

Registered number: 05582639

ATLAS ELEKTRONIK UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022



ATLAS ELEKTRONIK UK LIMITED

COMPANY INFORMATION

Directors

C Evans
F Keupp
A Mazur
S Meisel
N Skelland
J Weale

Registered number

05582639

Registered office

Dorset Innovation Park
Winfrith Newburgh
Dorchester
DT2 8ZB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

ATLAS ELEKTRONIK UK LIMITED

CONTENTS

	Page(s)
Strategic Report	1 - 8
Directors' Report	9 - 12
Statement of Directors' Responsibilities	13
Independent Auditors' Report	14 - 17
Statement of Comprehensive Income	18
Balance Sheet	19 - 20
Statement of Changes in Equity	21
Notes to the Financial Statements	22 - 49

ATLAS ELEKTRONIK UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present the strategic report of ATLAS ELEKTRONIK UK Limited (the "company") for the year ended 30 September 2022.

Results and dividends

The profit for the year, after taxation, amounted to £8,621k (2021: £6,328k) and the net assets at 30 September 2022 were £64,062k (2021: £55,441k). No final dividend was declared in the year (2021: £nil) and the directors do not recommend payment of a dividend in respect of the year.

2022 was a resoundingly successful year with AEUK's revenue exceeding the £100m threshold for the first time; a growth of nearly 20% year on year. Delivery included both UK and Export business, largely secured in previous years. This was coupled with another strong year for order intake which at over £143m saw some key opportunities won, laying a positive foundation for 2023 and beyond. The company's performance in recent years reflects its solid and growing product portfolio and perpetual innovation, meaning it is well established to continue its pathway of growth into the future. Given the very challenging economic climate this year and high levels of inflation, the board recognises the importance of cost control and efficiency and this focus is reflected in the maintenance of the operating profit margins of the business.

People are at the heart of the company's success and are highly valued by the business with the company investing in a further increase of 7% headcount on average this year. Whilst growing, director focus has remained on improving efficiency whilst delivering excellent quality research, products and services and hence driving value for money for our customers and return for our shareholders. During the year the directors recognised the importance and growth opportunities in its services offerings and as a result, established a new dedicated Services profit and loss division effective 1 October 2022.

Future developments

The company already has multiple facilities which contribute widely to the offerings of the business and aid in securing long term opportunities, including its Horizon state of the art flexible production facility, its acoustic testing tanks and its waterside testing facilities. During the year, we committed to the build of a considerable new integrated stores and welfare facility on the main ATLAS site. This facility, aimed for completion in early 2024, will further enhance our capability and will support ATLAS through its next phase of growth whilst also adding further to the welfare facilities available to our people – ensuring our facilities go on meeting our employees' expectations. We are also continuing to invest in our system tools and processes, reviewing the ways in which we work to ensure that we drive efficiency and value in to everything we do.

With a strong order book and the business continuing to bid for a large volume of opportunities, the board is optimistic for the coming 12 months.

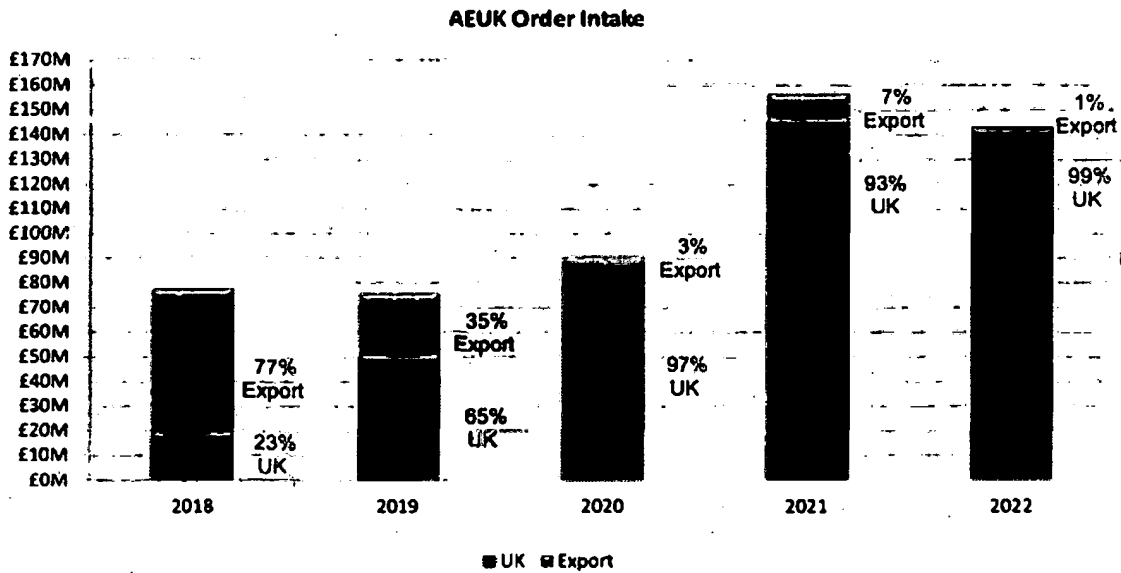
ATLAS ELEKTRONIK UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Strategy

The company's overriding objective is to build upon our track record as an Innovative Maritime Systems business to strengthen our reputation across domains, from seabed to space. We will compete globally to provide a winning advantage, collaboration will underpin our drive to improve resilience in delivery, harness innovation and technology, and build a reputation for complex system integration in the Defence domain.

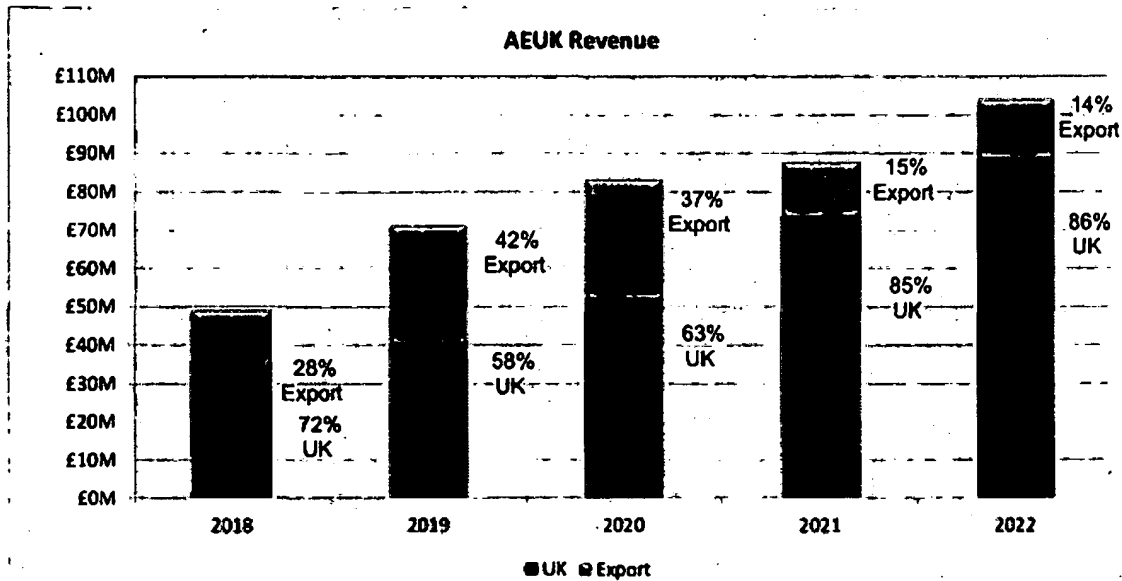
The graph on page 2 shows the trend of order intake growth and proportion of export orders since 2018. Orders of over £143m were achieved in the year, securing the backlog for the next two years delivery. Intake was predominantly from the UK in 2022 with foundations being laid for further export opportunities alongside UK work in the coming years. The overall order intake growth trend supports the expected continued revenue growth trend into the future.



ATLAS ELEKTRONIK UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The graph below reflects the revenue trend for the last 5 years financial statements. The growth is prominent across the year and reflects the performance of the business. As anticipated, the trend towards UK revenue in 2022 is evident following a number of larger UK contracts awarded in 2021 and 2022. We expect this to continue for the next few years.



The company's research develops technologies for new and improved capabilities and cost effective solutions for a wide range of naval applications including:

- Ship, submarine and autonomous underwater vehicle sonars
- Underwater sensing and processing
- Underwater weapons and countermeasures
- Unmanned naval systems
- Mine countermeasures
- Open architectures and future command system architectures
- Underwater signatures, signature management and detection
- Underwater communications and networks.

The company operates throughout all phases of the acquisition and engineering lifecycles, from concept to In service support.

It is the board's aim to grow the company's market share in the provision of equipment solutions and products for both the UK and international export markets.

ATLAS ELEKTRONIK UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Principal risks and uncertainties

The company, like all businesses, faces risks and uncertainties and there are a number of risks that could impact the company's short and long term performance. The company places great importance on internal control and risk management and has a robust risk management process in place, which is designed to identify, manage and mitigate business risk.

The principal risks and uncertainties that the company is exposed to are described below:

Market competition – The defence market is highly competitive. The company places great importance on the capabilities of its staff and their track record for delivering innovative solutions to complex customer requirements. The company's expertise and capabilities provide a compelling proposition for customers, which is a significant advantage in competitive bidding.

Dependence on government spending levels – A reduction in UK government defence spending could adversely impact the company. In the November 2022 Autumn Statement the government reconfirmed their commitment that defence spending would not fall below 2.0% of GDP and indeed recognised that a further commitment to grow spending may be required. This is alongside the already committed Trident programme which sees the manufacture of four replacement submarines aimed for completion in 2028. The company has made a conscious effort to balance its portfolio of products, considering different geographical markets (UK and export) and different product offerings in the lifecycle from research through to support to ensure that we can maximize the potential from the budgets (all existing capabilities require support). This ultimately leads to lower risk and is more sustainable.

Maintaining key resources – The company values its peoples' skills, knowledge and experience. The company's customers have access to the largest concentration of underwater warfare expertise in the UK with experience across a wide range of technical research and equipment supply projects. Retention of a skilled workforce is essential and the company recognises that the best way to do this is to invest in its people by encouraging training, rewarding high achievements and maintaining close relationships between management and workforce. The company recognises that communication is fundamental in maintaining an exceptional working environment.

Volatility in foreign exchange risks – The company is exposed to volatility in foreign exchange risks, however all non minor foreign exchange transactions are hedged to reduce the impact.

Export controls – Elements of the company's sales are derived from the export of its products. The export of these products may be subject to licensing and export controls. No assurance can be given that these will not become more restrictive or that political factors or changing international circumstances will not result in the company being unable to obtain the necessary export licenses.

The company follows strict guidelines and policies to ensure adherence to these regulations and where appropriate will insure against financial risks associated with non-issuance or revocation of a previously granted export license.

Compliance risk – The company is aware of its responsibilities with regards to professional, regulatory and legal compliance and has put in place appropriate processes and controls to ensure that it operates in a compliant manner including relevant training for employees.

Financial risk management – The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of receivables and funding.

ATLAS ELEKTRONIK UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Price risk – The company operates in a number of geographical markets and undertakes transactions in numerous foreign currencies for sales and purchases to foreign customers and suppliers. As a result the company is subject to foreign exchange rate risk due to exchange rate movements. The company seeks to reduce this risk by entering into forward contracts.

The company has adopted fair value accounting for these financial instruments and the fair value of the forward contracts at 30 September 2020 was a £17k liability (30 September 2019: £36k liability).

Credit risk – The company has implemented policies that require appropriate credit checks and financial assessments on potential customers and suppliers before contracts are placed. These are monitored on an on-going basis.

Liquidity risk – The company has access to a cash-pooling facility provided by ThyssenKrupp AG that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate risk – The group cash-pooling facility provided by ThyssenKrupp AG is subject to a daily interest calculation based on a bank reference rate and hence is subject to fluctuations in interest rates. All financing arrangements and covenants are at a group level and there are no local requirements associated with this facility. Both deficit and surplus cash are subject to interest under the cash-pool therefore the risk is deemed low. The company monitors interest rates closely and would take appropriate risk management action if rates started to rise whilst the facility was in deficit.

ATLAS ELEKTRONIK UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Financial key performance indicators

Performance during the year, together with historical trend data is set out below:

	2022	2021
	%	%
Operating profit margin	9	10
Employee turnover	13	11
ROCE	15	16
Turnover growth	19	5
Order backlog	(8)	73

Profit margin

Management consider the profit margin to be a more useful measure of performance than operating profit margin as it excludes one off items in the years such as other income and restructuring costs. Note there are no adjusting items in the years presented in these financial statements. The margin has been broadly maintained relevant to the prior year despite a very challenging economic climate including high inflation of costs due to successful on going focus and investment in driving efficiency and some economies of scale achieved with the continued growth.

Return on Capital Employed (profit as a % return on net assets)

Return on capital employed excludes other income and restructuring costs (note there are no adjustments in the relevant years in these financial statements). ROCE has reduced slightly in the year as a result of the continued investment in growth however this is considered an overall success given the very challenging economic climate during the year. The board of directors are committed to continually enhancing value for shareholders. The board are confident in the ultimate growth that will be driven by the investments in the short term and that this ratio will be maintained in the near term.

Turnover growth/Order backlog

Turnover growth and order backlog growth are measures that the company places strong emphasis on. Over the last 5 years, the company has seen continued turnover growth and this is driven by the order intake secured over the last few years and consistent delivery performance. 2022 was a strong year for order intake at over £143m and a fantastic year for turnover growth at 19%. The company has a strong order backlog and will continue to build upon its core strengths to pursue further opportunities. This underpins further growth in revenue in 2023 and the board aims to continue to steadily grow turnover throughout the next few years.

Non-financial key performance**Employee turnover**

Employee turnover is measured as the number of leavers as a percentage of average total staff (permanent employees only). The executive team recognize the importance of each member of staff and their contribution to the long term success of the business hence this KPI is closely monitored. Due to continued growth and high recruitment rates – especially within the graduate and trainee sectors, the level of turnover has increased during the year. The board has reviewed the level of turnover within its graduate and trainee population and benchmarked against similar industry organisations and found the level to be very typical for this demographic. Each leaver undergoes an exit interview process, with the business continually seeking to improve its recruitment and on boarding process for both itself and its employees and the board are content that a level of turnover is to be expected while recruitment levels are so high. Natural retirements are an on-going occurrence and the company has implemented a succession planning scheme to help mitigate this impact. Given the demographics of our workforce and the underlying continuous strong period of growth, the board are content with the current KPI with it being closely monitored.

ATLAS ELEKTRONIK UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Directors' statement of compliance with duty to promote the success of the Company

The directors overarching duty is to promote the success of the company for the benefit of its shareholders, with consideration of stakeholders' interest, as set out in section 172. The board regards a well governed business essential for the successful delivery of its principle activities.

The directors are aware of their duty under section 172 to act in the way which they consider, 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, to have regard (amongst other matters) to:

- a) the likely consequence of any decision in the long term;

Any major decisions require the boards' consensus and agreement before any action is undertaken following the 'four eye' principle for all significant transactions throughout the business

- b) the interests of the company's employees;

The board is passionate about communication and consider it key to a positive business environment. Two way communication is encouraged throughout the business so that the directors ensure that the interests of the employees are considered in making business decisions

- c) the need to foster the company's business relationships with suppliers, customers and others;

The board recognises that building and maintaining relationships with its stakeholders is key. The company and all employees hold themselves accountable to a compliance policy which ensures business activities and actions are carried out with the utmost integrity amongst all stakeholders

- d) the impact of the company's operation on the community and the environment;

The company actively monitors the impact of operations on external factors, an example of this being the ISO accreditations held, ISO 14001 being one of these which demonstrates the company's commitment to improve environmental performance through more efficient use of resources and reduction of waste

- e) the desirability of the company maintaining a reputation for high standards of business conduct; and

The compliance policy noted above is instilled throughout the business culture and is reinforced by the local governance to ensure integrity and high standards of conduct are paramount in day to day activities

- f) the need to act fairly as between members of the company

The board takes a top down approach to instilling a fairness and equality culture throughout the business and its operations

The company is a UK subsidiary of Thyssenkrupp AG and of ATLAS ELEKTRONIK GmbH. Thyssenkrupp AG are quoted on the Frankfurt Stock Exchange and are an internationally positioned group of largely independent and efficient industrial and technology companies, operating in 48 countries with 96,000 employees.

From the perspective of the board, as a result of the group governance structure, the matters that it is responsible for considering under section 172 have been considered to an appropriate extent by the relevant boards' in relation to both the group and this entity. The requirements of section 172 (1) (a) – (f) are also discussed in detail in the Thyssenkrupp AG Annual Report on pages 21 to 162.

ATLAS ELEKTRONIK UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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



A Mazur
Director

Date: 28 June 2023

ATLAS ELEKTRONIK UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The Directors present their report and the audited financial statements for the year ended 30 September 2022.

Principal Activities

The company provides innovation for underwater systems for numerous navies and civilian customers worldwide. Operating from its Headquarters at Winfrith in Dorset, AEUK has invested in its unique in house test and integration facilities in order to support its growth in supply to UK and global markets of submarine and ship systems, including sonar, autonomous systems, complex systems and mine counter measures.

With waterside access in Portland Harbour providing AEUK and its partners with excellent facilities to test systems at sea, particularly those from its Autonomy portfolio. AEUK is a leading innovative maritime systems company operating throughout all phases of the acquisition and engineering lifecycles, from Concept to In service Support.

In order to deal with the complexities of its addressed markets, the company employs highly skilled engineers, scientists, project managers and central functions personnel.

Results and dividends

The profit for the year, after taxation, amounted to £8,177k (2021 - £6,328k).

Research and Development

Research and development expenditure is expenses as it is incurred. The company incurred private venture expenditure of £2,116k (2021: £1,295k) during the year.

Financial Risk Management

Our ultimate parent Company Thyssenkrupp AG has a dedicated treasury function that that is responsible for all aspects of corporate treasury for the Group. The central responsibilities of Thyssenkrupp AG include coordinating and managing finance requirements within the group and securing the financial independence of the group and its constituent Companies. This involves optimising financing available to group entities and supporting them in limiting their financial risks. Further details of which are discussed in the Thyssenkrupp AG's Annual Report which is available on Thyssenkrupp AG's website (this does not form part of this report). The risks covered in this report on page 3 include market competition, dependence on government spending levels, maintaining key resources and volatility in foreign exchange risks specific to this company. See Thyssenkrupp AG's Annual Report for the risks managed from a wider group perspective.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

C Evans
F Keupp
A Mazur
S Meisel
N Skelland
J Weale

None of the directors had any interests in the share capital of the company during the year.

Any interests of the directors in ThyssenKrupp AG, the company's ultimate controlling party, are disclosed in the company's register of directors' interests.

ATLAS ELEKTRONIK UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

These financial statements are prepared on a going concern basis which is supported by the overall net asset position of the balance sheet. The company is connected to a Thyssenkrupp AG cash pooling facility so that there is always access to funds to enable it to pay its debts as they fall due therefore there are no material uncertainties that would cast significant doubt about the ability of the company to continue as a going concern. A letter of support has also been provided by Thyssenkrupp AG confirming that there is no intention to terminate the financial support available to AEUK through the cash pooling facility.

Qualifying third party and pension scheme indemnity provisions

No qualifying third party indemnity provision or qualifying pension scheme indemnity provisions were in force for the benefit of one or more directors at any time during the financial year.

Employees

The company gives full consideration to applications from disabled persons where the requirement of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

During the year, the policy of providing employees with information about the company has continued through regular staff briefings. These briefings are held between senior management and employees to allow a free flow of information and they also allow for effective communication of financial and economic factors that affect the performance of the company. Consultation with employees or their representatives has also continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests.

Engagement with suppliers, customers and others

The company engages with stakeholder groups (customers, suppliers, shareholders, employees and society) in a variety of formal and informal settings. These range from meetings with local, regional, national and international groups to ongoing dialogues with our customers. Business relationships with customers, suppliers and other businesses are fundamental to the company. Business partnerships are only maintained with reputable companies who comply with the law. The company protects the interests of its customers through the careful selection of suppliers and other business relations and through the standards set for its own actions.

ATLAS ELEKTRONIK UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Greenhouse gas emissions, energy consumption and energy efficiency action

The SECR disclosure presents the company's carbon footprint within the United Kingdom across scope 1, 2 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	2022	2022	2021	2021
	Consumption kWh	Emissions tCO2e	Consumption kWh	Emissions tCO2e
Scope 1 direct emissions from combustion of gas - fuel	640,425	117	811,094	149
Scope 1 direct emissions from combustion of fuel for transport purposes	252,396	69	188,985	45
Scope 2 indirect emissions from purchased electricity	2,055,742	398	2,034,111	432
Total energy consumption used to calculate emissions / total gross emissions	2,948,563	584	3,034,190	626
Intensity ratio: tCO2e / sales revenue in £m	-	5.62	-	7.15

Methodology

The SECR disclosure has been prepared in line with the financial year ended 30 September 2022 and reporting on all sources of environmental impact in the UK over which the company has financial and/or operational control. The reporting method used is in line with the HM Government Environmental Reporting Guidelines issued in March 2020 and the company has also used the Greenhouse Gas Reporting Protocol Corporate Standard. The emissions factor source is the 2022 UK Government's Conversion Factors for Company Reporting.

Energy efficiency action plan

The principal measures taken for the purpose of increasing the company's energy efficiency in the year ended 30th September 2022 included:

- Reduction in the operation of our air handling and air conditioning systems from 24 hours continuous operation back to pre-Covid operating regimes following the lifting of Covid control measures;
- Full health check survey of our air handling and air conditioning systems which confirmed that systems are optimised and provided some recommendations for potential improvements via different options for operating regimes;
- Initial trials of these alternative regimes to assess benefits-these are not concluded yet;
- Isolation of redundant chiller circuits as older systems are phased out;
- Publication of AEUK's first Carbon Reduction Plan demonstrating our understanding of our carbon emissions and our initial plan for carbon reduction measures which link with energy efficiency actions.

The reduction in operation of AHU and aircon systems post Covid measures has significantly reduced our energy usage which is reflected in the intensity ratio for financial year 2022.

ATLAS ELEKTRONIK UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Matters covered in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors report have been omitted as they are included in the strategic report. These matters relate to principal risks and uncertainties, future developments, financial risk management, financial key performance indicators, results and dividends and directors statement of compliance with duty to promote the success of the company

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will resign from their position as auditors following the completion of this audit, their allowable tenure now having been reached. A proposal is made for KPMG to be appointed as auditors for the year commencing 1 October 2022 in accordance with section 485 of the Companies Act 2006.

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


.....
A Mazur
Director

Date: 28 June 2023

ATLAS ELEKTRONIK UK LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments 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 to 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.

ATLAS ELEKTRONIK UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS ELEKTRONIK UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Atlas Elektronik UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 September 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

ATLAS ELEKTRONIK UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS ELEKTRONIK UK LIMITED (CONTINUED)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

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 year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 has no realistic alternative but to do so.

ATLAS ELEKTRONIK UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS ELEKTRONIK UK LIMITED (CONTINUED)

Auditors' 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK corporate tax, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results; management bias in accounting estimates; and inappropriate treatment of significant transactions outside of the normal course of business. Audit procedures performed by the engagement team included:

- Discussions with management in respect of any known or suspected instances of non-compliance with laws and regulation and any fraud matters;
- Challenging assumptions and judgements made by management for evidence of bias in determining significant accounting estimates including cash flow forecasts used in the long-term contract accounting estimates and recoverability of the contract assets, warranty provisions, impairment assessments and other contractual provisions;
- Identifying and testing unusual journal entries, in particular those posted with unusual account combinations such as those increasing revenue or those reducing expenditure; and
- Gaining an understanding and testing any significant transactions outside of the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

ATLAS ELEKTRONIK UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS ELEKTRONIK UK LIMITED (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of director's remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 29 June 2023

ATLAS ELEKTRONIK UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	4	103,896	87,623
Cost of sales		(80,053)	(66,024)
Gross profit		23,843	21,599
Administrative expenses		(14,262)	(12,601)
Operating profit	5	9,581	8,998
Interest receivable and similar income	9	274	1
Interest payable and similar expenses	10	(64)	(303)
Profit before tax		9,791	8,696
Tax on profit	11	(1,614)	(2,368)
Profit for the financial year		8,177	6,328
Total comprehensive income for the year		8,177	6,328

The notes on pages 22 to 49 form part of these financial statements.

ATLAS ELEKTRONIK UK LIMITED
REGISTERED NUMBER: 05582639

BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Goodwill	12	21,469	21,469
Other intangible assets	13	5,031	6,019
Tangible assets	14	16,258	15,929
		<u>42,758</u>	<u>43,417</u>
Current assets			
Stocks	15	574	1,822
Debtors: amounts falling due after more than one year	16	108	127
Debtors: amounts falling due within one year	16	97,140	71,875
Cash at bank and in hand	17	156	880
		<u>97,978</u>	<u>74,704</u>
Creditors: amounts falling due within one year	18	(68,879)	(52,842)
Net current assets		<u>29,099</u>	<u>21,862</u>
Total assets less current liabilities		<u>71,857</u>	<u>65,279</u>
Creditors: amounts falling due after more than one year		(334)	(420)
		<u>71,523</u>	<u>64,859</u>
Provisions for liabilities			
Deferred taxation	21	(2,798)	(2,794)
Other provisions	22	(5,107)	(6,624)
		<u>(7,905)</u>	<u>(9,418)</u>
Net assets		<u><u>63,618</u></u>	<u><u>55,441</u></u>

ATLAS ELEKTRONIK UK LIMITED
REGISTERED NUMBER: 05582639

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Capital and reserves			
Called up share capital	23	23,500	23,500
Profit and loss account	24	40,118	31,941
Total Equity		<u>63,618</u>	<u>55,441</u>

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



.....
C Evans
Director

Date: 28 June 2023

ATLAS ELEKTRONIK UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 October 2020	23,500	25,613	49,113
Comprehensive Income for the year			
Profit for the year	-	6,328	6,328
Total comprehensive income for the year	-	6,328	6,328
At 1 October 2021	23,500	31,941	55,441
Comprehensive Income for the year			
Profit for the year	-	8,177	8,177
Total comprehensive income for the year	-	8,177	8,177
At 30 September 2022	23,500	40,118	63,618

The notes on pages 22 to 49 form part of these financial statements.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. General information

ATLAS ELEKTRONIK UK Limited ("the company") is a private company limited by shares and is incorporated in the United Kingdom and is domiciled in England. The address of the company's registered office is Dorset Innovation Park, Winfrith Newburgh, Dorchester, DT2 8ZB.

The company's principal activities are research and development, design as well as manufacture and support of maritime military systems.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and financial assets and liabilities measured at fair value through profit or loss and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The values included in the financial statements are presented in pounds sterling, and have been rounded to the nearest thousand (£000).

These financial statements are prepared on a going concern basis which is supported by the overall net asset position of the balance sheet. The company is connected to a ThyssenKrupp cash-pooling facility so that there is always access to funds to enable it to pay its debts as they fall due therefore there are no material uncertainties that would cast significant doubt about the ability of the company to continue as a going concern. A letter of support has also been provided by ThyssenKrupp AG confirming that there is no intention to terminate the financial support available to AEUK through the cash-pooling facility.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently, other than where new policies have been adopted:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.3 Revenue**

Revenue is recognised in relation to the sale of goods and services and from long term contracts. Revenue is recognised in relation to satisfaction of performance obligations when control is transferred to the customer of the product or service which may be "over time" or at a "point in time". Revenue is measured as the fair value (both cash and non-cash) of the consideration received or receivable, excluding discounts, rebates, significant financing elements, value added tax and other sales taxes.

Revenue also takes account of any variable consideration (amounts payable dependent on performance) with the company evaluating at each balance sheet date whether the cumulative amount of revenue recognised should be constrained in relation to achievement of variable performance conditions.

The company follows the "five step" process under IFRS 15 to ensure that revenue is recognised at the appropriate point. These steps are:

1. Identify the contract(s) with the customer,
2. Identify the performance obligations,
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations,
5. Recognise revenue as performance obligations are satisfied.

The following criteria must be met for revenue to be recognised either at a point in time or over time:

Recognition of revenue over time

Where one of the following conditions is satisfied, the stage of completion of the contract can be measured reliably and the costs to complete the contract can be measured reliably, the company will recognise revenue over time as performance obligations are satisfied:

- the customer controls the asset as it is created or enhanced or;
- the customer receives and consumes the benefit of the item or service as the company performs the contract or;
- the company's performance does not create an asset with an alternative use to the company and it has an enforceable right for payment for work/performance completed to date

Recognition of revenue at a point in time

Revenue is recognised at a point in time when all of the following conditions are satisfied:

- the conditions for recognizing revenue over time are not met;
- the amount of revenue can be measured reliably and it is probable that the economic benefits will flow to the entity;
- Control of the asset has transferred to the customer or the customer has consumed the benefit of the item or service (this may be on delivery, when legal title passes, when the customer has the significant risks and rewards of ownership or when specific customer acceptance criteria has been met)

When identifying performance obligations, the company will assess whether the promised goods or services are distinct or part of a series of distinct goods and services. Goods or services are distinct if the customer can benefit from them on their own or together with other resources readily available to them and they must be separately identifiable in the contract. Where goods are distinct they are capable of being a separate performance obligation for revenue recognition purposes.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.3 Revenue (continued)**

Revenue and profit are accounted for on an individual contract basis, depending on the nature and conditions of the contract. Estimating the profitability of a long-term contract is reliant upon the knowledge and experience of project managers with input from technical experts and finance personnel. This includes the assessment of the required costs to complete the contract, the available labour resources and other factors including any associated risks and past experience. All contracts are independently reviewed by experienced project accountants on a monthly basis to ensure that the estimates remain appropriate and to ensure that any revenue and profit recognised is a true and fair reflection of the status of the contract and the value of work performed to date.

2.4 Long term contracts

Contract assets consists of:

- Work In Progress being costs incurred in progress towards achieving a performance obligation where revenue is recognised at a "point in time. These costs are transferred to the income statement when the performance obligation is satisfied.
- Accrued income/revenue recognised in advance of customer billing – where invoicing is beyond the point where control of goods or services is transferred to the customer and revenue has been recognised, a contract asset is recognised. This can occur where the contractual milestones are not aligned to the transfer of control and often occurs where revenue is recognised "over time"

Contract liabilities consists of:

- Contract advance payments/deferred income – where invoicing is in advance of recognition of revenue and contract liability will arise
- Outstanding contract costs – where performance obligations are satisfied in advance of anticipated costs landing a contract liability arises for the expected cost

Advance payments received from customers are shown as contract liabilities until there is a right of set-off against the value of work undertaken.

Specific contract provisions for warranty and contract losses are detailed in note 22.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.5 Intangible assets**

Goodwill is the difference between the fair value of the consideration for the trade and assets and the aggregate of the fair value of that entity's identifiable assets and liabilities. The goodwill is not amortised and each element is reviewed annually for impairment.

Intangible assets are initially recognised at cost.

Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

All intangible assets have a finite useful life.

The estimated useful lives range as follows:

Assets under construction	-	not amortised
Software licences	-	3 to 15 years
Development costs	-	6 years

Developments costs are only capitalised when all of the following criteria have been met in line with IAS38:

- there is technical feasibility of completing the intangible asset (so that it will be available for use or sale),
- the company has the intention to complete and use or sell the asset,
- the company has the ability to use or sell the asset,
- there is the existence of a market or, if to be used internally, the usefulness of the asset,
- there is availability of adequate technical, financial, and other resources to complete the asset, and
- the cost of the asset can be measured reliably.

2.6 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land	- not depreciated
Buildings and improvements	- 2 to 30 years
Plant and machinery	- 3 to 15 years
Fixtures, fittings and equipment	- 3 to 10 years
Under construction	- not depreciated
Other equipment	- 1 to 6 years

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 profit or loss.

Tangible assets under the course of construction are stated at cost less any provision of impairment. Once completed they are reclassified and depreciated in line with the above expected useful lives.

A review of fixed assets was carried out during the year following which a number of adjustments were made with regards to the useful economic lives of some assets and the classification of some assets. The changes made are considered to be a change in accounting estimate and as such have been applied prospectively from the beginning of the year. These adjustments have not resulted in an impact to profit and loss in the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.7 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.8 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 profit or loss.

2.9 Debtors

Debtors are stated at amortised cost less an appropriate provision (2022: £204k, 2021: £44k) for expected credit losses in accordance with the simplified approach permitted under IFRS 9. The company measures the provision at an amount equal to the lifetime expected credit losses, estimated by reference to past experience and relevant forward looking factors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.10 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.

2.11 Financial Instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Trade receivables

Trade receivables are stated at amortised cost less an appropriate provision for expected credit losses in accordance with the simplified approach permitted under IFRS 9. The company measures the provision at an amount equal to the lifetime expected credit losses, estimated by reference to past experience and relevant forward looking factors.

The company writes off a trade receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery, for example, when the customer enters in to bankruptcy.

Financial liabilities

The company classifies all of its financial liabilities, other than derivatives, as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

Derivatives

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The company does not currently apply hedge accounting for foreign exchange derivatives.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 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 year 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.14 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.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.16 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

A number of the accounting policies applied when preparing these financial statements involve the use of significant management judgement and estimation techniques which could affect the valuation of revenues, expenses, assets and liabilities recognised.

Revenue and profit recognition

Revenue and profit are accounted for on an individual contract basis when performance obligations have been satisfied either over time or at a point in time, depending on the nature and conditions of the contract. Estimating the profitability of a long-term contract is reliant upon the knowledge and experience of project managers with input from technical experts and finance personnel. This includes the assessment of the required costs to complete the contract, the available labour resources and other factors including any associated risks and past experience. All contracts are independently reviewed by experienced project accountants on a monthly basis to ensure that the estimates remain appropriate and to ensure that any revenue and profit recognised is a true and fair reflection of the status of the contract and the value of work performed to date.

Transaction prices are allocated across performance obligations on a contract by contract basis with reference to the associated estimated costs of performance of those obligations out of the total costs of the contract. This is reliant upon the knowledge and experience of our project managers, alongside the input from relevant technical experts and finance personnel and is reviewed by our experienced project accountants. The allocation of costs between activities is scrutinized to ensure that prices are appropriately allocated and is reviewed throughout the life of the contract for reasonableness.

Transaction prices which include variable consideration such as rebates, incentives and liquidated damages are included based on the expected value with the intention of insuring that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. These judgements are regularly reviewed and updated and are reassessed at each balance sheet date.

Consideration of returns or refunds is made as part of the determination of the transaction price and reassessed throughout the life of the contract. Provisions for warranty returns are costed as part of the cost of the contract and once the obligation is in place, the provision covering the expected cost of the obligation is created. In most circumstances, the warranty forms part of the deliverable contract and is not a separate performance obligation.

In most cases the company attempts to align its contractual payment milestones to its cost profiles however this is not always possible and in these circumstances, revenue may be recognised either in advance of, or following an invoicing event. This gives rise to contract assets and liabilities. The company has a number of contracts and depending on whether revenue is recognised "over time" or at a "point in time" can determine the extent and types of contract assets and liabilities as detailed in 2.4. Judgements exist in relation to the transfer of control which may affect the revenue recognised. The company follows strictly the guidance in IFRS 15 and takes a prudent view in only recognising revenue where it is confident that economic benefit will flow to the company.

Goodwill

There is £21,469k of goodwill included in the financial statement as at the year end. Goodwill is not amortised but each element is reviewed annually for impairment in accordance with the accounting policy stated in note 12. The assessment for impairment requires the use of estimates relating to the future profitability of the business through consideration of the 5 year operational planning (OPL).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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

Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Whether a present obligation is probable or not requires judgment. The nature and type of risks for these provisions differ and management's judgment is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Warranty provisions

There are warranties of £3,906k (2021: £3,735k) included in the financial statements as at the year end. Warranties are provided for on an individual contract basis dependent on the warranty terms of that contract. The estimated warranty costs are based on historical product performance, input from technical experts and the length of the warranty period. Warranty provisions are reviewed on a monthly basis taking in to account latest actual warranty expenses and are adjusted accordingly to ensure the on-going appropriateness of the provision held.

Bad debt provisions

Where in management's judgement there is sufficient doubt over the recoverability of all or part of a debt held on the balance sheet, a provision will be established against that debt relative to the estimated probability of recoverability. There is a specific bad debt provision of £nil (2021: £nil) included in the financial statements as at the year end.

Loss provisions

Where the outcome on any contract is determined to be a loss, the loss will be recognised in full immediately in the year in which it is identified. As at the year end contract losses of £1,201k (2021: £2,889k) had been provided for.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

4. Turnover

Turnover is attributable to design as well as manufacture and support of maritime military systems as well as funded research and development.

An analysis of turnover by class of business is as follows:

	2022 £000	2021 £000
Sale of goods	88,011	77,058
Services	15,885	10,565
	<u>103,896</u>	<u>87,623</u>

Analysis of turnover by country of destination:

	2022 £000	2021 £000
United Kingdom	88,491	74,074
Rest of Europe	1,189	1,328
Rest of the world	14,216	12,221
	<u>103,896</u>	<u>87,623</u>

5. Operating profit

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

	2022 £000	2021 £000
Research & development charged as an expense	2,116	1,295
Depreciation of tangible fixed assets	1,586	1,412
Depreciation of right of use assets	300	245
Amortisation of intangible assets	1,453	876
Loss on sale of asset	12	-
Exchange differences	(23)	25
Defined contribution pension cost	4,659	4,194
Cost of stocks recognised as an expense including amounts written down	32,019	28,867
Operating lease charges	40	34
Movement of derivatives fair value	(142)	17
	<u> </u>	<u> </u>

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

6. Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	96	72
Other related audit fees		
Audit fees paid on behalf of ThyssenKrupp Marine Systems LLP	6	4
Audit fees paid on behalf of Atlas Elektronik UK (Holdings) Limited	6	5
	<u>12</u>	<u>9</u>

No non-audit services were provided during the current or preceding years.

7. Employees

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

	2022 £000	2021 £000
Wages and salaries	25,577	23,149
Social security costs	2,936	2,486
Other pension costs	4,659	4,194
	<u>33,172</u>	<u>29,829</u>

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

	2022 No.	2021 No.
Administration, operations and management	128	128
Engineering	214	197
Manufacturing	59	50
Project management	79	72
Sales, commercial and marketing	19	19
	<u>499</u>	<u>466</u>

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

8. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	1,128	816
Company contributions to defined contribution pension schemes	50	51
	<u>1,178</u>	<u>867</u>

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £516k (2021 - £459k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2021 - £nil).

The above directors' remuneration does not include emoluments of F Keupp nor S Meisel as these are paid by the parent company. It is not possible to make an accurate apportionment of their emoluments in respect of the company.

9. Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable from group companies	274	1
	<u>274</u>	<u>1</u>

10. Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable to group companies	45	286
Interest payable on lease liabilities	19	17
	<u>64</u>	<u>303</u>

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

11. Tax on profit

	2022	2021
	£000	£000
Corporation tax		
Current tax on profits for the year	1,813	1,515
Adjustments in respect of previous years	(204)	(262)
Total current tax	<u>1,609</u>	<u>1,253</u>
Deferred tax		
Origination and reversal of timing differences	37	444
Adjustment in respect of prior years	(44)	671
Effect of changes in tax rates	12	-
Total deferred tax	<u>5</u>	<u>1,115</u>
Taxation on profit on ordinary activities	<u>1,614</u>	<u>2,368</u>

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

11. Tax on profit (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	<u>9,791</u>	<u>8,696</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,860	1,652
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3	2
Capital allowances for year in excess of depreciation	-	82
Adjustments to tax charge in respect of prior years	(248)	(262)
Income not taxable for tax purposes	(63)	(75)
Temporary differences	-	233
R&D expenditure credits	261	65
Impact of change in tax rate	12	671
Exempt amounts	(211)	-
Total tax charge for the year	<u><u>1,614</u></u>	<u><u>2,368</u></u>

Factors that may affect future tax charges

In the March 2021 Budget, it was announced that the UK corporation tax rate would increase to 25% from 1 April 2023.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

12. Goodwill

	£000
Cost	
As at 30 September 2021 and 30 September 2022	21,469

Goodwill purchased on acquisition relates to the acquisition of the trade and net assets of the Winfrith and Newport divisions on 1 October 2009 and 1 July 2006 respectively. These balances are not amortised but are reviewed annually for impairment. Projected cash flows for a five year period are used to determine the value in use. The assumptions are based on past experience and expected future development.

Allocation of goodwill

Goodwill is allocated to the company's divisions as follows:

	2022	2021
	£000	£000
Newport	650	650
Winfrith	20,819	20,819
	21,469	21,469

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

13. Intangible assets

	Assets under Construction £000	Software Licences £000	Development Costs £000	Total £000
Cost				
At 1 October 2021	3,299	5,370	-	8,669
Additions	240	190	-	430
AUC Reclassifications	(3,118)	491	2,662	35
Disposals	-	(209)	-	(209)
FAR Reclassifications	-	115	-	115
At 30 September 2022	<u>421</u>	<u>5,957</u>	<u>2,662</u>	<u>9,040</u>
Amortisation				
At 1 October 2021	-	2,650	-	2,650
Charge for the year	-	1,010	443	1,453
FAR Reclassifications	-	115	-	115
On disposals	-	(209)	-	(209)
At 30 September 2022	<u>-</u>	<u>3,566</u>	<u>443</u>	<u>4,009</u>
Net book value				
At 30 September 2022	<u>421</u>	<u>2,391</u>	<u>2,219</u>	<u>5,031</u>
At 30 September 2021	<u>3,299</u>	<u>2,720</u>	<u>-</u>	<u>6,019</u>

The company does not have any capital expenditure contracted for but not provided for within the financial statements.

The company has transferred assets with a net impact of £1k between intangible assets and tangible assets, see note 14.

Included within development costs is an asset capitalised in relation to a sonar development project. The expenditure incurred for this asset meets the criteria for capitalisation under IAS 38 (details of which are included in note 2.5). This asset was originally capitalised at £2,662k and has a carrying value at the balance sheet date of £2,219k. The useful economic life of this asset is 6 years, of which 5 years (60 months) are remaining as at the balance sheet date.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. Tangible assets

	Land and buildings £000	Plant and machinery £000	Furniture, fixtures and equipment £000	Under construction £000	Other equipment £000	Total £000
Cost or valuation						
At 1 October 2021	12,564	2,524	5,594	3,546	369	24,597
Additions	339	215	382	1,194	132	2,262
FAR Reclassifications	1,295	438	16	-	-	1,749
Disposals	(56)	(69)	(19)	-	-	(144)
AUC Reclassifications	1,974	1,143	442	(3,595)	-	(36)
At 30 September 2022	16,116	4,251	6,415	1,145	501	28,428
Depreciation						
At 1 October 2021	3,314	1,649	3,513	-	193	8,669
Charge for the year	867	410	479	-	130	1,886
Disposals	(46)	(67)	(19)	-	-	(132)
FAR Reclassifications	1,155	221	371	-	-	1,747
At 30 September 2022	5,290	2,213	4,344	-	323	12,170
Net book value						
At 30 September 2022	10,826	2,038	2,071	1,145	178	16,258
At 30 September 2021	9,250	875	2,082	3,546	176	15,929

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Tangible fixed assets (continued)

The company has transferred assets with a net impact of £1k (2021: £7k) between intangible assets and tangible assets, see note 13.

In the year an exercise was undertaken to review the current assets and their depreciation policies and where these are not still considered appropriate, they have been updated prospectively.

The company had £3,758k (2021: £nil) of capital expenditure contracted for but not provided for within the financial statements at 30 September 2022 in relation to the construction of a new integrated storage and welfare facility. Included in land and buildings is non-depreciable freehold land of £587k.

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

Information about right-of-use assets is summarised below:

	2022 £000	2021 £000
Net book value		
Land and buildings	423	426
Other equipment	178	176
	<u>601</u>	<u>602</u>

During the year, there were land and buildings right-of-use asset additions of £167k (2021: £60k) and other equipment right-of-use asset additions of £132k (2021: £174k).

15. Stocks

	2022 £000	2021 £000
Finished goods and goods for resale	574	1,822
	<u>574</u>	<u>1,822</u>

The stocks held represent available stocks of items which are not contracted but which the company has either purchased or manufactured in advance of anticipated customer orders.

The difference between purchase price or production cost of stocks and their replacement cost is not material.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

16. Debtors

	2022	2021
	£000	£000
Due after more than one year		
Other debtors	108	127
	<u>108</u>	<u>127</u>

Repayable over a ten year period in equal monthly installments.

	2022	2021
	£000	£000
Due within one year		
Trade debtors	41,644	5,493
Amounts owed by group undertakings	19,942	1,952
Other debtors	3,895	1,039
Prepayments and accrued income	5,141	1,152
Loan to key management	19	19
Derivative contracts	115	14
Contract assets	26,384	62,206
	<u>97,140</u>	<u>71,875</u>

The amounts owed by group undertakings relate to intercompany trading balances and monies held in a cash pooling bank account. Trade balances are paid on 30 day payment terms and the cash pooling account is repayable upon demand. No security is provided against these balances.

Contract assets relate to assets recognised for costs incurred to fulfil contracts.

17. Cash at bank and in hand

	2022	2021
	£000	£000
Cash at bank and in hand	<u>156</u>	<u>880</u>

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

18. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	5,866	5,798
Amounts owed to group undertakings	2,252	4,307
Corporation tax	-	1,372
Other taxation and social security	3,003	2,114
Lease liabilities	296	214
Accruals and deferred income	4,690	5,471
Derivative contracts	7	48
Contract liabilities	52,765	33,518
	68,879	52,842

The amounts owed to group undertakings is made up of intercompany trading balances and a working capital facility provided by ThyssenKrupp AG. No interest is charged and no security is provided with regards to the trading balances. The working capital facility is repayable upon demand and is subject to interest calculated using a bank reference. There are no associated covenants with this facility that the company are subject to.

Contract liabilities relate to liabilities recognised for committed costs to fulfill contracts and balances received in advance of fulfilling the performance obligations.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

19. Financial Instruments

	2022	2021
	£000	£000
Financial assets		
Financial assets measured at fair value through profit or loss	115	14
Financial assets that are debt instruments measured at amortised cost	65,637	9,364
	<u>65,752</u>	<u>9,378</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	(7)	(48)
Financial liabilities measured at amortised cost	(22,070)	(21,082)
	<u>(22,077)</u>	<u>(21,130)</u>

Financial assets and liabilities measured at fair value through profit or loss comprise foreign exchange derivatives.

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

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

Derivative financial instruments

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 30 September 2022, the outstanding contracts all mature within 31 months (2021: 13 months) of the year end.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for the currencies involved in the hedge. The gains and losses in the fair value adjustment attributable to the exchange risk are recognised in the income statement in line with IFRS 9.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

20. Leases**Company as a lessee**

The company leases various buildings, vehicles, photocopiers and equipment.

At the year end the Company had the following liability for future lease payments. These are presented as the aggregate gross amount of payments committed under each lease with an allowance calculated to exclude future interest at the applicable rate for each lease.

Lease liabilities are due as follows:

	2022	2021
	£000	£000
Not later than one year	296	214
Between one year and five years	334	420
	630	634

The total cash outflow during the year in relation to the above leases was £332k (2021: £304k).

Included within creditors: amounts falling due within one year are lease liabilities of £296k (2021: £214k) and included within creditors: amounts falling due after more than one year are lease liabilities of £334k (2021: £420k).

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2022	2021
	£000	£000
Expenses relating to short-term and low-value leases	(49)	(39)

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

21. Deferred taxation

	2022 £000	2021 £000
Opening provision as at 1 October 2021	(2,794)	(1,679)
Charged to profit or loss	(4)	(1,115)
Closing Provision as at 30 September 2022	(2,798)	(2,794)

Deferred tax balances have not been discounted.

The provision for deferred taxation is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	(2,798)	(2,794)

22. Other provisions

	Contract Losses £000	Warranties £000	Total £000
At 1 October 2021	2,889	3,735	6,624
Charged to profit or loss	70	989	1,059
Utilised in year	(546)	(263)	(809)
Released in year	(1,212)	(555)	(1,767)
At 30 September 2022	1,201	3,906	5,107

The provision for contract losses is in relation to customer contracts where it is expected that the total costs to be incurred to complete the required works will be in excess of the contracted revenues on completion.

The warranty provisions are in relation to anticipated costs to be incurred by the company in order to fulfil contractual obligations with regards to rectification and support of deliverables which have already been made to customers.

The contract loss and warranty provisions are made up of a mix of contracts which changes each year. The current contract loss provision is expected to outflow predominantly within the next 12 months. The company is usually obligated to offer 12 months warranty under the sale of goods act as standard.

Please refer to note 3 regarding the judgements made in applying accounting policies and key sources of estimation uncertainty.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

23. Called up share capital

	2022	2021
	£000	£000
Allotted, called up and fully paid		
23,500,001 (2021: 23,500,001) Ordinary shares shares of £1.00 each	23,500	23,500

24. Reserves**Profit and loss account**

The profit and loss account represents the accumulated profits, losses and distributions of the company.

25. Contingent liabilities

The company has one Bank Guarantee which it has entered into in the normal course of its business. The guarantee for £300k is a liability for import VAT to HM Revenue and Customs whereby the company must provide a bank payment guarantee for the amount of £300k. The guarantee has been issued by HSBC Bank Plc. In this respect the company treats the guarantee contract as a contingent liability.

Performance bonds relating to production and financing have been entered into in the normal course of business.

26. Pension commitments

The company operates two defined contribution pension schemes, The EADS DS UK Pension Plan and The ATLAS ELEKTRONIK UK Pension scheme, for its directors and employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £4,659k (2021: £4,194k).

27. Related party transactions

This is a loan made to key management. It is repayable over a ten year period. This is an unsecured loan on which no interest is charged. The amount repaid during the year was £19k (2021: £19k) and the loan outstanding at year end was £127k (2021: £146k) of which £19k is current and £108k is non-current.

ATLAS ELEKTRONIK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

28. Controlling party

The company's immediate parent is ATLAS ELEKTRONIK UK (Holdings) Limited, registered in England, the financial statements of which can be obtained from Dorset Innovation Park, Winfrith Newburgh, Dorchester, DT2 8ZB

In the directors' opinion, at the Balance Sheet date, the company's ultimate parent undertaking and controlling party is ThyssenKrupp AG (100% shareholding), which was incorporated in Germany. Copies of the consolidated financial statements of this, the smallest and largest group for which the company is a member, are available from the registered office ThyssenKrupp, Allee 1, Postfach 45063, 45143 Essen, Germany.