u>39,051,389</u>	<u>21,987,862</u>

Within the balance of amounts by group undertakings is £22,786,015 (2022 - £7,073,975) deposited with a fellow group subsidiary. This attracts interest at the Bank of England base interest rate (1.25% to 5%, 2022 - 1.25%) and is repayable on demand. Other amounts by group undertakings is non-interest bearing and is repayable on demand.

Included within other debtors is the following loan to a director:

Loans to directors

	2023 £	2022 £
Brought forward	70,307	-
Amount advanced	-	102,885
Amount repaid	(36,089)	(32,578)
	<u>34,218</u>	<u>70,307</u>
 Maximum outstanding during the year	 <u>70,307</u>	 <u>102,885</u>

The above loan is unsecured, interest free and repayable on demand with good cause.

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

14. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	420,372	596,752
Amounts owed to group undertakings	10,932,441	10,595,262
Corporation tax	-	315,739
Other taxation and social security	1,570,900	2,390,367
Other creditors	1,832,281	2,221,877
Accruals and deferred income	7,977,495	4,227,771
	<u>22,733,489</u>	<u>20,347,768</u>

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

15. Creditors: amounts falling due after more than one year

	2023 £	2022 £
Accruals and deferred income	<u>13,536,723</u>	<u>-</u>

16. Deferred taxation

	2023 £
At beginning of year	-
Charged to profit or loss	(571,701)
At end of year	<u>(571,701)</u>

The deferred taxation balance is made up as follows:

	2023 £	2022 £
Origination and reversal of timing differences	<u>(571,701)</u>	<u>-</u>

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

17. Provisions

	Provision for guarantee liability £
At 1 July 2022	1,392,408
Charged to profit or loss	234,953
At 30 June 2023	1,627,361

The company provides a warranty from the date of purchase, this is typically for a 12 month period although up to three years is given for some products. Customers also have an option to purchase an extended warranty for a further period, the majority are up to a further five years. A warranty provision is included in the financial statements which is calculated on the basis of historical reports from the last three years.

18. Called up share capital

	2023 £	2022 £
Allotted, called up and fully paid		
4,981,100 (2022 - 4,981,100) Ordinary shares of £1.00 each	4,981,100	4,981,100

19. Reserves

The company's reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Rohde & Schwarz UK Limited

Notes to the financial statements For the year ended 30 June 2023

20. Pension commitments

The company operates a defined contributions pension scheme. The pension cost charge represents contributions payable by the company and amounted to £402,716 (2022 -£354,835). Contributions totalling £75,070 (2022 - £55,841) were payable at the balance sheet date and are included in creditors.

21. Commitments under operating leases

At 30 June 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Other leases 2023 £	Property leases 2023 £	Total 2023 £	Other leases 2022 £	Property leases 2022 £	Total 2022 £
Not later than 1 year	113,815	202,300	316,115	89,765	-	89,765
Later than 1 year and not later than 5 years	95,455	809,200	904,655	61,442	-	61,442
Later than 5 years	-	809,200	809,200	-	-	-
	<u>209,270</u>	<u>1,820,700</u>	<u>2,029,970</u>	<u>151,207</u>	<u>-</u>	<u>151,207</u>

22. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 S.33.1.A not to disclose transactions with other wholly owned members of the group.

Amounts owed by directors are disclosed in note 13.

23. Controlling party

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.