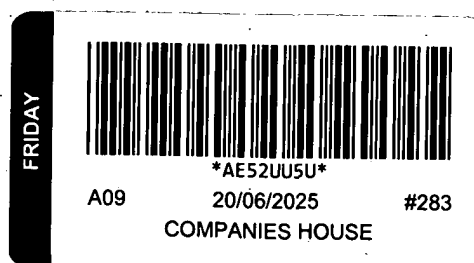


Registered number: 05582639

TKMS ATLAS UK LIMITED (FORMERLY ATLAS ELEKTRONIK UK LIMITED)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**



TKMS ATLAS UK LIMITED

COMPANY INFORMATION

Directors

C Evans
F Keupp
A Mazur
N Skelland
J Weale
J Gelze

Registered number

05582639

Registered office

Dorset Innovation Park
Winfrith Newburgh
Dorchester
DT2 8ZB

Independent auditor

KPMG LLP
One Snow Hill
Queensway
Birmingham
B4 6GH

TKMS ATLAS UK LIMITED

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TKMS ATLAS UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2024

The directors present the strategic report of TKMS ATLAS UK Limited (the "company") for the year ended 30 September 2024.

The company underwent a rebranding exercise and changed its registered name from Atlas Elektronik UK Limited to TKMS ATLAS UK Limited, effective from 03/06/2025. There has been no impact on the Company's ownership structure, contractual obligations, or operational activities as a result of this change.

Results and dividends

The profit for the year, after taxation, amounted to £11,971k (2023: £9,256k) and the net assets at 30 September 2024 were £80,263k (2023: £68,282k).

No final dividend was declared or paid in 2024 (2023: £4,000k was declared and paid in the year).

The company is pleased to report another year of strong performance, achieving the highest revenue and order intake in the company's trading history. This year, revenue exceeded the £130m threshold for the first time; a growth of over 17% on 2023. The order intake was £168m, which is 85% higher than in the previous year. These results were underpinned by the successful award of two significant multi-year contracts; one being a UK-based sub-communication project supporting critical national defence infrastructure and the other in the export market, further strengthening our international presence.

This year marks the second full year of operation for our Services Division, which continues to perform strongly and has had a positive impact on the Company's revenue. The division enhances our offering by providing life-cycle support services, ensuring closer alignment with customer needs and reinforcing long-term relationships.

The company maintained an order backlog of over £240m at the year-end laying a positive foundation for 2025 and beyond (see page 2 for further information in relation to the order intake). Budgets can be cyclical in the defence industry and often contracts won in any single year cover multiple years and more than one phase of work. This can result in peaks and troughs in order intake in any single year. The company has continued to undertake significant bidding activities during the year. Where the company has been successful in these activities the subsequent orders will be reflected in the current or future years depending on the customers requirements and corresponding order date.

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.

Our employees are integral to the company's success and we are committed to providing an inclusive and rewarding work environment. To support the continued growth in year, the company has concentrated efforts to attract and retain a diverse workforce. The average headcount increased from 556 to 575 employees whilst achieving a slight reduction in employee turnover levels. 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.

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, work on our new integrated stores and welfare facility was completed on the main Winfrith site. This investment provides additional and modernised stores capacity, additional office space, and a staff restaurant, all designed to support the company's continued growth and to enhance the working environment for

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

our employees.

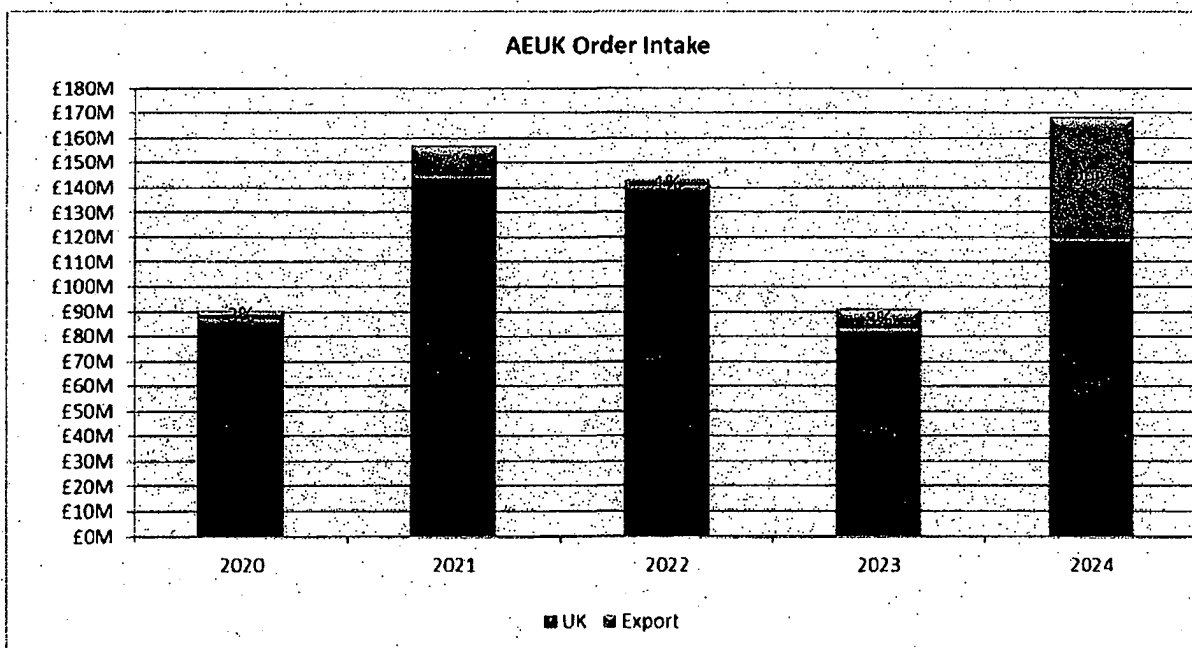
In line with our strategy to invest in systems to future-proof the business, we have successfully implemented a new Enterprise Resource Planning (ERP) system, SAP S/4HANA, which went live in March 2025. This new platform will improve operational efficiencies, enhance data management, and provide better support to the business as it grows.

With a strong order book and with the business continuing to bid for a large volume of opportunities with strategic positioning in both domestic and international defence markets, the board believe this will provide a firm foundation for future growth and are therefore optimistic for the coming 12 months.

Strategy

The Company maintains strong ties to the UK defence industry, particularly in the surface ship and submarine sectors. Our contributions to the Continuous at Sea Deterrent (CASD) programme and our involvement in key government-funded projects reinforce our position as a trusted supplier to critical national infrastructure programmes. Our expertise in these areas remains a key differentiator and a vital part of our future growth strategy. The company's overriding objective is to build upon our track record as an Innovative Maritime Systems business to strengthen our reputation by integrating systems across domains. 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.

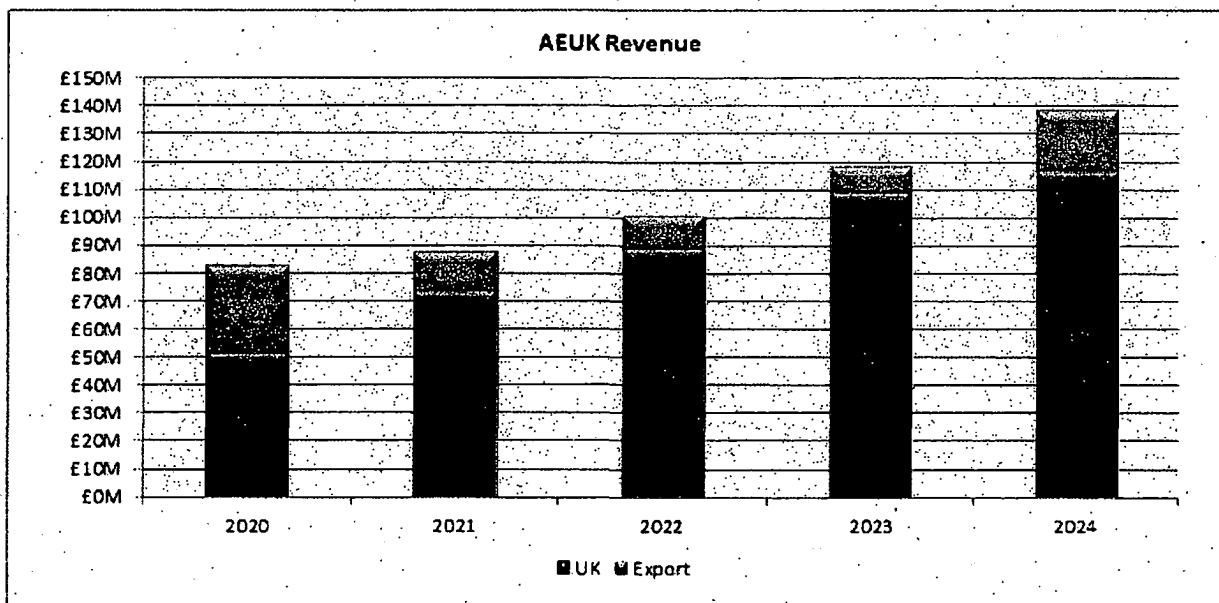
The graph below shows the trend of order intake growth and proportion of export orders since 2020. The company's highest ever order intake was achieved in year of over £168m, securing the backlog for the next two years delivery. Intake from the export market rose to 29% in 2024 as a result of the foundations laid in the previous year. Budgets can be cyclical in the defence industry and often contracts won in any single year cover multiple years and more than one phase of work. This can result in peaks and troughs in order intake in any single year. Our strong order book, healthy pipeline of future opportunities, and strategic positioning in both domestic and international defence markets provide a firm foundation for future growth.



TKMS ATLAS UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2024

The graph below reflects the revenue trend for the last 5 financial years. The growth is notable across the years and reflects the company's reputation and proven track for delivery of advanced solutions that meet the evolving needs of maritime technology in the defence industry. The export revenue has returned to previous level in the year and this is expected to continue to grow as the orders won in year are delivered. The strength of the UK revenue reflects the dominance of the UK order intake on key strategic programmes and is expected to continue as these contracts are delivered over 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.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

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, however a press release by the MoD in February 2024 confirmed that the UK defence industry spending had topped £25 billion for first time. The government have confirmed their commitment that the Defence spending is to increase to 2.5% of GDP from April 2027, with an ambition to reach 3% in the next parliament. The Government has already committed to the Trident programme which sees the manufacture of four replacement submarines aimed for completion in 2028 and the Strategic Defence Review published by the government in June 2025 expresses additional commitment to the defence industry which will continue out in to the foreseeable future. This risk is therefore considered to be low at this time. The company has however made a conscious effort to balance its portfolio of products, considering different geographical markets (UK and export) and different product offerings in the life-cycle from research through to support to ensure that we can maximise 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 people's skills, knowledge and experience. The company's customers have access to a large 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 foreign currency transactions are hedged and a company policy is in place to ensure that the cumulative unhedged foreign currency commitments do not exceed €100,000 in order to reduce this 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.

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

TKMS ATLAS UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2024

receivables and funding.

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 2024 was a £113k liability (30 September 2023: £6k 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 ongoing 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.

Financial key performance indicators

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

	2024	2023
	%	%
Operating profit margin	10	9
Employee turnover	12	13
ROCE	17	16
Turnover growth	17	17
Order growth	85	(36)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

Operating profit margin

The operating profit margin has been slightly improved on 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 economic of scale achieved with the continued growth.

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 in a relatively small recruitment area and also due to the locality of the business, the level of turnover although this has improved slightly, has continued to be higher than the board would ideally like it to be during the year. 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.

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

Return on capital employed excludes other income. ROCE has increased 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 growth

Turnover growth and order 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. 2024 was another fantastic year for turnover growth at 17%. The company continues to hold a strong order backlog and will continue to build upon its core strengths to pursue further opportunities. The board aims to continue in steady sustainable growth in turnover throughout the next few years.

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 (see page 10 for additional information on this point)

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

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

The board recognises the importance of building and maintaining relationships with its key stakeholders, including customers and suppliers. By building strong relationships with customers this allows the company to ensure customer requirements are understood and that comprehensive solutions are provided. The company works closely with its suppliers throughout the product and service life cycles to manage lead times against customer demands. Long-term connections with key suppliers helps to develop strategic relationships which further ensure the customers needs are met. 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 accreditation's 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 TKMS 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 both the group governance structure and the operation of the local board, the matters that it is responsible for considering under section 172 have been considered to an appropriate extent and effected 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 23 to 165, specifically the principles in the Compliance section on page 116 applies across the Group and are adopted at TKMS ATLAS UK Limited.

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


.....
A Mazur
Director

Date: 19/06/2025

TKMS ATLAS UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

The Directors present their report and the financial statements for the year ended 30 September 2024.

The Company underwent a rebranding exercise and changed its registered name from Atlas Elektronik UK Limited to TKMS ATLAS UK Limited, effective from 03/06/2025. There has been no impact on the Company's ownership structure, contractual obligations, or operational activities as a result of this change.

Principal Activities

The company provides innovation for underwater systems for numerous navies and civilian customers worldwide. Operating from its Headquarters at Winfrith in Dorset, the company 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 the company and its partners with excellent facilities to test systems at sea, particularly those from its Autonomy portfolio. The company 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 £11,971k (2023 - £9,256k).

A final dividend of £nil (2023: £4,000k) was declared and paid in the year.

Research and Development

Research and development expenditure is expenses as it is incurred. The company incurred private venture expenditure of £2,522k (2023: £2,229k) 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 4-5 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 who served during the year were:

C Evans
F Keupp
A Mazur
N Skelland
J Weale
J Gelze

TKMS ATLAS UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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.

Going concern

These financial statements are prepared on a going concern basis as the directors believe there are adequate resources to continue in operational existence for at least 12 months from the approval of the financial statements. This is supported by the overall balance sheet positions which includes the net assets of £80,263k, the profit after tax in year of £11,971k and order book on hand of £248,000k. The company also has access to the thyssenkrupp AG cash pooling facility, however this has not been used in the financial year as the company has generated enough cash from its operations to pay its debts as they fall due. There are no material uncertainties that would cast significant doubt about the ability of the company to continue as a going concern.

Political donations and political expenditure

The company has not made any donations to a registered political party, other political organisation in the EU (including the UK) or any independent election candidate.

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, industry partners, shareholders and employees) 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 and consumers. Business relationships with customers, suppliers and other businesses are fundamental to the company. TKMS ATLAS UK Limited maintains business partnerships only with reputable partners who comply with the law. The company protects the interests of its customers through the careful selection of suppliers and other business partners and through the standards set for its own actions.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

Greenhouse gas emissions, energy consumption and energy efficiency action

The Streamlined Energy and Carbon Reporting (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.

	2024	2024	2023	2023
	Consumption kWh	Emissions tCO ₂ e	Consumption kWh	Emissions tCO ₂ e
Scope 1 direct emissions from combustion of gas - fuel	406,552	74	528,768	97
Scope 1 direct emissions from combustion of fuel for transport purposes	215,772	51	246,765	51
Scope 2 indirect emissions from purchased electricity	2,466,773	506	2,200,074	452
Total energy consumption used to calculate emissions / total gross emissions	3,089,097	632	2,975,607	600
Intensity ratio: tCO ₂ e / sales revenue in £m	-	4.58	-	4.94

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

Methodology

The SECR disclosure has been prepared in line with the financial year ended 30 September 2024 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 2023 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 2024 included:

- Progress on detailed decarbonisation action plans have continued targeting priority areas of Supply Chain and Products, ensuring alignment with AEUK's Sustainability Charter
- Further engagement with AEUK's top 60 suppliers from the supply chain has taken place in order to support them on their decarbonisation and efficiency journey to ensure continuing alignment with our objectives of reducing our carbon emissions.
- Energy supply contracts were switched to non-fossil fuel-based supplies in July 2023, certifiable from November 2023
- A proportion of company pool cars have been replaced by fully electric vehicles
- The company scheme supporting staff with leasing electric vehicles on a long-term basis for personal use was updated and rolled out a scheme in conjunction with Octopus Electric Vehicles.
- Any new Senior Management Team company cars continue to be hybrid or fully electric vehicles.
- On the launch of the new staff restaurant, it was ensured that the management of this facility was by a contractor committed to net zero targets including use of recyclable and compostable containers, monitoring carbon footprint associated with their menus, minimising food waste and working with sustainable supply chain.
- The company has joined the JOSCAR Zero buyer community as a founder member to accelerate the capture of supplier derived emissions data and to progress from spend-based estimated calculations.

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 and financial risk management.

Disclosure of information to auditor

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

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

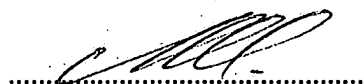
Independent Auditors

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

TKMS ATLAS UK LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

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



A Mazur
Director

Date: 19/06/2025

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TKMS ATLAS UK LIMITED (formerly Atlas Elektronik UK Limited)

Opinion

We have audited the financial statements of TKMS ATLAS UK LIMITED (formerly Atlas Elektronik UK Limited) ("the Company") for the year ended 30 September 2024 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Board and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's and wider Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk relating to the existence of revenue from both long term contracts and milestone contracts.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

These included revenue and cash transactions posted to unexpected account combinations.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of noncompliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: bribery and corruption and health and safety. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Catherine Henry
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snow Hill
Snowhill Queensway
Birmingham
B4 6GH

20 June 2025

TKMS ATLAS UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

	Note	2024 £000	2023 £000
Turnover	4	137,990	118,020
Cost of sales		(107,515)	(90,390)
Gross profit		30,475	27,630
Administrative expenses		(17,270)	(16,752)
Operating profit	5	13,205	10,878
Interest receivable and similar income	9	2,879	2,045
Interest payable and similar expenses	10	(35)	(31)
Profit before tax		16,049	12,892
Tax on profit	11	(4,078)	(3,636)
Profit for the financial year		11,971	9,256

There was no other comprehensive income for 2024. (2023: £NIL).

The notes on pages 21 to 50 form part of these financial statements.

TKMS ATLAS UK LIMITED
REGISTERED NUMBER: 05582639

BALANCE SHEET
AS AT 30 SEPTEMBER 2024

	Note	2024 £000	2023 £000
Fixed assets			
Goodwill	13	21,469	21,469
Other intangible assets	14	6,400	4,244
Tangible assets	15	25,858	25,103
		<u>53,727</u>	<u>50,816</u>
Current assets			
Stocks	16	5,614	10,598
Debtors: amounts falling due after more than one year	17	70	89
Debtors: amounts falling due within one year	17	100,432	90,766
Cash at bank and in hand	18	735	348
		<u>106,851</u>	<u>101,801</u>
Creditors: amounts falling due within one year	19	(65,425)	(71,853)
Net current assets		<u>41,426</u>	<u>29,948</u>
Total assets less current liabilities		<u>95,153</u>	<u>80,764</u>
Creditors: amounts falling due after more than one year		(278)	(407)
		<u>94,875</u>	<u>80,357</u>
Provisions for liabilities			
Deferred taxation	22	(5,165)	(4,661)
Other provisions	23	(9,447)	(7,404)
		<u>(14,612)</u>	<u>(12,065)</u>
Net assets		<u><u>80,263</u></u>	<u><u>68,292</u></u>

TKMS ATLAS UK LIMITED
REGISTERED NUMBER: 05582639

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2024

	Note	2024 £000	2023 £000
Capital and reserves			
Called up share capital	24	23,500	23,500
Profit and loss account	25	56,763	44,792
		<u>80,263</u>	<u>68,292</u>

The Company underwent a rebranding exercise and changed its registered name from Atlas Elektronik UK Limited to TKMS ATLAS UK Limited, effective from 03/06/2025. There has been no impact on the Company's ownership structure, contractual obligations, or operational activities as a result of this change.

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



C Evans
Director

Date: 19/06/2025

TKMS ATLAS UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 October 2022	23,500	39,536	63,036
Comprehensive income for the year			
Profit for the year	-	9,256	9,256
Contributions by and distributions to owners			
Dividends: Equity capital	-	(4,000)	(4,000)
At 1 October 2023	23,500	44,792	68,292
Comprehensive income for the year			
Profit for the year	-	11,971	11,971
At 30 September 2024	23,500	56,763	80,263

The notes on pages 21 to 50 form part of these financial statements.

TKMS ATLAS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

1. General information

TKMS ATLAS 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 underwent a rebranding exercise and changed its registered name from Atlas Elektronik UK Limited to TKMS ATLAS UK Limited, effective from 03/06/2025. There has been no impact on the Company's ownership structure, contractual obligations, or operational activities as a result of this change.

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 unless otherwise specified within these accounting policies 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.

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).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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

This information is included in the consolidated financial statements of as at and these financial statements may be obtained from .

2.3 New and revised standards and interpretations applied by the company

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 30 September 2024 that have a material impact on the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised in relation to the sale of goods and services by the company under contracts with customers in accordance with IFRS15 using the "five-step" model as follows:

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.

Identify the contract(s) with the customer

A contract is deemed to exist if it is legally enforceable and meets the following criteria:

- a collection of consideration is probable
- it has commercial substance
- rights to goods or services and payment terms can be identified
- it is approved and both parties are committed to their obligations
 - Framework agreements are considered on a case-by-case basis to identify if a legally enforceable contract exists or if an individual purchase order under the framework agreement creates the legally enforceable contract.
 - Contracts which are entered into at or near the same time with the same or related customer are combined and treated as a single contract where they are negotiated as a single commercial package, or the price of one contract is dependent on the price of another contract or the goods or services under the contracts form a single performance obligation.

Identify the performance obligations

An assessment is made of the goods or services promised in the contract to identify:

- goods or services (or a bundle of goods or services) that are distinct or;
- a series of goods or services which are substantially the same and that have the same pattern of transfer to the customer that are distinct.

Each bundle or series of goods or services which is identified as distinct becomes a performance obligation.

- Administrative tasks do not transfer a good or service to the customer and are not a performance obligation

Determine the transaction price

The contract price is estimated at contract inception and at each reporting period taking into consideration the following elements:

- the price under the contract excluding VAT any other sales taxes
- any variable consideration (amounts payable dependent on performance) with the company applying a constraint, i.e. determining the portion, if any, of variable consideration which it is highly probable that a significant revenue reversal would not occur.
- any non-cash consideration measured at fair value (or standalone selling price where fair value cannot be determined)
- any significant financing component (adjusting for the time value of money) where applicable

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

2. Accounting policies (continued)

2.4 Revenue (continued)

Allocate the transaction price to the performance obligations

The transaction price is allocated to each performance obligation in proportion to its standalone selling price. Where available this would be the observable price with reference to the price payable from sales of the good or service to other similarly situated customers.

Due to the heavily bespoke nature of the goods and services offered by the company, there is often no observable price for the goods and services and an estimated price is determined as the standalone selling price. In most cases, this would be by reference of an expected cost, plus margin approach.

Discounts or other variable considerations may be recognised proportionally in relation to the standalone selling prices where the discount or variable consideration applies to all performance obligations. Alternatively, where the discount or variable consideration relates to an individual or some but not all performance obligations, it will be applied to those performance obligations only.

Recognise revenue as performance obligations are satisfied

Revenue is recognised when or as the performance obligation is satisfied by transferring the goods or services to the customer, either at a point in time or over time. Goods or services are deemed to be transferred when the customer obtains control over it/them.

The company first determines if the criteria are met for recognising revenue over time and if not, then revenue is recognised at a point in time as follows:

Recognition of revenue over time

Where one of the following conditions is satisfied, the company meets the criteria for recognising revenue over time:

- 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

Where one of the above criteria to recognise revenue over time are met, the company then identifies an appropriate method to measure progress and applies this method to recognise revenue over time. Example methods used to measure progress are as follows:

- Cost to cost (percentage of completion based on estimated cost to complete)
- Output method
- Straight line method for fixed service contract delivery

Recognition of revenue at a point in time

Where the criteria for recognising revenue over time is not met, revenue is recognised at a point in time when all of the following conditions are satisfied:

- the conditions for recognising revenue over time are not met;
- Control of the asset has transferred to the customer such that the customer can direct the use of the good or service and obtain substantially all of the remaining benefits from the good or service.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

2. Accounting policies (continued)

2.4 Revenue (continued)

Costs of obtaining a contract

Bid costs associated with obtaining a contract are expensed as they are incurred.

Contract modifications

Modifications to scope or price or both of a contract are dealt with in accordance with IFRS15. Where distinct goods or services are added which are priced commensurate with standalone selling prices, these are treated as a separate contract which would follow the five-step method.

Where this is not the case, consideration is made if the remaining goods or services under the contract to be delivered are distinct. If so, the contract is accounted for as a termination and start of a new contract on a prospective basis following the five-step method. If not, the additional goods and services are combined with the original contract and accounted for on a cumulative catch-up basis.

2.5 Contract assets and contract liabilities

Contract assets consists of:

- 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 payment milestones are not aligned to the transfer of control of the goods and services and often occurs where revenue is recognised "over time"; and
- Fair value of contract assets and trade receivables is assessed in accordance with IFRS9.

Contract liabilities consists of:

- Contract advance payments/deferred income – where invoicing is in advance of recognition of revenue and contract liability will arise.

Specific contract provisions for warranty, outstanding contract costs and contract losses are detailed in note 23.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

2. Accounting policies (continued)

2.6 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.

2.7 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 2024**

2. Accounting policies (continued)

2.7 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

2. Accounting policies (continued)

2.8 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.

2.9 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 is cost 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, and control passes to the customer. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

2. Accounting policies (continued)

2.10 Debtors

Debtors are stated at amortised cost less an appropriate provision (2024: £150k, 2023: £167k) 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.

2.11 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.

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

2. Accounting policies (continued)

2.13 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.

2.14 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'.

2.15 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.

2.16 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 2024**

2. Accounting policies (continued)

2.17 Interest income

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

2.18 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.19 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 2024**

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

The application of the revenue recognition policy 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 is accounted for using the five-step method detailed in the accounting policy. There is significant judgement in relation to the application of this five-step method – specifically:

- variable considerations when determining the transaction price and applying a constraint
- allocation of the transaction price to performance obligations in determining standalone selling prices
- recognising revenue – determining when control over goods or services are transferred to the customer
- recognising revenue - over time – method of measuring progress

Each of these are considered in turn below:

Variable considerations when determining the transaction price and applying a constraint

Judgement arises over the value of potential variable considerations such as additional compensation or penalties and applying the constraint i.e. determining the portion, if any, of variable consideration which it is highly probable that a significant revenue reversal would not occur.

All variable consideration is independently reviewed as part of identifying the transaction price at contract inception and at each reporting period by the company's experienced project accountants.

Allocation of the transaction price to performance obligations in determining standalone selling prices

Determination of standalone selling prices on which to allocate the transaction price to the performance obligations involves judgement. Due to the bespoke nature of the company's product offerings, there is often not a readily observable price as each product is new or heavily adapted for each customer's needs and the customers are often not similarly situated. This results in an estimated price being determined which is usually achieved with reference to an expected cost, plus margin approach.

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.

Recognising revenue – determining when control over goods or services are transferred to the customer

Determining when control over goods or services are transferred to the customer involves judgement as to whether the criteria for over time recognition of transfer of control are met. Specifically, as most of the company's contracts fall within the third over time criteria whereby the company's performance to date does not create an asset with alternative use to the company and it has an enforceable right to payment for performance completed to date, there is some judgement involved in determining that this criterion is met. The judgements are based around interpretation of commercial clauses within the contracts and understanding the basis of the technical offering. These are performed by our experienced project accountants who seek advice from our commercial department and technical experts as required.

Recognising revenue - over time – method of measuring progress

There are significant judgements involved in determining the method of measuring progress for over time revenue recognition which best reflects the transfer of control. The company typically uses three methods:

- cost to cost (percentage of completion based on estimated cost to complete)
- output method
- straight line method for fixed service contract delivery

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

3. Judgments in applying accounting policies (continued)

The cost to cost method involves the most significant judgements. This involves determining the the required costs to complete the contract which would include making judgements on:

- Labour hours and costs
- Material quantities and costs
- Subcontract resources and costs
- Other costs such as travel costs and financing costs
- Inflation
- The availability of labour resources and other factors including any associated risks and past experience.

All contracts are independently reviewed by experienced project accountants monthly to ensure that the estimates of cost to complete on which the progress of revenue recognition is based, remain appropriate. This is reliant upon the knowledge and experience of our project managers, alongside the input from relevant technical experts and finance personnel.

Other non-significant areas that include a degree of estimation uncertainty or judgements

While these areas do not present a significant risk resulting in a material adjustment, they are areas of focus for management and include:

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 13. 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).

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 £4,881k (2023: £3,961k) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

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

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 £181k (2023: £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 £237k (2023: £996k) had been provided for.

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:

	2024 £000	2023 £000
Sale of goods	104,608	93,153
Services	33,382	24,867
	<u>137,990</u>	<u>118,020</u>

Analysis of turnover by country of destination:

	2024 £000	2023 £000
United Kingdom	116,494	109,008
Rest of Europe	9,563	1,041
Rest of the world	11,933	7,971
	<u>137,990</u>	<u>118,020</u>

Turnover recognised in the year includes £41,993k (2023: £37,354k) that was included in the opening contract liabilities balance.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

5. Operating profit

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

	2024 £000	2023 £000
Research & development charged as an expense	2,522	2,229
Depreciation of tangible fixed assets	2,517	1,882
Depreciation of right of use assets	359	349
Amortisation of intangible assets	1,594	1,390
Loss on sale of asset	-	171
Bad debts	181	-
Exchange differences	41	9
Defined contribution pension cost	-	3,032
Cost of stocks recognised as an expense including amounts written down	45,943	45,973
Operating lease charge	94	50
Movement of derivatives fair value	107	114

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2024 £000	2023 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	132	80

Other related audit fees

	2024 £000	2023 £000
Audit fees paid on behalf of TKMS ATLAS UK (HOLDINGS) Limited	10	6

TKMS ATLAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

7. Employees

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

	2024 £000	2023 £000
Wages and salaries	34,240	31,512
Social security costs	3,433	3,275
Other pension costs	3,544	3,032
	<u>41,217</u>	<u>37,819</u>

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

	2024 No.	2023 No.
Administration, operations and management	132	132
Engineering	236	212
Manufacturing	61	70
Project management	121	117
Sales, commercial and marketing	25	25
	<u>575</u>	<u>556</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

8. Directors' remuneration

	2024 £000	2023 £000
Directors' emoluments	1,158	1,215
Company contributions to defined contribution pension schemes	24	59
	<u>1,182</u>	<u>1,274</u>

During the year retirement benefits were accruing to 2 directors (2023 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £578k (2023 - £577k.)

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2023 - £NIL).

The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2023 - £NIL).

The above directors' remuneration does not include emoluments of F Keupp nor J Gelze 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

	2024 £000	2023 £000
Interest receivable from group companies	2,878	2,039
Other interest receivable	1	6
	<u>2,879</u>	<u>2,045</u>

10. Interest payable and similar expenses

	2024 £000	2023 £000
Interest payable to group companies	-	1
Interest payable on lease liabilities	35	30
	<u>35</u>	<u>31</u>

TKMS ATLAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

11. Tax on profit

	2024 £000	2023 £000
Corporation tax		
Current tax on profits for the year	3,857	2,001
Adjustments in respect of previous periods	(283)	(228)
	<u>3,574</u>	<u>1,773</u>
Total current tax	<u>3,574</u>	<u>1,773</u>
Deferred tax		
Current year	348	866
Adjustment in respect of prior years	156	880
Effect of changes in tax rates	-	117
Total deferred tax	<u>504</u>	<u>1,863</u>
Tax on profit	<u>4,078</u>	<u>3,636</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2023 - higher than) the standard rate of corporation tax in the UK of 25% (2023 - 22.01%). The differences are explained below:

	2024 £000	2023 £000
Profit on ordinary activities before tax	<u>16,049</u>	<u>12,892</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 22.01%)	4,012	2,849
Effects of:		
Expenses not deductible	218	109
Adjustments in respect of prior years	(127)	621
Tax rate changes	-	117
Income not taxable	(25)	(60)
Total tax charge for the year	<u>4,078</u>	<u>3,636</u>

TKMS ATLAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

11. Tax on profit (continued)**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. The change was covered in the Finance Bill 2021 which was substantively enacted on 24 May 2021 and so the deferred tax assets and liabilities have been re-measured accordingly.

12. Dividends

	2024 £000	2023 £000
Dividends paid	-	4,000

No dividend was declared or paid in relation to this financial year (2023: £4,000k).

13. Goodwill

	2024 £000
Cost	21,469
As at 30 September 2023 and 30 September 2024	

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. The Directors have judged the longevity of the Company's activities with its customers including the UK Ministry of Defence and overseas navies and there are no indications as to limitations to foreseeable cash-generation potential from the goodwill balance.

A current year impairment review has been carried out on the Company's goodwill through the assessment of discounted projected cash flows for a five year period (8% discount rate applied). The five year projected cash flows is built on four levels of sensitivity, of which only the first two levels were included in the impairment review. The first two levels of the sensitivity only reflect opportunities which are single source with defined budgets and follow on contracts with a very high probability of being won and therefore it is considered prudent to only take these in to consideration. It would take a significant detrimental shift in UK defence strategy and a considerable reduction in budgets away from work that TKMS ATLAS UK Limited is involved in to cause an impairment as the base assessment includes only the most likely opportunities which align to published government strategy such as the released Strategic Defence Review (June 2025). Following the review of the risk adjusted cash flows it was concluded that no impairment was required with regards to the recoverable amount of goodwill.

TKMS ATLAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

14. Intangible assets

	Assets under Construction £000	Software Licences £000	Development Costs £000	Total £000
Cost				
At 1 October 2023	348	6,614	2,662	9,624
Additions	3,646	118	-	3,764
AUC Reclassifications	(307)	245	62	-
Disposals	(14)	-	-	(14)
At 30 September 2024	3,673	6,977	2,724	13,374
Amortisation				
At 1 October 2023	-	4,493	887	5,380
Charge for the year	-	1,147	447	1,594
At 30 September 2024	-	5,640	1,334	6,974
Net book value				
At 30 September 2024	3,673	1,337	1,390	6,400
At 30 September 2023	348	2,121	1,775	4,244

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

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 £1,390k (2023: £1,775k). The useful economic life of this asset is 6 years (72 months), at the balance sheet date there is a remaining useful economic life of 3 years (36 months).

TKMS ATLAS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

15. Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Under construction £000	ROUA - Equipment £000	ROUA - Buildings £000	Total £000
Cost or valuation							
At 1 October 2023	15,672	4,362	7,771	9,685	693	1,057	39,240
Additions	59	123	394	2,457	119	120	3,272
Disposals	-	-	(1)	-	-	-	(1)
Transfers between classes	10,739	406	751	(11,896)	-	-	-
At 30 September 2024	26,470	4,891	8,915	246	812	1,177	42,511
Depreciation							
At 1 October 2023	5,552	2,646	4,835	-	472	632	14,137
Charge for the year	714	490	954	-	147	212	2,517
Disposals	-	-	(1)	-	-	-	(1)
At 30 September 2024	6,266	3,136	5,788	-	619	844	16,653
Net book value							
At 30 September 2024	20,204	1,755	3,127	246	193	333	25,858
At 30 September 2023	10,120	1,716	2,936	9,685	221	425	25,103

TKMS ATLAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

Tangible fixed assets (continued)

The company had £2,155k (2023: £699k) of capital expenditure contracted for but not provided for within the financial statements. The 2024 value related to the implementation of a new Enterprise Resource Planning (ERP) system. The 2023 value related to the construction of a new integrated storage and welfare facility. Included in land and buildings is non-depreciable freehold land of £587k.

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

	2024 £000	2023 £000
Net book value		
Land and buildings (short lease <50 years)	333	425
Other equipment	193	221
	<u>526</u>	<u>646</u>

During the year, there were land and buildings right-of-use asset additions of £120k (2023: £202k) and other equipment right-of-use asset additions of £119k (2023: £192k).

16. Stocks & work in progress

	2024 £000	2023 £000
Stock	689	894
Work in progress	4,925	9,704
	<u>5,614</u>	<u>10,598</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.

TKMS ATLAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

17. Debtors

	2024 £000	2023 £000
Due after more than one year		
Other debtors	70	89
Repayable over a ten year period in equal monthly instalments.		
Due within one year		
Trade debtors	13,556	17,487
Amounts owed by group undertakings	59,824	51,768
Other debtors	2,551	4,773
Prepayments and accrued income	2,533	3,857
Amounts recoverable on long-term contracts	19	19
Financial instruments	12	12
Contract assets	21,937	12,850
	<u>100,432</u>	<u>90,766</u>

The amounts owed by group undertakings relate to intercompany trading balances of £266k (2023: £18,888k) and monies held in a cash pooling bank account of £59,558k (2023: £32,880k). 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.

18. Cash at bank and in hand

	2024 £000	2023 £000
Cash at bank and in hand	735	348
Less: bank overdrafts	(348)	(722)
	<u>387</u>	<u>(374)</u>

TKMS ATLAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

19. Creditors: Amounts falling due within one year

	2024 £000	2023 £000
Bank overdrafts	348	722
Trade creditors	1,946	6,273
Amounts owed to group undertakings	707	4,895
Corporation tax	3,846	-
Other taxation and social security	6,657	2,648
Lease liabilities	279	274
Accruals and deferred income	9,098	11,575
Derivative contracts	125	17
Contract liabilities	42,419	45,449
	<u>65,425</u>	<u>71,853</u>

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 are balances received in advance of fulfilling the performance obligations.

TKMS ATLAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

20. Financial instruments

	2024 £000	2023 £000
Financial assets		
Financial assets measured at fair value through profit or loss	12	12
Financial assets that are debt instruments measured at amortised cost	78,085	74,373
	<u>78,097</u>	<u>74,385</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	(125)	(17)
Financial liabilities measured at amortised cost	(23,611)	(22,743)
	<u>(23,736)</u>	<u>(22,760)</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 bank overdrafts, 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 2024, the outstanding contracts all mature within 8 months (2023: 20 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

21. 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:

	2024 £000	2023 £000
Not later than one year	279	274
Between one year and five years	187	295
Later than five years	91	112
	<u>557</u>	<u>681</u>

The total cash outflow during the year in relation to the above leases was £398k (2023: £372k).

Interest paid in the year in relation to these leases was £35k (2023: 30k).

Included within creditors: amounts falling due within one year are lease liabilities of £278k (2023: £274k) and included within creditors: amounts falling due after more than one year are lease liabilities of £278k (2023: £407k).

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

	2024 £000	2023 £000
Expenses relating to short-term and low-value leases	<u>(290)</u>	<u>(126)</u>

TKMS ATLAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

22. Deferred taxation

	2024 £000	2023 £000
Provisions at start of period	(4,661)	(2,798)
Adjustment in respect of prior years	(156)	(879)
Deferred tax charge to I/S for the period	(348)	(984)
Provision at end of period	(5,165)	(4,661)

Deferred tax balances have not been discounted.

The provision for deferred taxation is made up as follows:

	2024 £000	2023 £000
Fixed assets	(5,253)	(4,734)
Temporary trading differences	88	73

TKMS ATLAS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

23. Provisions

	Contracted losses £000	Warranties £000	Outstanding Production Costs £000	Total £000
At 1 October 2023	995	3,961	2,448	7,404
Charged to profit or loss	763	2,603	2,673	6,039
Utilised in year	(1,481)	(400)	(780)	(2,661)
Released in year	(41)	(1,283)	(11)	(1,335)
At 30 September 2024	236	4,881	4,330	9,447

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.

Provision for outstanding production costs is a provision for costs on point in time projects where transfer of benefits to customers has occurred and revenue and profit has been recognised but the expected associated cost has yet to land in full. These costs do not meet the conditions to be accrued, but they are expected to be incurred with probable outflows of economic benefits, meeting the definition of a provision at the balance sheet date.

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

24. Called up share capital

	2024 £000	2023 £000
Allotted, called up and fully paid		
23,500,001 (2023 - 23,500,091) Ordinary shares shares of £1.00 each	23,500	23,500

25. Reserves

Profit and loss account

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

26. Contingent liabilities

The company has one Bank Guarantee which it has entered into in the normal course of its business. The guarantee has been issued by Deutsche Bank (HSBC Bank Plc prior to December 2022). The guarantee is connected to the company's deferred duty account and is a liability for import duty and VAT payable to HM Revenue and Customs whereby the company must provide a bank payment guarantee for the amount of £300k.

The value of the guarantee was based on the maximum expected liability over a two month period. Amounts are taken by direct debit in relation to monies due, the values of which have significantly reduced since the introduction of postponed VAT accounting and it is therefore considered unlikely that HM Revenue and Customs would need to call upon this guarantee. Due to the uncertainty of value and timing of any liability under this guarantee the company treats the guarantee as a contingent liability. Performance bonds relating to production and financing have been entered into in the normal course of business.

27. Pension commitments

The company operates a defined contribution pension scheme for its directors and employees. The scheme is provided and administered by Aviva via a Group Personal Pension arrangement (GPP). The assets of the scheme are held separately from those of the company in independently administered funds. The pension costs charged represent contributions payable by the company to the fund amounted to £6,421k (2023: £3,032k).

28. Related party transactions

This is a loan made to a director of the company. 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 (2023: £19k) and the loan outstanding at year end was £89k (2023: £108k) of which £19k is current and £70k is non-current. The company pays class 1A national insurance on the interest free loan, the value of which was less than £1k (2023: less than £1k).

29. Controlling party

The company's immediate parent is TKMS ATLAS UK (HOLDINGS) Limited (formerly 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.

TKMS ATLAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024**

30. Post balance sheet events

Subsequent to the year end, the Company underwent a rebranding exercise and changed its registered name from Atlas Elektronik UK Limited to TKMS ATLAS UK Limited, effective from 03/06/2025. There has been no impact on the Company's ownership structure, contractual obligations, or operational activities as a result of this change.