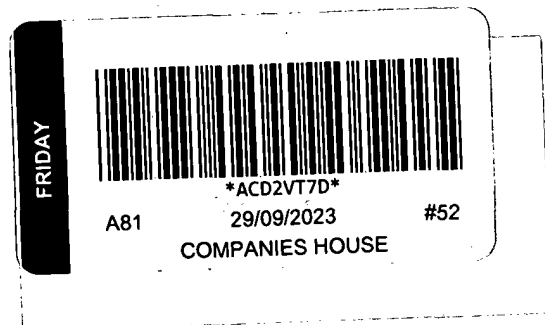

BOEING DISTRIBUTION SERVICES III LIMITED

Registered number: 00446288

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



BOEING DISTRIBUTION SERVICES III LIMITED

COMPANY INFORMATION

Directors	P M Woodfield (resigned 20 August 2022) D J Drake (appointed 20 August 2022) M H Laine (appointed 27 October 2022) Sir M E Donnelly (resigned 27 October 2022)
Registered number	00446288
Registered office	25 Victoria Street London SW1H 0EX
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG
Bankers	Bank of America Financial Centre 2 King Edward Street London EC1A 1HQ

BOEING DISTRIBUTION SERVICES III LIMITED

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BOEING DISTRIBUTION SERVICES III LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The directors present their strategic report for the year ended 31 December 2022.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

The principal activity of Boeing Distribution Services III Limited ("the company") is the supply of sales, marketing and logistics support to other group undertakings.

Business review and future development

The company provides sales, marketing and logistics support to Boeing Distribution Services Inc's customers for which it receives remuneration by way of operational support and customer support fees.

The company's revenues for the period were £9,796k (*31 December 2021: £8,547k*). The directors expect revenue in 2023 to remain at around this level with a slight increase in 2024. The revenue has increased through 2 different effects:

- a) Profit mark-up calculated on increased costs in 2022 compared to 2021 due to covid-19 restrictions being relaxed allowing more business travel and increased demand for our products and services.
- b) Increase of about 17% compared to 2022 in sales mediated for Boeing Distribution Services Inc. by the local UK sales team.

The company will remain profitable due to the company's cost-plus business model.

The cash position of the company as at 31 December 2022 is £10,145k (*31 December 2021: £9,299k*). The increase in the cash position was largely as a result of increased turnover and EBITDA.

Principal risks and uncertainties

The market for the distribution of products to the aviation industry is highly competitive. To be an attractive intermediary between customers and manufacturers, distributors must be able to offer the right combination of a broad product range and added value services.

Conditions in the aerospace industry are impacted by numerous factors over which the company and the group have no or only limited control, including political, regulatory and economic conditions, environmental concerns, extreme weather conditions, fuel pricing, terrorism and pandemics.

2022 was the third year of the Covid-19 pandemic, with its wide-ranging social and economic impacts on businesses and the ways we work. In particular we and our suppliers experienced supply chain disruptions as a result of the lingering impact of Covid-19, global supply chain constraints and labour instability.

This will not affect business continuity as the Company operates under a cost-plus service agreement with another group company that the directors expect to continue to be fulfilled. After taking into consideration the financial position and forecast cash flows of the Company, including a cash position of £10,145k as at 31 December 2022, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

BOEING DISTRIBUTION SERVICES III LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

We are complying with all U.S. and other government export control restrictions and sanctions imposed on certain businesses and individuals in Russia. We continue to monitor and evaluate additional sanctions and export restrictions that may be imposed by the U.S. Government or other governments, as well as any responses from Russia that could affect our supply chain, business partners or customers, for any additional impacts to our business.

Due to the service contract with Boeing Distribution Services ISC GmbH, all costs are reimbursed including a mark-up, so that the war is not expected to affect business continuity.

The company measures its financial performance by reference to profitability and turnover based on the strategies set out above and the key performance measures are set out below:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Turnover	9,796	8,547
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	1,894	1,474

General:

Due to the transfer pricing contract in place, all costs arising in the company which are related to supporting the business of Boeing Distribution Services Inc. will be compensated.

Turnover:

As a result of the remaining effects of the Covid-19 pandemic on the aerospace industry, especially in the first half of 2022, the directors expect revenue in 2023 to increase slightly compared to 2022 with a similar increase in 2024.

EBITDA:

EBITDA increased this year to £1,894k (prior year: £1,474k). This is driven by an increase in turnover from 2021 to 2022.

This report was approved by the board on 15 September 2023 and signed on its behalf.

Daniel J. Drake

D J Drake
Director

BOEING DISTRIBUTION SERVICES III LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk; liquidity risk; interest rate risk and foreign currency risk.

Given the size of the company, the directors have not delegated the responsibility for monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the company's finance department.

Credit risk

During the period the company provided sales, marketing and logistics support to Boeing Distribution Services Inc.'s customers for which it receives remuneration by way of operational support and customer service fees.

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. These credit checks are continually updated throughout the contract period. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed when necessary.

Deposits of cash funds are made exclusively with banks with a high credit rating.

Liquidity risk

The company maintains cash balances and monitors its liquidity to ensure that there are sufficient funds available for operations and planned expansions.

Interest rate risk

The company has no interest-bearing liabilities. There is currently no interest being received on the GBP bank balance held (31 December 2021: £nil).

Foreign currency risk

Revenues are invoiced in GBP and some expenses are invoiced in USD and EUR, which are subject to exchange rate fluctuations against GBP, the company's functional and reporting currency. Management monitors the company's exposure to these fluctuations on a regular basis.

Payments to suppliers

The company agrees to the terms and conditions under which business transactions with its suppliers are conducted. It is company policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

Qualifying third-party indemnity provisions

The company's ultimate parent undertaking maintains liability insurance for the company's directors and officers, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. This insurance was in force throughout the period and at the time of signing the financial statements.

BOEING DISTRIBUTION SERVICES III LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Going Concern

The directors have considered the appropriateness of the going concern assumption for the company. In doing so, they have considered forecasts for the company and its subsidiaries in the context of the group structure on which it sits, the letter of continuing financial support from the management of the direct parent company, Boeing Distribution I Ltd together with the confirmation of the continued fulfilment of obligations from Boeing Distribution Services ISC GmbH. The directors have concluded that the company can reasonably be expected to continue in operational existence for a period not less than 12 months from the date of the approval of these financial statements,

The directors also acknowledge that the company has net current assets as at 31 December 2022 and has made a profit for the year then ended.

2022 was the third year of the Covid-19 pandemic, with its wide-ranging social and economic impacts on businesses and the ways we work. In particular we and our suppliers experienced supply chain disruptions as a result of the lingering impact of Covid-19, global supply chain constraints and labour instability.

This will not affect business continuity as the Company operates under a cost-plus service agreement with another group company that the directors expect to continue to be fulfilled. After taking into consideration the financial position and forecast cash flows of the Company, including a cash position of €10,145k as at 31 December 2022, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

We are complying with all U.S. and other government export control restrictions and sanctions imposed on certain businesses and individuals in Russia. We continue to monitor and evaluate additional sanctions and export restrictions that may be imposed by the U.S. Government or other governments, as well as any responses from Russia that could affect our supply chain, business partners or customers, for any additional impacts to our business.

Due to the service contract with Boeing Distribution Services ISC GmbH, all costs are reimbursed including a mark-up, so that the war is not expected to affect business continuity.

Taking account of the above, it is considered appropriate to prepare these financial statements on a going-concern basis.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Results and dividends

The profit for the year after taxation, amounted to £1,142k (2021: £819k). The Directors report contains further information on the profit drivers, and principal risks and uncertainties of the business.

The directors do not recommend the payment of any interim or final dividend. (2021: £Nil).

Directors

The directors who served during the year, and thereafter, were:

P M Woodfield (resigned 20 August 2022)
D J Drake (appointed 20 August 2022)
M H Laine (appointed 27 October 2022)
Sir M E Donnelly (resigned 27 October 2022)

BOEING DISTRIBUTION SERVICES III LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Matters covered in the Strategic report

The business review, principle risks and uncertainties and information on the key performance indicators are covered in the strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

This report was approved by the board on 15 September 2023 and signed on its behalf.

Daniel J. Drake

D J Drake
Director



Independent auditor's report to the members of Boeing Distribution Services III Limited

Opinion

We have audited the financial statements of Boeing Distribution Services III Limited (the 'company') for the year ended 31 December 2022, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the war in Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

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



Independent auditor's report to the members of Boeing Distribution Services III Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.¹ Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the members of Boeing Distribution Services III Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company in which they operate. We determined that the following laws and regulations were most significant: FRS 102, Companies Act 2006 and the relevant tax compliance regulations in the jurisdiction in which the company operates.
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries to the management and those charged with governance. We corroborated our inquiries through our review of board minutes and other relevant documentation;
- We assessed the susceptibility of the company's financial statements to the material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Challenging assumptions and judgements made by management in its significant accounting estimates;
 - Identifying and testing high risk journal entries; and
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner assessed the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
 - Knowledge of the industry in which the client operates; and
 - Understanding of the legal and regulatory requirements specific to the entity including, the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by the relevant authorities that interprets those rules and the applicable statutory provision.
- Team communications in respect of potential non-compliance with laws and regulations, and potential fraud in accordance with ISA UK 240. The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements.



Independent auditor's report to the members of Boeing Distribution Services III Limited

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
 - The applicable statutory provisions.
- A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

A handwritten signature in black ink, appearing to read "Christopher Raab", with "UK LLP" written in smaller letters below it.

Christopher Raab ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
15 September 2023

BOEING DISTRIBUTION SERVICES III LIMITED
REGISTERED NUMBER:00446288

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
	Note		
Turnover	4	9,796	8,547
Gross profit		9,796	8,547
Distribution costs		(5,589)	(4,973)
Administrative expenses		(2,798)	(2,576)
Operating profit	5	1,409	998
Profit before interest and tax		1,409	998
Interest receivable and similar income		-	1
Profit before tax		1,409	999
Tax on profit	9	(267)	(180)
Profit for the year		<u>1,142</u>	<u>819</u>

All results included in statement of comprehensive income are derived from continuing operations.

There was no other comprehensive income for 2022 (31 December 2021: Nil).

The notes on pages 13 to 31 form part of these financial statements.

BOEING DISTRIBUTION SERVICES III LIMITED
REGISTERED NUMBER:00446288

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 £000	31 December 2021 £000
Fixed assets			
Intangible assets	10	845	1,163
Tangible assets	11	415	296
Investments	12	13,301	13,301
		<u>14,561</u>	<u>14,760</u>
Debtors: amounts falling due after more than one year	13	60	60
Current assets			
Debtors: amounts falling due within one year	13	1,853	1,575
Cash at bank and in hand	14	10,145	9,299
		<u>11,998</u>	<u>10,874</u>
Creditors: amounts falling due within one year	15	(1,187)	(1,404)
Net current assets		10,811	9,470
Total assets less current liabilities		<u>25,432</u>	<u>24,290</u>
Net assets		<u><u>25,432</u></u>	<u><u>24,290</u></u>
Capital and reserves			
Called up share capital	18	81	81
Retained earnings	19	25,351	24,209
		<u>25,432</u>	<u>24,290</u>

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

D J Drake

Director

Daniel J. Drake

Date: 15 September 2023

The notes on pages 13 to 31 form part of these financial statements.

BOEING DISTRIBUTION SERVICES III LIMITED
REGISTERED NUMBER:00446288

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 31 December 2020	81	23,390	23,471
Profit for the financial year	-	819	819
Total comprehensive income for the year	<u>-</u>	<u>819</u>	<u>819</u>
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2021	81	24,209	24,290
Profit for the financial year	-	1,142	1,142
Total comprehensive income for the year	<u>-</u>	<u>1,142</u>	<u>1,142</u>
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2022	<u><u>81</u></u>	<u><u>25,351</u></u>	<u><u>25,432</u></u>

The notes on pages 13 to 31 form part of these financial statements.

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

1. General information

Boeing Distribution Services III Limited is a private company limited by shares and registered in England and Wales.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to share-based payments, related party transactions, and presentation of a cash flow statement, financial instruments and remuneration of key management personnel.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

This information is included in the consolidated financial statements of The Boeing Company as at 31 December 2022 and these financial statements may be obtained from 100 North Riverside Plaza, Chicago, Illinois, 60606, USA.

2.3 Consolidation policy

The company has taken advantage of Section 401 of the Companies Act 2006 - Exemption for company included in non- UK group accounts of larger group - as it is itself a wholly owned subsidiary of The Boeing Company and included in the consolidated accounts of that company which are publicly available.

These accounts thus provide information about the company as an individual undertaking.

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2.4 Going concern

The directors have considered the appropriateness of the going concern assumption for the company. In doing so, they have considered forecasts for the company and its subsidiaries in the context of the group structure on which it sits, the letter of continuing financial support from the management of the direct parent company, Boeing Distribution I Ltd together with the confirmation of the continued fulfilment of obligations from Boeing Distribution Services ISC GmbH. The directors have concluded that the company can reasonably be expected to continue in operational existence for a period not less than 12 months from the date of the approval of these financial statements.

The directors also acknowledge that the company has net current assets as at 31 December 2022 and has made a profit for the year then ended.

2022 was the third year of the Covid-19 pandemic, with its wide-ranging social and economic impacts on businesses and the ways we work. In particular we and our suppliers experienced supply chain disruptions as a result of the lingering impact of Covid-19, global supply chain constraints and labour instability.

We are complying with all U.S. and other government export control restrictions and sanctions imposed on certain businesses and individuals in Russia. We continue to monitor and evaluate additional sanctions and export restrictions that may be imposed by the U.S. Government or other governments, as well as any responses from Russia that could affect our supply chain, business partners or customers, for any additional impacts to our business.

Due to the service contract with Boeing Distribution Services ISC GmbH, all costs are reimbursed including a mark-up, so that the war is not expected to affect business continuity.

This will not affect business continuity as the Company operates under a cost-plus service agreement with another group company that the directors expect to continue to be fulfilled. After taking into consideration the financial position and forecast cash flows of the Company, including a cash position of £10,145k as at 31 December 2022, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

Taking account of the above, it is considered appropriate to prepare these financial statements on a going-concern basis.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

BOEING DISTRIBUTION SERVICES III LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

2.5 Turnover

Turnover comprises the fair value of the consideration received or receivable for the sales commissions owed to the company in accordance with its intercompany agreement as well as costs incurred that are recharged to other group companies at a mark-up in accordance with its intercompany agreement. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

- The amount revenue can be reliably measured.
- It is probable that future economic benefits will flow to the entity.
- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of comprehensive income over its useful economic life.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

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.

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:

Computer equipment and software	- 20% -33% per annum
Motor vehicles	- 25% per annum
Fixtures, fittings and equipment	- 10% - 46% per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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2.8 Valuation of investments

Investments in subsidiaries are included in the statement of financial position at cost, less amounts written off, representing impairment in value. Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable and are charged to the Statement of comprehensive income. Impairment reviews are carried out by management each year.

2.9 Amounts due from group undertakings

Amounts due from group undertakings represent receivables due from other group companies in respect of sales commissions and cost recharges. The agreed balances at the end of the month are paid in the following month.

2.10 Cash and cash equivalents

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

2.11 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial liabilities and equity instruments are classified accounting to the substances of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2.12 Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transactions costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding the transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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2.13 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the assets has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determined reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on pro-rata basis and then to any goodwill allocated to the CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment loss, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2.14 Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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2.15 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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 the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Government grants

Government grants are recognised in the profit or loss within Other operating income on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate.

2.19 Current and deferred taxation

The tax expense for the 12 months comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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2.19 Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 reporting date.

2.20 Share capital

Ordinary share capital is classified as equity. Equity instruments are measured at the fair value of the case or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.21 Dividends

Dividends distributed to the company's shareholder are recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

2.22 Transactions with group undertakings

Assets transferred to the company from group undertakings are reported in the financial statements of the company at the net book value recorded in the group undertakings. Assets transferred are accounted as the consideration for the issue of shares. The excess of the considerations over the par value of the shares issues is reported as the share premium.

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period. If the revision affects both current and future periods, then postings will be made in the relevant periods.

The main area where judgements and estimates of uncertainty have a significant effect, is the carrying value of investments. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of investments in subsidiaries within the next fiscal year:

- estimates of future cashflows,
- terminal growth rate
- discount rate.

See note 12 for more details.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Year ended	Year ended
31	31
December	December
2022	2021
£000	£000
9,796	8,547

The operational support and customer support fees are invoiced to Boeing Distribution Services ISC GmbH, Germany.

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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5. Operating profit

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

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Depreciation of tangible fixed assets	167	158
Amortisation of intangible assets, including goodwill	318	318
Foreign exchange differences	51	110
Other operating lease rentals	42	48
Operating lease rentals - plant and machinery	<u>538</u>	<u>536</u>

6. Auditor's remuneration

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>65</u>	<u>58</u>

7. Director's remuneration

There were no emoluments paid to the directors during the period ended 31 December 2022 (31 December 2021: £Nil).

The emoluments of the directors of the company, who are employees and officers of another group company, Boeing United Kingdom Limited, are disclosed in that company's financial statements in respect to their services to the group as a whole. No recharges have been made to the company relating to the remuneration of directors during the year (31 December 2021: £Nil) as it is not possible to make any apportionment of these emoluments to Boeing Distribution Services III Limited

The number of directors for whom retirement benefits are accruing under defined contribution pension schemes amounted to £Nil for the period ended 31 December 2022 (31 December 2021: £Nil).

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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8. Employees

Staff costs were as follows:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Wages and salaries	4,077	3,688
Social security costs	459	374
Cost of defined contribution scheme	362	325
	<u>4,898</u>	<u>4,387</u>

9. Taxation

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Corporation tax		
Current tax on profits for the year	267	190
Adjustments in respect of prior years	-	(56)
Total current tax	<u>267</u>	<u>134</u>
Deferred tax	-	46
Total deferred tax	<u>-</u>	<u>46</u>
Taxation on profit on ordinary activities	<u>267</u>	<u>180</u>

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

9. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Profit on ordinary activities before tax	<u>1,409</u>	<u>999</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	267	190
Effects of:		
Adjustments to tax charge in respect of prior periods	-	(56)
Deferred tax adjustment	-	46
Total tax charge for the year	<u>267</u>	<u>180</u>

Factors that may affect future tax charges

The 2021 Finance budget announced that the main rate of corporation tax will increase from 19% to 25% effective from 1 April 2023.

BOEING DISTRIBUTION SERVICES III LIMITED

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10. Intangible assets

	Goodwill £000
Cost	
As 31 December 2021	10,996
As 31 December 2022	10,996
Accumulated depreciation	
At 31 December 2021	9,833
Charge for the year	318
At 31 December 2022	10,151
Net book value	
At 31 December 2022	<u>845</u>
At 31 December 2021	<u>1,163</u>

On 2 October 2015, the company acquired the trade and assets of Boeing Distribution Services II Limited (formerly KLX Aerospace Solutions Limited). As a result of that transfer, the company reported the goodwill in its financial statements.

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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11. Tangible fixed assets

	Fixtures, fittings and equipment £000	Computer equipment £000	Assets under construction £000	Total £000
Cost				
At 31 December 2021	1,441	1,461	-	2,902
Additions	17	228	40	285
Disposals	-	-	-	-
At 31 December 2022	1,459	1,689	40	3,188
Depreciation				
At 31 December 2021	1,306	1,300	-	2,606
Charge for the year on owned assets	66	101	-	167
Disposals	-	-	-	-
At 31 December 2022	1,372	1,401	-	2,773
Net book value				
At 31 December 2022	87	288	40	415
At 31 December 2021	135	161	-	296

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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12. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 31 December 2021	15,819
At 31 December 2022	<u>15,819</u>
Impairment	
At 31 December 2021	2,518
Charge for the period	-
At 31 December 2022	<u>2,518</u>
Net book value	
At 31 December 2022	<u><u>13,301</u></u>
At 31 December 2021	<u><u>13,301</u></u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The recoverable amount of the company's investments in subsidiaries has been determined based on the results of the income approach (discounted cash flow("DCF"), this included a long-term growth rate of 2.5% in the terminal value calculations. Specifically, the income approach incorporated the use of the DCF method, which uses cash flow projections covering a five-year period and a discount rate of 9%

Voluntary liquidation proceedings were initiated on 11 December 2020 in respect of Boeing Distribution Services IV Limited. As a 31 December 2020 it was therefore determined that the investment in that company would be impaired by £1.013 million down to the expected liquidation payout. The investment remains as the liquidation process has not yet been completed.

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Boeing Distribution Services SAS	Distribution of parts and materials to the aviation industry	Ordinary	100 %
Boeing Distribution Services IV Limited	In Liquidation	Ordinary	100 %

Country of incorporation and registered offices of the subsidiaries are:

Boeing Distribution Services SAS
27 avenue Etienne Audibert
60300 Senlis
France

Boeing Distribution Services IV Limited.
C/O BDO LLP
5 Temple Square
Temple Street
Liverpool, L2 5HR

13. Debtors

	31 December 2022	<i>31 December 2021</i>
Due after more than one year		
Deferred tax asset	<u>60</u>	<u><i>60</i></u>

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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13. Debtors (continued)

	31 December 2022	31 December 2021
Due within one year		
Amounts owed by group undertakings	1,202	1,031
Other debtors	161	94
Prepayments and accrued income	198	215
Tax recoverable	292	235
	<u>1,853</u>	<u>1,575</u>

14. Cash and cash equivalents

	31 December 2022 £000	31 December 2021 £000
Cash at bank and in hand	<u>10,145</u>	<u>9,299</u>

15. Creditors: Amounts falling due within one year

	31 December 2022 £000	31 December 2021 £000
Trade creditors	133	305
Amounts owed to group undertakings	557	571
Other taxation and social security	125	93
Other creditors	14	12
Accruals and deferred income	358	423
	<u>1,187</u>	<u>1,404</u>

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Financial instruments

	31 December 2022 £000	<i>31 December 2021 £000</i>
Financial assets		
Cash	10,145	9,299
Financial assets that are debt instruments measured at amortised cost	1,202	1,031
	<u>11,347</u>	<u>10,330</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>704</u>	<u>888</u>

17. Deferred taxation

	2022 £000	<i>2021 £000</i>
At beginning of year	60	106
Credited to profit or loss	(-)	(46)
At end of year	<u>60</u>	<u>60</u>

The deferred tax asset is made up as follows:

	31 December 2022 £000	<i>31 December 2021 £000</i>
Accelerated capital allowances	<u>60</u>	<u>60</u>

BOEING DISTRIBUTION SERVICES III LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Share capital

	31 December 2022 £000	31 December 2021 £000
Allotted, called up and fully paid		
81,004 (31 December 2021: 81,004) ordinary shares of £1 each	<u>81</u>	<u>81</u>

The company has one class of ordinary shares which carry no right to fixed income.

19. Reserves**Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained Earnings

Includes all current and prior period retained profits and losses.

20. Pension commitments

The company operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the company in independently administered funds. Pension costs charged in the period amounted to £361,506 (31 December 2021: £325,270).

BOEING DISTRIBUTION SERVICES III LIMITED

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21. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2022 £000	<i>31 December 2021 £000</i>
Not later than 1 year	637	525
Later than 1 year and not later than 5 years	2,365	72
More than 5 years	2,885	
	<u>5,887</u>	<u>597</u>

The increase in the commitments under operating leases is explained by the extension of the lease agreement for the site in Burgess Hill for a further 10 years from January 2023.

22. Related party transactions

The company has taken advantage of the exemption under FRS 102 Section 33.1a from disclosing transactions with other group companies wholly owned within the group.

23. Post balance sheet events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

24. Controlling party

The immediate parent undertaking as at 31 December 2022 was Boeing Distribution Services I Limited, incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent undertaking and controlling party is The Boeing Company also incorporated in Delaware and with its international headquarters at 929 Long Bridge Drive, Arlington, Virginia 22202, USA.

The Boeing Company is the parent of the largest and smallest group of undertakings to consolidate these financial statements for the period ended 31 December 2022. The consolidated financial statements of The Boeing Company can be obtained from 929 Long Bridge Drive, Arlington, Virginia 22202, USA.