

Boeing Technical Services UK Limited
(formerly Continental DataGraphics Limited)
Annual report and financial statements
for the year ended 31 December 2019

Registered number: 03425142

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Boeing Technical Services UK Limited

Annual report and financial statements for the year ended 31 December 2019

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Boeing Technical Services UK Limited

Officers and professional advisers

DIRECTORS

A T Masson
Sir M E Donnelly
J N Palmer

SECRETARY

S H Jones

REGISTERED OFFICE

1st Floor Building 1
Albany Place
Welwyn Garden City
AL7 3BG

BANKERS

Barclays Bank plc
Level 28
1 Churchill Place
London
E14 5HP

AUDITOR

Deloitte LLP
Statutory Auditor
Bristol
BS1 6GD

Boeing Technical Services UK Limited

Strategic report

Principal activities

The principal activities of Boeing Technical Services UK Limited ("BTSUKL" or the "Company") are the authorship of technical publications, the provision of engineering services and the creation of e-learning content and software solutions. The Company changed its name from Continental DataGraphics Limited to Boeing Technical Services UK Limited on 7 March 2019. There have not been any significant changes in the Company's principal activities in the year under review. The section below, Future developments, details changes that have occurred since 31 December 2019.

Review of the business

The Company continues to use its position as part of the Boeing Global Services division of The Boeing Company to win new work statements and expand.

As shown in the Company's statement of comprehensive income on page 9, the Company's sales have increased by 25% over the prior year (2018: 15%) due to new business wins in the engineering services division. The balance sheet on page 10 shows the Company's cash and net assets have improved versus the prior year due to continued profitability.

Key performance indicators

The Company's key measurement of the effectiveness of its operations had previously been its direct labour utilisation. Labour utilisation in 2018 was 74% but this data was not captured for 2019 year end reporting. The underlying business continued to increase in the year leading to increased revenue and more work was in support of The Boeing Company rather than external. Margins were in line with managements expectations for level of headcount and volume of aircraft part sales.

Change of ownership, future events and events after the balance sheet date

On 1 January 2020 the Shareholders of the Company completed on a transaction to contribute 100% of the ownership of BTSUKL to Boeing Commercial Aviation Services Europe Limited ("BCASEL"), a wholly-owned subsidiary of the Boeing group of companies. On 2 January 2020, BTSUKL transferred its trade and assets into BCASEL. The assets were transferred at net book value and trade at market value. On 24 February 2020, the Company's Board of Directors approved the declaration and payment of an interim dividend to BCASEL of £25,700,000. Upon successful completion of all the Company's remaining contracts, the directors' intention is to move towards a voluntary liquidation of the Company. This is expected to occur in 2021 and therefore these financial statements have been prepared on a basis other than going concern.

Principal risks and uncertainties

The Company operates in a competitive market which is a continuing risk to the Company and could result in losing sales to competitors. The Company manages this risk by providing high quality work at competitive prices and maintaining strong relationships with its customers.

The Company's principal financial assets are bank balances and trade and other receivables. The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. The Company has no significant concentration of credit risk, with exposure spread over a number of customers.

The majority of the Company's sales and purchases are denominated in Pounds Sterling and hence the impact of foreign currency movements as a result of Brexit is considered to be minimal. The directors have performed an impact assessment around the UK's exit of the EU. No significant risks have been noted as the business was transferred to BCASEL on 2 January 2020.

Boeing Technical Services UK Limited

Strategic report (continued)

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'J Palmer', written over a horizontal line.

J Palmer

Director

7th July 2020

1st Floor, Building 1, Albany Place, Welwyn Garden City, Hertfordshire, United Kingdom, AL7 3BG

Boeing Technical Services UK Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2019.

Future developments and events after the balance sheet date

Details of future developments and relevant events after the balance sheet date can be found in the Strategic Report.

Going concern

Following the acquisition of the Company on 1 January 2020, the directors have decided to hive up the trade and assets of the company to Boeing Commercial Aviation Services Europe Limited ("BCASEL"), its new parent, and to wind up the company.

Due to this decision occurring after the year-end date, the directors do not believe the Company to be a going concern. The decision has therefore been made to prepare the financial statements on a basis other than that of a going concern.

No adjustments were identified from ceasing to apply the going concern basis as trade was transferred at market value and assets were transferred at net book value.

More information on the future outlook of the company is provided within the strategic report under Review of the business, and Future developments - change of ownership, future events and events after the balance sheet date.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk. Details of the risks can be found in the Strategic Report on page 2.

Dividends

The directors recommend no final dividend for the period (2018: £nil). On 24 February 2020, the Company's Board of Directors approved the declaration and payment of an interim 2020 dividend to BCASEL of £25,700,000.

Directors

The directors who served throughout the year and subsequently, except as noted, were as follows:

D L Malmo (resigned 8 February 2019)

A T Masson

D J Pitchforth (resigned 29 March 2019)

Sir M A Arthur (resigned 18 July 2019)

Sir M E Donnelly (appointed 18 July 2019)

J N Palmer

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Boeing Technical Services UK Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms 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 they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



J Palmer
Director

7th July 2020

1st Floor, Building 1, Albany Place, Welwyn Garden City, Hertfordshire, United Kingdom, AL7 3BG

Boeing Technical Services UK Limited

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 of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Independent auditor's report to the member of Boeing Technical Services UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Boeing Technical Services UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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).

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 Financial Reporting Council's ("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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report to the member of Boeing Technical Services UK Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the member of Boeing Technical Services UK Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Use of our report

This report is made solely to the Company's member, 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed.



Sonya Butters, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom

31 July 2020

Boeing Technical Services UK Limited

Statement of comprehensive income For the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	23,711,951	18,957,583
Cost of sales		(17,821,519)	(12,774,110)
Gross profit		5,890,432	6,183,473
Administrative expenses		(4,928,113)	(3,766,138)
Operating profit		962,319	2,417,335
Interest receivable and similar income	4	40,392	18,912
Profit on ordinary activities before taxation	5	1,002,711	2,436,247
Tax on profit	8	(182,137)	(511,407)
Profit for the financial year		820,574	1,924,840

All results derive from continuing operations.

There have been no recognised gains and losses either in the current or the preceding year other than those shown above.

Boeing Technical Services UK Limited

Balance sheet

As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	9	636,725	733,226
Current assets			
Debtors	11	3,488,481	4,161,375
Cash at bank and in hand		10,592,874	9,239,153
		14,081,355	13,400,528
Creditors: amounts falling due within one year	12	(2,150,498)	(2,797,190)
Net current assets		11,930,857	10,603,338
Total assets less current liabilities		12,567,582	11,336,564
Provisions for liabilities	15	(539,097)	(128,653)
Net assets		12,028,485	11,207,911
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		12,028,385	11,207,811
Total shareholder's funds		12,028,485	11,207,911

The financial statements of Boeing Technical Services UK Limited, registered number 03425142, were approved by the Board of Directors and authorised for issue on 7th July 2020. They were signed on its behalf by:



J Palmer
Director

Boeing Technical Services UK Limited

Statement of changes in equity For the year ended at 31 December 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2018	100	9,282,971	9,283,071
Total comprehensive income for the financial year	-	1,924,840	1,924,840
At 31 December 2018	100	11,207,811	11,207,911
Total comprehensive income for the financial year	-	820,574	820,574
At 31 December 2019	100	12,028,385	12,028,485

Boeing Technical Services UK Limited

Notes to the financial statements for the year ended 31 December 2019

1 Accounting policies

The Company's principal accounting policies, which have been applied consistently in the current and preceding year, are summarised below.

a. General information and basis of accounting

Boeing Technical Services UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2. The Company changed its name from Continental DataGraphics Limited to Boeing Technical Services UK Limited on 7 March 2019.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

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 the presentation of a cash flow statement, financial instruments and remuneration of key management personnel.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report, together with the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

Due to events occurring after the year-end date, the directors have assessed that the Company's principal activity has been hived up. The decision has therefore been made to prepare the financial statements on a basis other than that of a going concern.

No adjustments were identified from ceasing to apply the going concern basis as trade was transferred at market value and assets were transferred at net book value.

c. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

IT equipment	5 years – straight-line
Fixtures and fittings	5 - 7 years - straight-line
Leasehold improvements	lesser of economic useful life or lease term

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Assets with a unit price in excess of £3,250 are capitalised; however, those below this threshold are expensed in the statement of comprehensive income.

Boeing Technical Services UK Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

d. Financial instruments

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value unless the arrangement constitutes a financing transaction.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

e. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet 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 asset 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.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired 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.

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, 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.

Boeing Technical Services UK Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

f. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

g. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a service contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

h. Employee benefits

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Boeing Technical Services UK Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

i. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

j. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

l. Interest receivable

Bank interest is recognised as it is earned.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, 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, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The directors believe there are no key sources of estimation uncertainty.

Revenue recognition

Revenue is recognised on fixed price projects in relation to the completeness of these projects. Calculating the completeness involves an estimation of the number of hours remaining to be worked to complete the project. There are also engineering contracts containing sizeable goods deliveries which require an estimation of costs to complete the manufacture of the aircraft parts.

Boeing Technical Services UK Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Turnover

An analysis of the Company's turnover by geographical market is set out below:

	2019	2018
	£	£
Turnover:		
Americas	17,722,631	15,555,379
United Kingdom	706,413	1,205,160
Europe	668,949	1,030,747
Asia Pacific	753,663	228,730
Middle East and Africa	3,860,295	937,567
	<u>23,711,951</u>	<u>18,957,583</u>

All revenue is from the rendering of services.

4 Finance income

	2019	2018
	£	£
Bank interest receivable and similar income	<u>40,392</u>	<u>18,912</u>

5 Profit on ordinary activities before taxation

	2019	2018
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation – owned assets	368,111	318,177
Rentals under operating leases:	391,016	391,016
Auditor's remuneration – audit of financial statements	46,400	46,400
FX loss / (gain)	<u>95,146</u>	<u>(31,311)</u>

Boeing Technical Services UK Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

6 Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2019	2018
	No.	No.
Operations	200	183
Administrative	13	18
	213	201

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	10,099,385	9,544,211
Social security costs	1,358,542	1,214,017
Other pension costs	809,592	638,755
	12,267,519	11,396,983

The Company operates a defined contribution pension scheme. The total cost charged to the statement of comprehensive income for the year was £809,592 (2018: £638,755).

7 Directors' remuneration and transactions

The directors received no remuneration from the Company in either the current or the prior financial year. The directors were remunerated and paid by other group companies in both financial years and their emoluments are allocated based on services provided to the Company.

There were no contributions on behalf of the directors to defined contribution pension schemes in either financial year.

Boeing Technical Services UK Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

8 Tax on profit on ordinary activities

	2019	2018
	£	£
Analysis of tax charge in the year		
Current tax on profit on ordinary activities		
UK corporation tax	307,251	492,081
Adjustments in respect of prior periods	7,666	60,415
Total current tax	314,917	552,496
Deferred tax		
Origination and reversal of timing differences	(104,395)	5,827
Adjustments in respect of prior periods	(28,385)	(46,916)
Total deferred tax (note 10)	(132,780)	(41,089)
Total tax on profit on ordinary activities	182,137	511,407

A reduction in the main rate of corporation tax from 19% to 17% effective from 1 April 2020, was substantially enacted in September 2016 and has been reflected in the calculation of deferred tax at the balance sheet date. Legislation to retain the 19% rate was substantially enacted after the balance sheet date on 17 March 2020, however the impact of this is not expected to have a material impact on the company's tax charge in future periods.

The closing deferred tax asset as at 31 December 2019 has been calculated at 17% reflecting the tax rate at which the deferred tax asset is expected to be utilised in future periods.

The tax charge for the period differs from the standard rate of corporation tax in the UK of 19% (2018: 19%) for the reasons set out in the following reconciliation:

	2019	2018
	£	£
Profit on ordinary activities before tax	1,002,711	2,436,247
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	190,515	462,887
Factors affecting tax charge for the year:		
Expenses not deductible for tax purposes	71,383	54,404
Capital allowances in excess of depreciation	45,353	(25,211)
Origination and reversal of timing differences	(104,396)	5,827
Prior period adjustments	(20,719)	13,500
Total tax charge for the year	182,137	511,407

Boeing Technical Services UK Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Tangible fixed assets

	Leasehold improvements £	IT equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2019	897,306	1,027,935	98,392	2,023,633
Additions	-	271,610	-	271,610
At 31 December 2019	897,306	1,299,545	98,392	2,295,243
Accumulated depreciation				
At January 2019	507,372	719,661	63,374	1,290,407
Charge for the year	187,929	169,113	11,069	368,111
At 31 December 2019	695,301	888,774	74,443	1,658,518
Net book value:				
At 31 December 2019	202,005	410,771	23,949	636,725
At 31 December 2018	389,934	308,274	35,018	733,226

10 Deferred taxation

	2019 £	2018 £
Movement on deferred tax asset in the year		
Opening balance	191,031	149,942
Debit to the statement of comprehensive income (see note 8)	132,780	41,089
Closing asset	323,811	191,031
	2019 £	2018 £
Deferred tax is provided as follows:		
Depreciation in excess of capital allowances	212,204	174,047
Other short-term timing differences	111,607	16,984
Closing asset	323,811	191,031

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Notes to the financial statements for the year ended 31 December 2019 (continued)

11 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	90,835	1,480,311
Amounts owed by fellow group subsidiary	1,764,424	1,097,396
Other debtors	61,866	98,811
Deferred tax (see note 10)	323,811	191,031
Prepayments and other accrued income	989,509	1,035,790
	<u>3,230,445</u>	<u>3,903,339</u>
Amounts falling due after one year:		
Other debtors	258,036	258,036
Total debtors	<u>3,488,481</u>	<u>4,161,375</u>

Amounts owed by fellow group subsidiaries are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

12 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	77,473	62,471
Amounts owed to fellow group subsidiary	615,876	349,735
Corporation tax payable	51,085	212,601
Other taxation and social security	330,259	310,663
Accruals and other deferred income	1,075,805	1,861,720
	<u>2,150,498</u>	<u>2,797,190</u>

Amounts owed to fellow group subsidiary are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

13 Called up share capital and reserves

	2019	2018
	£	£
Called up, allotted and fully paid		
Ordinary shares of £1 each	100	100

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

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14 Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2019	Land and buildings 2018
	£	£
Within one year	392,073	497,437
Between one and five years	108,270	455,760
	500,343	953,197

15 Provisions for liabilities

	£
At 1 January 2019	128,653
Additional provision due to rate experience	408,517
Discount unwinding movement during the year	1,927
At 31 December 2019	539,097

The above provision relates in full to dilapidation provisions related to leasehold properties. The additional provision created in the year reflects higher rates experienced within the wider group. The expected timing of payments arising from this provision is £402,485 within one year and £136,612 between one and five years.

16 Ultimate parent company and controlling party

The immediate parent company of the smallest group of which the Company is a member and from where group accounts can be obtained, is Boeing United Kingdom Limited, a company registered in the United Kingdom, at 25 Victoria Street, London, SW1H 0EX.

The ultimate parent company, controlling party and parent of the largest group of which the Company is a member for which group financial statements are prepared is The Boeing Company, a company incorporated in the State of Delaware, USA. Copies of the group consolidated financial statements can be obtained from the registered address: The Boeing Company, 100 North Riverside Plaza, Chicago, Illinois, 60606, USA.

17 Post balance sheet events

On 1 January 2020 the Shareholders of the Company completed on a transaction to contribute 100% of the ownership of BTSUKL to Boeing Commercial Aviation Services Europe Limited ("BCASEL"), a wholly-owned subsidiary of the Boeing group of companies. On 2 January 2020, BTSUKL transferred its trade and assets into BCASEL. The assets were transferred at net book value and trade at market value. On 24 February 2020, the Company's Board of Directors approved the declaration and payment of an interim 2020 dividend to BCASEL of £25,700,000. Upon successful completion of all the Company's remaining contracts, the directors' intention is to move towards a voluntary liquidation of the Company. This is expected to occur in 2021.