

Boeing UK Training and Flight Services Limited
Annual report and financial statements
for the year ended 31 December 2021

Registered number: 03802219

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Boeing UK Training and Flight Services Limited

Annual report and financial statements for the year ended 31 December 2021

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Boeing UK Training and Flight Services Limited

Officers and professional advisers

Directors

Sir M Donnelly
M Phillips
N Rorem
P Woodfield

Secretary

S H Jones

Registered office

Boeing House
Crawley Business Quarter
Manor Royal
Crawley
West Sussex
RH10 9AD

Bankers

Barclays Bank Plc
Level 28
1 Churchill Place
Canary Wharf
London
E14 5HP

Solicitors

Eversheds LLP
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

Independent auditor

Deloitte LLP
3 Rivergate
Temple Quay
Bristol
BS1 6GD

Boeing UK Training and Flight Services Limited

Strategic report

Principal activity

The principal activity of Boeing UK Training and Flight Services Limited ("the Company") is the provision of flight simulator training services. The Company provides flight crew training, specialising in type rating for Boeing aircraft. This activity is principally conducted at the Gatwick campus which houses ten full flight simulators and other training devices, and a further two simulators at a third party facility. The Company also conducts some training at customer facilities.

The Company also provides aircraft maintenance training courses for Boeing aircraft at the Gatwick campus and at customer facilities.

Review of the business

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

Turnover decreased by £1.1m from £21.1m in 2020 to £20.0m in 2021, as although volume of training undertaken increased from 2020 year end levels, it had still not recovered to Q1 2020 levels by the end of 2021 due to the ongoing impact of COVID-19. As a result cost of sales decreased by £1.5m from £18.2m in 2020 (restated) to £16.7m in 2021.

There was a decrease of £2.5m in administration costs from £3.2m in 2020 (restated) to £0.7m in 2021 driven by no required change in the bad debt provision (2020: an increase of £1.7m).

The result of this is that the Company made a net profit after tax of £2.7m (2020: net loss after tax of £0.9m).

The Company has a cash position of £8.8m at the end of 2021 (2020: £21.1m).

Key performance indicators

The key performance indicators for the business are operating margin by contract and simulator utilisation. The directors consider operating margin and utilisation statistics for the Company's simulator assets to be commercially sensitive and have therefore decided not to disclose this information.

Boeing UK Training and Flight Services Limited

Strategic report (continued)

Principal risks and uncertainties

Turnover is supported by The Boeing Company ("TBC") which is the largest customer and accounts for most of the revenue for current production model aircraft. This significantly reduces the risk to the Company's earnings as The Boeing Company has back orders for aircraft which will support production volumes several years ahead, and these future deliveries will generate further demand for aircrew training. Any costs related to unutilised current capacity are charged back to TBC.

The Company is also at risk from variations in revenue generated by direct sale to third party customers, however this market is driven by regulatory requirements for type rating of pilots and their recurrent training, and the Company has a well-established position in this market.

The COVID-19 pandemic has caused an unprecedented shock to demand for air travel for The Boeing Group (of which the Company is a part), creating a tremendous challenge for our customers, our business and the entire commercial aerospace manufacturing and services sector. The latest International Air Transport Association (IATA) release reported that passenger traffic in 2021 recovered to approximately 40% of 2019 levels, as international markets saw continued reopening challenges. Additionally, global economic activity is improving, but continues to be impacted by COVID-19, and governments continue to restrict travel to contain the spread of the virus. Whilst recovery is accelerating, we continue to expect that it will remain uneven as travel restrictions and varying regional travel protocols continue to impact air travel. Generally, we continue to expect domestic travel to recover faster than international travel. Also, the pace of the commercial market recovery will be heavily dependent on COVID-19 infection rates, vaccination rates, and government travel and other restrictions on trade and commercial activity. Demand for dedicated freighters continues to be strong, underpinned by a strong recovery in global trade and overall air cargo growth. Overall cargo capacity remains challenged given the large impact that COVID-19 has had on international passenger operations, which also carry cargo.

Airline financial performance, which also plays a role in the demand for new capacity, has been adversely impacted by the COVID-19 pandemic. We continue to face a challenging environment in the near to medium term as airlines have adjusted to reduced traffic, which in turn has resulted in lower demand for commercial aerospace products and services. The current environment is also affecting the financial viability of some airlines.

We continue to expect commercial air travel to return to 2019 levels in 2023 to 2024. We expect it will take a few years beyond that for the industry to return to long-term trend growth. There is significant uncertainty with respect to when commercial air traffic levels will recover, and whether, and at what point, capacity will return to and/or exceed pre-COVID-19 levels.

The long-term outlook for the industry remains positive due to the fundamental drivers of air travel demand: economic growth, increasing propensity to travel due to increased trade, globalisation, and improved airline services driven by liberalisation of air traffic rights between countries. The shock from COVID-19 has reduced the near to medium term demand, but our Commercial Market Outlook forecast projects a 4% growth rate for passenger and cargo traffic over a 20 year period. Based on long-term global economic growth projections of 2.7% average annual GDP growth, we project demand for approximately 43,610 new airplanes over the next 20 years. The industry remains vulnerable to exogenous developments including fuel price spikes, credit market shocks, acts of terrorism, natural disasters, conflicts, epidemics, pandemics and increased global environmental regulations.

We constantly monitor impacts of COVID-19 to the global economy, the aerospace sector, and our Company. We are also monitoring the impacts of global supply chain constraints, labour shortages and currently inflationary pressures, as well as any potential impacts from the war in Ukraine. We took steps in 2020 to review and reduce workforce in line with future business volume expectations and utilised the UK Government Coronavirus Job Retention Scheme ("CJRS") in 2020 and 2021 in an attempt to reduce layoffs. No further additional steps have been considered necessary. We continue to focus on reducing discretionary spending wherever possible.

Boeing UK Training and Flight Services Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

The Company's Senior Management team are of the view that all of the aforementioned risks are mitigated by having a large long-term profitable owner in TBC. TBC and its UK and Ireland subsidiaries are internal customers, and the Company expects to benefit from continued investment and growth in those areas. TBC has confirmed its continued support in writing which covers a period no less than 12 months from the date of approval of these financial statements.

The Company is also subject to financial risks, of which details can be found in the Directors' Report on page 5.

Climate change

Boeing recognises climate change is a fundamental global challenge, and as we enable people to move freely across the planet we recognise the need to reduce the impact of flying. We are reducing carbon emissions and using resources efficiently through innovative solutions across our product life cycle, in our factories and at work sites.

Boeing's Global Environment Report includes our Global 2025 Strategy for Environmental Leadership and metrics and targets for emissions, water and electricity consumption and waste reductions.

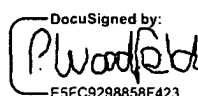
<https://www.boeing.com/principles/environment/report/index.page>

Future developments and events after the balance sheet date

For the coming year management expects the activities of the Company to continue as usual.

There have been no significant events since the financial year end up to the date of signing of this report that require disclosure in these financial statements. To date, there have been no significant impacts to this entity in relation to the ongoing situation in the Ukraine, and therefore no events to disclose in the financial statements.

Approved by the Board and signed on its behalf by:

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Paul Woodfield

Director

9 August 2022

Boeing House, Crawley Business Quarter, Manor Royal
Crawley, West Sussex, RH10 9AD

Boeing UK Training and Flight Services 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 2021.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 4 and form part of this report by cross-reference.

Going concern

Throughout the year, the Company met its day-to-day working capital requirements through cash generated from operations. The Company made a gross profit in 2021 of £3.3m (2020 restated: £2.9m), an operating profit of £4.4m (2020: an operating loss of £0.1m) and a net profit of £2.7m (2020: a net loss of £0.9m).

The balance sheet is solvent with an increase in net assets to £78.5m (2020: £75.5m) which is due to current year profits. Net current assets are £5.6m (2020: £1.0m). Cash reserves at the end of 2021 are strong at £8.8m (2020: £21.1m) and are more than adequate to meet non-group and non-deferred tax related current liabilities of £3.4m (2020: £2.2m).

As detailed above, the global economy is improving but continues to be impacted by the COVID-19 pandemic. We continue to closely monitor the current and potential future economic impacts of COVID-19 to the global economy, the aerospace sector, and our Company.

The continued support of TBC is imperative for the continuation of the business activities of the Company. TBC has confirmed its continued support in writing which covers a period no less than 12 months from the date of approval of these financial statements. Based on the 2021 performance and financial year to date for 2022, current 2022 forecasts and business projections, our current best estimates of market demand, timing of cash receipts and expenditures, and our ability to rely on TBC for continued support, the directors are of the opinion that the Company will continue in operational existence, as a going concern, for the foreseeable future.

Financial risk management objectives and policies

Details of the risks can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

During 2021 the Company continued to concentrate on its operations at the Gatwick Campus together with offering suitable third party locations in the EMEA region. The Company benefits from a stable core business of providing training for customers of The Boeing Company with a focus on current production aircraft types although some legacy aircraft types are also supported to meet continuing customer requirements.

The Company's activities expose it to a number of financial risks including cash flow risk and credit risk. The departure of the UK from the EU adds a political risk.

Foreign exchange risk

The Company has a substantial USD exposure and its reported profits are affected by changes in foreign currency exchange rates. Hedging against movements in foreign currencies is done at group level by its ultimate parent The Boeing Company.

Cash flow risk

With regard to financial risk and forecast cash flow, the Company continues to generate positive cash flow and holds large positive cash reserves.

Boeing UK Training and Flight Services Limited

Director's report (continued)

Financial risk management objectives and policies (continued)

Credit risk

The Company's principal financial assets are bank balances, cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of impairment provision for debtors due to uncertainty of recoverability at the balance sheet date. Credit risk is monitored and controlled on a regular basis and there has been a decrease in net trade receivables to £1.1m (2020: £2.9m). Impairment provision for trade debtors has remained consistent at £11.4m (2020: £11.5m).

The directors are aware of the risk to cash funds deposited with banks and The Boeing Company monitors the credit ratings of the banks that we deposit with on a regular basis. Should the credit ratings deteriorate then the directors will seek alternative institutions with which to deposit funds.

Dividends

No interim dividend was paid and the directors recommend no final dividend for the period (2020: £nil).

Directors

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

Sir M Donnelly

M Phillips

N Rorem

H Stephens (resigned 31 March 2022)

P Woodfield

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 UK Training and Flight Services Limited

Director's report (continued)

Auditor

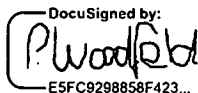
Each of the persons who is a director at the date of approval of this report confirms that:

- 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:

DocuSigned by:

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Paul Woodfield

Director

9 August 2022

Boeing House, Crawley Business Quarter, Manor Royal
Crawley, West Sussex, RH10 9AD

Boeing UK Training and Flight Services 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 FRS102 "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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent auditor's report to the members of Boeing UK Training and Flight Services Limited (continued)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Boeing UK Training and Flight Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

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.

Conclusions relating to going concern

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 UK Training and Flight Services Limited (continued)

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. 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 course of 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 this gives rise to 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the members of Boeing UK Training and Flight Services Limited (continued)

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- revenue being incorrectly recognised for training sessions that have not taken place or are in dispute. Specific procedures to respond to the risk included: testing design and implementation of controls around the revenue recognition process, agreeing a sample of sales invoices through to training log reports administered by the training operations team, inspecting contracts in place with customers for sampled sales invoices, agreeing sampled year end receivables to subsequent payments and challenging management on recoverability of aged debtor balances; and
- impairment flight simulator fixed assets. Specific procedures to respond to the risk included: testing design and implementation of controls around the impairment review process and reviewing and challenging the assumptions, model and methodology applied by management in their impairment assessment.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

Independent auditor's report to the members of Boeing UK Training and Flight Services Limited (continued)

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.

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 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.



Mark Boxall FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
9 August 2022

Boeing UK Training and Flight Services Limited

Profit and loss account

For the year ended 31 December 2021

		2021	2020
			(restated*)
	Note	£	£
Turnover	3	19,974,200	21,093,393
Cost of sales*		(16,689,248)	(18,200,973)
Gross profit		3,284,952	2,892,420
Administrative expenses*		(738,011)	(3,225,101)
Other operating income		1,895,211	281,697
Operating profit/(loss)		4,442,152	(50,984)
Finance income (net)	4	8,883	6,958
Profit/(loss) before taxation	5	4,451,035	(44,026)
Tax on profit/(loss)	8	(1,769,306)	(889,816)
Profit/(loss) for the financial year attributable to the equity shareholder of the Company		2,681,729	(933,842)

*£2,617,205 of costs classed as Administrative expenses in the 2020 statutory accounts have been reclassified to Cost of sales due to the identification of an error in the methodology of allocating costs for the purposes of statutory reporting in the prior year.

All results have been derived from continuing operations.

There have been no recognised gains and losses either in the current or the preceding year other than those shown above, and on this basis no separate statement of comprehensive income has been prepared.

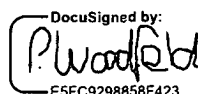
Boeing UK Training and Flight Services Limited

Balance sheet

As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	74,829,708	76,484,485
Current assets			
Debtors	12	8,304,953	7,824,851
Cash at bank and in hand		8,766,528	21,117,491
		17,071,481	28,942,342
Creditors: amounts falling due within one year	13	(11,431,031)	(27,975,920)
Net current assets		5,640,450	966,422
Total assets less current liabilities		80,470,158	77,450,907
Creditors: amounts falling due after more than one year	14	(45,452)	(52,505)
Provisions for liabilities	15	(1,920,009)	(1,904,798)
Net assets		78,504,697	75,493,604
Capital and reserves			
Called up share capital	16	14,874,758	14,874,758
Other reserve		88,573,595	88,573,595
Profit and loss account		(24,943,656)	(27,954,749)
Total shareholder's funds		78,504,697	75,493,604

The financial statements of Boeing UK Training and Flight Services Limited, registered number 03802219, were approved by the Board of Directors and authorised for issue on 9 August 2022. They were signed on its behalf by:

DocuSigned by:

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Paul Woodfield

Director

Boeing UK Training and Flight Services Limited

Statement of changes in equity As at 31 December 2021

	Note	Called up share capital £	Other reserve £	Profit and loss account £	Total £
At 1 January 2020		14,874,758	88,573,595	(27,020,907)	76,427,446
Loss and total comprehensive expense for the financial year		-	-	(933,842)	(933,842)
At 31 December 2020		14,874,758	88,573,595	(27,954,749)	75,493,604
Profit and total comprehensive expense for the financial year		-	-	2,681,729	2,681,729
Credit relating to equity- settled share-based payments	9	-	-	329,364	329,364
At 31 December 2021		14,874,758	88,573,595	(24,943,656)	78,504,697

Boeing UK Training and Flight Services Limited

Notes to the financial statements

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 UK Training and Flight Services 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 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 share-based payments, presentation of a cash flow statement, related party transactions, financial instruments and remuneration of key management personnel.

b. Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position, and assessment of financial risk management objectives and policies are set out within the Strategic and Directors reports on pages 2 to 7.

Throughout the year, the Company met its day-to-day working capital requirements through cash generated from operations. The Company made a gross profit in 2021 of £3.3m (2020 restated: £2.9m) and a net profit of £2.7m (2020: a net loss of £0.9m).

The balance sheet is solvent with an increase in net assets to £78.5m (2020: £75.5m) which is due to current year profits. Net current assets are £5.6m (2020: £1.0m). Cash reserves at the end of 2021 are strong at £8.8m (2020: £21.1m) and are more than adequate to meet non-group and non-deferred tax related current liabilities of £3.4m (2020: £2.2m).

As detailed above, the global economy is improving but continues to be impacted by the COVID-19 pandemic. We continue to closely monitor the current and potential future economic impacts of COVID-19 to the global economy, the aerospace sector, and our Company.

The continued support of TBC is imperative for the continuation of the business activities of the Company. TBC has confirmed its continued support in writing which covers a period no less than 12 months from the date of approval of these financial statements. Based on the 2021 performance and financial year to date for 2022, current 2022 forecasts and business projections, our current best estimates of market demand, timing of cash receipts and expenditures, and our ability to rely on TBC for continued support, the directors are of the opinion that the Company will continue in operational existence, as a going concern, for the foreseeable future.

Boeing UK Training and Flight Services Limited

Notes to the financial statements

1 Accounting policies (continued)

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, other than freehold land and assets under construction, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Leasehold buildings	Over the period of the lease
Furniture, fixtures and computer equipment	10% to 25% straight line
Simulators	5.56% to 7.14% straight line (*)
Freehold buildings	2.5% straight line

(*) Flight simulators are depreciated over a period of 14 to 18 years straight line with residual value calculated on an individual model basis. Simulator spares are depreciated at 12.5% straight line with nil residual value.

Additions to simulators may be depreciated at higher rates over the remaining life of the host simulator and simulator depreciation policy may vary for individual simulators based on impairment reviews.

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.

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.

Boeing UK Training and Flight Services Limited

Notes to the financial statements

1 Accounting policies (continued)

e. Impairment of assets (continued)

Non-financial assets (continued)

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 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.

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.

Boeing UK Training and Flight Services Limited

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

Notes to the financial statements

1 Accounting policies (continued)

f. Taxation (continued)

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. 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. Finance income

Finance income represents interest received and paid and is recognised in the profit or loss in the period in which it is earned.

i. Employee benefits

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The amount charged to the profit and loss account 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.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

j. 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.

k. 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.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Any contingent rent is taken to the profit and loss account in the period in which it occurs.

Boeing UK Training and Flight Services Limited

Notes to the financial statements

1 Accounting policies (continued)

l. 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).

m. Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

n. Share-based payments

The Company provides various forms of share-based compensation to its employees. For awards settled in shares, compensation expense is measured based on the grant-date fair value net of estimated forfeitures. For equity-settled share-based payments the corresponding credit is recognised in retained earnings as a component of equity. Where the Company is charged for the cost of share-based payment arrangements, the amounts are treated as a reduction in the capital contribution. If the amount charged is in excess of the share-based payment charge, the Company treats the excess as a notional distribution and charges this to retained earnings.

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. The directors reviewed the key sources of estimation and none are considered sufficiently material to require disclosure.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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.

Boeing UK Training and Flight Services Limited

Notes to the financial statements

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Recoverability of debtors

Overdue customer debts are provided for where there is no activity on the customer account for more than six months. Additional impairment provision was made for some accounts with significant doubtful balances. The trade debtor balance at the year-end was £1,055,383 (2020: £2,875,926) net of a provision for doubtful debts of £11,441,707 (2020: £11,488,092).

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Consideration of simulator impairment

Determining whether a simulator is impaired requires an estimate of the value in use of the asset. The value in use calculation requires the Company to make an estimate of the future cash flows expected to arise from the simulator over its useful life, and a suitable discount rate in order to calculate present value. The carrying value of the simulators at the year-end was £40,669,317 (2020: £43,471,618).

3 Turnover

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

	2021	2020
	£	£
Turnover		
United Kingdom	19,974,200	21,093,393

An analysis of the Company's revenue (including turnover) by category is as follows:

	2021	2020
	£	£
Rendering of services	19,974,200	21,093,393

4 Finance income (net)

	2021	2020
	£	£
Interest receivable - external	24,188	22,009
Total finance income	24,188	22,009
Interest expense - external	(94)	(3)
Unwinding of discounts on provisions (note 15)	(15,211)	(15,048)
Total finance expense	(15,305)	(15,051)
Finance income (net)	8,883	6,958

Boeing UK Training and Flight Services Limited

Notes to the financial statements

5 Profit/(loss) before taxation

	2021	2020
Profit/(loss) before taxation is stated after charging/(crediting):	£	£
Depreciation – owned assets	5,081,830	4,211,688
Rentals under operating leases:		
– plant and machinery	1,639,072	2,129,614
– leasehold property expense	403,295	403,295
Foreign exchange (gain)/loss	(290,103)	301,104
(Decrease)/increase in provision for impairment of debtors (note 12)	(46,385)	1,667,486
Other income – UK government coronavirus job retention scheme grant income	(48,432)	(238,531)
Other income - gain on sale of flight simulator	(1,469,956)	-
Auditor's remuneration– audit fees (no other services provided)	109,880	105,867

6 Staff numbers and costs

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

	2021	2020
	No.	No.
Management and executives	5	6
Professional and administrative staff	61	70
	66	76

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	4,832,463	5,036,347
Social security costs	603,467	595,556
Other pension costs	359,246	380,501
	5,795,176	6,012,404

The Company operates a defined contribution pension scheme. The total cost charged to profit and loss for the year was £359,246 (2020: £380,501).

Boeing UK Training and Flight Services Limited

Notes to the financial statements

7 Directors' remuneration and transactions

	2021	2020
	£	£
Directors' remuneration		
Aggregate emoluments	136,632	115,544
Contributions to defined contribution pension schemes	10,000	10,682
	146,632	126,226

The number of directors for whom pension contributions are paid is: 1 (2020: 2).

	2021	2020
	£	£
Highest paid director		
Aggregate emoluments	136,632	81,791
Contributions to defined contribution pension schemes	10,000	7,537
	146,632	89,328

Directors' emoluments are allocated based on services provided to the Company. Three of the directors listed on page 1 have been remunerated by other companies within the Boeing Group.

Boeing UK Training and Flight Services Limited

Notes to the financial statements

8 Tax on profit/(loss)

	2021	2020
	£	£
Analysis of tax charge in the year		
Current tax on profit/(loss)		
UK corporation tax	20,514	(304,268)
Adjustments in respect of prior periods	(280,795)	483,386
Total current tax	(260,281)	179,118
Deferred tax		
Origination and reversal of timing differences	647,675	402,022
Adjustments in respect of prior periods	15,111	(38,937)
Effect of changes in tax rates	1,366,801	347,613
Total deferred tax (see note 10)	2,029,587	710,698
Total tax on profit/(loss)	1,769,306	889,816

The 2021 Finance budget announced that the main rate of corporation tax will increase from 19% to 25% effective from 1 April 2023. These rate increases have been reflected in the calculation of deferred tax at the balance sheet date.

The closing deferred tax asset as at 31 December 2021 has been calculated at 25% 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 19.00% (2020: 19.00%) for the reasons set out in the following reconciliation:

	2021	2020
	£	£
Profit/(loss) before tax	4,451,035	(44,026)
Tax on profit/(loss) at standard UK corporation tax rate of 19% (2020: 19%)	845,697	(8,365)
Factors affecting tax charge for the year:		
Expenses not deductible for tax purposes	144,124	110,301
Utilisation of losses	-	(4,182)
Deferred tax not recognised	(321,632)	-
Prior period adjustments	(265,684)	444,449
Effect of changes in tax rate	1,366,801	347,613
Total tax charge for the year	1,769,306	889,816

Boeing UK Training and Flight Services Limited

Notes to the financial statements

9 Share-based payments

The Company issues equity-settled share-based payments to certain employees, as part of the long term incentive programme. The equity-settled arrangements require TBC to settle in common stock (on a one-for-one basis) the intrinsic value of these share based payments to the employee at the date of exercise.

The Company recorded total expenses in the year of £0.3m (2020: £nil) which was recognised in equity in relation to the equity-settled arrangements as shown in the Statement of Changes in Equity. On vesting of the shares, the Company is charged an amount up to vest price by TBC.

The Company has one arrangement of shared-based payments, which is the Restricted Stock Units (RSU).

RSUs are valued based on Boeing stock. RSUs granted will vest and settle in TBC common stock (on a one-for-one basis). The target RSU value granted is calculated based on a percentage of prior December 31 annual base salary in local currency. The number of RSUs awarded is fixed on the grant date but earn dividend equivalents.

The RSUs have time-based vesting only, and are 100% vested after the three year performance period. If an employee terminates employment because of retirement, death, disability or involuntary layoff, the employee (or beneficiary) will receive a proration of stock units based on active employment during the three-year service period.

Boeing UK Training and Flight Services Limited

Notes to the financial statements

10 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Furniture, fixtures and computer equipment	Simulators	Assets under construction	Total
	£	£	£	£	£	£
Cost						
At 1 January 2021	13,452,706	6,521,248	8,292,978	72,761,043	15,736,490	116,764,465
Additions	-	-	991,366	1,173,187	1,961,214	4,125,767
Disposals	-	-	(781,942)	(9,023,386)	-	(9,805,328)
At 31 December 2021	13,452,706	6,521,248	8,502,402	64,910,844	17,697,704	111,084,904
Accumulated depreciation						
At January 2021	3,769,756	871,795	6,349,004	29,289,425	-	40,279,980
Charge for the year	259,449	481,054	817,008	3,524,319	-	5,081,830
Disposals	-	-	(534,397)	(8,572,217)	-	(9,106,614)
At 31 December 2021	4,029,205	1,352,849	6,631,615	24,241,527	-	36,255,196
Net book value:						
At 31 December 2021	9,423,501	5,168,399	1,870,787	40,669,317	17,697,704	74,829,708
At 31 December 2020	9,682,950	5,649,453	1,943,974	43,471,618	15,736,490	76,484,485

The net book value of freehold land and buildings comprises:

	2021	2020
	£	£
Freehold land	3,345,915	3,345,915
Freehold buildings	6,077,586	6,337,035
	9,423,501	9,682,950

All leasehold buildings are short leasehold (less than 50 years).

Included within assets under construction are costs relating to a new 777X flight simulator of £15.4m (2020: £15.0m).

Boeing UK Training and Flight Services Limited

Notes to the financial statements

11 Deferred taxation

	2021	2020
	£	£
Movement on deferred tax in the year		
Opening liability	(3,665,416)	(2,954,718)
Movement to the profit and loss account (see note 8)	(2,029,587)	(710,698)
Closing liability	(5,695,003)	(3,665,416)

	2021	2020
	£	£
Deferred tax is provided as follows:		
Depreciation in excess of capital allowances	(5,777,476)	(3,676,225)
Other short-term timing differences	82,473	10,809
Closing liability	(5,695,003)	(3,665,416)

A deferred tax asset of £1,335,195 (2020: £960,541) has not been recognised which relates to a loan relationship deficit. It is not possible to determine whether there will be any suitable taxable gains available in the foreseeable future.

12 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,055,383	2,875,926
Amounts owed by group undertakings repayable within one year	4,321,223	1,788,461
Other debtors	90,547	4,219
VAT debtor	318,910	554,486
Corporation tax	1,745,375	2,106,320
Prepayments and accrued income	773,515	495,439
	8,304,953	7,824,851

Trade debtors are after impairment provision for recoverability of debtors of £11,441,707 (2020: £11,488,092).

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

Boeing UK Training and Flight Services Limited

Notes to the financial statements

13 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,027,339	295,467
Amounts owed to group undertakings	2,356,841	22,081,969
Other taxation and social security	134,372	156,013
Accruals and other deferred income	2,217,476	1,725,218
Defined contribution pension scheme accrual	-	51,837
Deferred taxation (see note 11)	5,695,003	3,665,416
	11,431,031	27,975,920

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

14 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Accruals and other deferred income	45,452	52,505
	45,452	52,505

15 Provisions for liabilities

	Dilapidations
	£
At 1 January 2021	1,904,798
Unwinding discount (see note 4)	15,211
At 31 December 2021	1,920,009

The above provision relates in full to dilapidations provisions related to leasehold properties of which £514,300 (2020: £514,300) is expected to be utilised within one year and £1,405,709 (2020: £1,390,498) is expected to be utilised after more than 5 years.

Boeing UK Training and Flight Services Limited

Notes to the financial statements

16 Called up share capital and reserves

	2021	2020
	£	£
Called up, allotted and fully paid		
Ordinary shares of £1 each	14,874,758	14,874,758

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

The Company's other reserves are as follows:

The other reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses.

17 Financial commitments

Capital commitments, which relate to the construction of flight simulators, are as follows:

	2021	2020
	£	£
Capital expenditure contracted for	392,657	3,080,909

18 Operating lease commitments

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

	Land and buildings 2021	Other 2021	Land and buildings 2020	Other 2020
	£	£	£	£
Within one year	427,647	267,333	427,647	265,154
Between one and five years	1,711,760	-	1,711,760	-
After five years	2,668,986	-	3,096,633	-
	4,808,393	267,333	5,236,040	265,154

19 Events after the balance sheet date

There were no events after the balance sheet date that require disclosure or adjustment in these financial statements.

Boeing UK Training and Flight Services Limited

Notes to the financial statements

20 Ultimate parent company and controlling party

The company is a wholly-owned subsidiary of Boeing UK Training and Flight Services Holding Limited, a company incorporated in the UK, which is itself is a subsidiary of Boeing US Training and Flight Services LLC, a company incorporated in Delaware, United States of America. This is the smallest group that the company belongs to for which consolidated accounts are drawn up. Consolidated accounts are available for Boeing US Training and Flight Services LLC from its registered address, care of the Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19805, USA.

The Boeing Company, a corporation registered in Delaware, United States of America, owns a 100% shareholding in Boeing US Training and Flight Services LLC and is considered to be the ultimate parent company and controlling party. This is the largest group that the company belongs to and for which consolidated accounts are drawn up. Copies of these consolidated accounts are available from its registered address, 100 North Riverside Plaza, Chicago, Illinois, 60606-1596, USA.