

Company Registration No. 03802219

**Boeing UK Training and Flight Services
Limited
(formerly Alteon Training UK Limited)**

Annual Report and Financial Statements

31 December 2008

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**Boeing UK Training and Flight Services Limited
(formerly Alteon Training UK Limited)**

Annual report and financial statements 2008

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**Boeing UK Training and Flight Services Limited
(formerly Alteon Training UK Limited)**

Annual report and financial statements 2008

Officers and professional advisers

Directors

J H Zrust
G Robson
G Geiken
S Carbary
P Curtin

Secretary

Shih-Feng Amy Tu

Registered Office

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

Bankers

Barclays Bank Plc
Luton Corporate Banking Centre
Eagle Point
1 Capability Green
Luton
Bedfordshire
LU1 3US

Solicitors

Eversheds LLP
70 Great Bridgewater Street
Manchester
M1 5ES

Independent auditors

Deloitte LLP
Chartered Accountants
Gatwick

Boeing UK Training and Flight Services Limited (formerly Alteon Training UK Limited)

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company during the year was the provision of flight simulator training services. Alteon Training UK Limited changed its name to Boeing UK Training and Flight Services Limited on 5 October 2009.

Results and dividends

The trading results for the period and the company's financial position at the end of the period are shown in the attached accounts.

The directors do not recommend payment of a dividend (2007: £nil).

Business review and future prospects

Turnover decreased by £2.9 million (16.5%) from £17.5 million to £14.6 million. Together with an impairment adjustment of £1.1 million for the Luton building, this contributed to a reduction of the gross margin from a £4.1 million (23.4%) profit to a £0.8 million (5.2%) loss. The operating loss of £4.7 million for 2008 also increased in comparison to the 2007 loss of £696k.

The loss after interest and taxation for 2008 of £23.5 million includes a realised currency translation loss of £13.9 million (2007: unrealised gain of £1.1 million). This realised loss is the result of the waiver of the US dollar denominated loan with Alteon Training LLC in November 2008. The value of the loan waived was £59.7million.

During 2008 the company has taken measures to further control and reduce costs in response to the severe downturn in the aviation industry. A recovery in the world economy and the aviation industry is anticipated in 2010, but the outlook remains uncertain and it is possible a recovery may not occur until 2011. However, the business will continue to develop in 2009 with both existing and new customers and the investment in the 787 programme. Due to delays in the 787 aircraft programme, training revenues from this new aircraft type will not commence until 2010.

The Luton training centre was closed in 2008 and the building has been actively marketed. A firm offer of £2.1 million has been received during 2009 and the value of the asset has been written down to its recoverable amount. Two simulators located in Luton were transferred to alternative Alteon training centres during the year, one was de-commissioned for sale within the Alteon group and a fourth leased simulator was also de-commissioned.

In response to the current uncertain economic environment and market demands, there is to be a reorganisation of the UK operation. It is planned that the Manchester campus is to be closed at the end of 2009, and the UK operation refined and consolidated into the Gatwick Campus to enhance asset utilisation, reduce fixed cost structures, and improve performance. The planned closure of the Manchester Campus is disclosed as a post balance sheet event in note 18, as well as a B737NG flight simulator that was de-commissioned upon the closure of the Luton training centre. This simulator has been sold at net book value in 2009 and shipped to Moscow where the Alteon group is commencing a joint venture with the airline S7, this transaction realised a net cash inflow in 2009 of £4.2million.

The directors are of the opinion that the financial impact of the closure of the Manchester Campus cannot be determined at this early stage.

Boeing UK Training and Flight Services Limited (formerly Alteon Training UK Limited)

Directors' report (continued)

Going concern

Throughout the year, the company met its day to day working capital requirements through cash generated from operations. There is no requirement for external finance and loans. The Company has made a loss for the year, a large portion of which can be attributed to reduced trade as a result of the uncertain economic climate. Results have been impacted also through a realised loss of £13.9 million on the US dollar loan held with Alteon Training LLC. Both this loan and the sterling loan of £28.9 million with Boeing UK Training and Flight Services Holding Limited (formerly Alteon Training Holding UK Limited) were waived during the financial year and converted to a capital contribution that is shown within other reserves on the balance sheet. This has improved the solvency of the balance sheet that shows net assets of £54.4 million and a reduction in net current liabilities of £15.4 million.

Cash reserves at the end of 2008 are comfortable at £14.4m and are forecast to improve through positive operational cash generation, working capital management as well as cash inflow received from the sale of the Luton building and a simulator sale in 2009.

The directors have reviewed the company's future working capital and cash requirements and revenue projections, the sensitivities of which have been reviewed against the current uncertain economic climate. They are of the opinion that the forecasts, which take into account possible changes in trading performance in the current uncertain economic environment, show that the company should be able to operate within its current level of cash and working capital, without the requirement for any external finance. The directors have also considered the effect of the closure of the Manchester campus and forecasts show that there are sufficient cash resources to absorb lost revenues from Manchester. The directors are confident that the intercompany creditors will not be called in the foreseeable future.

Accordingly the directors continue to adopt a going concern basis in preparing the financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk and cash flow risk.

Cash flow risk

The company is at risk to changes in foreign currency exchange rates; however, no hedging activity takes place.

The main risk to the company was the fluctuation in the exchange rate and the effect this had on the US Dollar loan and interest with Alteon Training LLC. The situation was addressed by the waiver of the US Dollar loan with Alteon LLC at the end of November 2008. The sterling loan of £28.9m with Boeing UK Training and Flight Services Holding Limited (formerly Alteon Training Holding UK Limited) was waived in March 2008.

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

Credit risk

The company's principal financial assets are bank balances and cash and trade other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Credit risk is monitored and controlled on a regular basis, and a large number of customers are being transacted on a pre-paid basis during the current low economic cycle.

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

Boeing UK Training and Flight Services Limited (formerly Alteon Training UK Limited)

Directors' report (continued)

Directors and their interests

The directors of the company during the year and to date are as follows:

J H Zrust	
D Andrews	Appointed 14 August 2008, Resigned 16 January 2009.
A D McIntosh	Resigned 15 August 2008.
G Robson	
G Geiken	
P Curtin	Appointed 20 February 2009.
S Carbary	

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the accounts of the parent company. At no time during the year did any of the directors have any interests in the shares of the company or any other United Kingdom group company.

Employees

The company's policy is to give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Alteon Training UK Limited is an equal opportunities employer.

The company recognises the need to keep its employees informed on all matters that affect them. The company achieves this by conducting regular quarterly meetings at each training centre as well as publishing an in-house newsletter and notices.

Independent auditors and statement or provision of information to the independent auditors

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP.

Deloitte LLP have expressed their willingness to continue in office as auditors and are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members.

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

- (1) So far as each of the directors is aware, there is no relevant information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- (2) Each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board



G Robson
Director

27 Oct 2009

Boeing UK Training and Flight Services Limited (formerly Alteon Training UK Limited)

Statement of directors' responsibilities

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 auditors' report to the members of Boeing UK Training and Flight Services Limited (formerly Alteon Training UK Limited)

We have audited the financial statements of Boeing UK Training and Flight Services Limited (formerly Alteon Training UK Limited) for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


Deloitte LLP

Chartered Accountants and Registered Auditors
Crawley, United Kingdom

20 October 2009

Boeing UK Training and Flight Services Limited
(formerly Alteon Training UK Limited)

Profit and loss account
For the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	2	14,627,547	17,507,822
Cost of sales (including an exceptional impairment of £1.1 million as per note 8 (2007 - £1.6 million))		(15,382,178)	(13,419,398)
Gross (loss)/profit		<u>(754,631)</u>	<u>4,088,424</u>
Administrative expenses		(6,089,576)	(5,781,830)
Other operating income		<u>2,171,975</u>	<u>997,226</u>
Operating loss	4	<u>(4,672,232)</u>	<u>(696,180)</u>
Other interest receivable and similar income	5	228,910	1,355,931
Interest payable and similar charges (including in 2008 an exceptional realised loss on loan from group companies of £13.9 million)	12	(15,606,999)	(3,636,229)
Loss on ordinary activities before taxation for the financial year		<u>(20,050,321)</u>	<u>(2,976,478)</u>
Tax on loss on ordinary activities	7	<u>(3,436,207)</u>	<u>-</u>
Loss on ordinary activities before and after taxation for the financial year		<u><u>(23,486,528)</u></u>	<u><u>(2,976,478)</u></u>

All the results derive from continuing operations.

There are no further recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.

Boeing UK Training and Flight Services Limited
(formerly Alteon Training UK Limited)

Combined statement of reconciliation of shareholders' funds/deficit and movements on reserves
Year ended 31 December 2008

	Called up share capital	Other reserve	Profit and loss account	Total 2008	Total 2007
	£	£	£	£	£
Balance at 1 January	1,000	-	(10,635,235)	(10,634,235)	(7,657,757)
Loss for the year	-	-	(23,486,528)	(23,486,528)	(2,976,478)
Waiver of intercompany loans	-	88,573,594	-	88,573,594	-
Balance at 31 December	<u>1,000</u>	<u>88,573,594</u>	<u>(34,121,763)</u>	<u>54,452,831</u>	<u>(10,634,235)</u>

Boeing UK Training and Flight Services Limited
(formerly Alteon Training UK Limited)


Balance sheet
31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	8	58,611,127	59,726,902
Investments	9	35	35
		<u>58,611,162</u>	<u>59,726,937</u>
Current assets			
Stocks		16,370	16,370
Debtors	10	13,605,213	12,926,801
Short term deposits		7,806,543	1,864,072
Cash at bank and in hand		6,638,817	5,678,182
		<u>28,066,943</u>	<u>20,485,425</u>
Creditors: amounts falling due within one year	11	(28,789,067)	(36,655,870)
Net current liabilities		<u>(722,124)</u>	<u>(16,170,445)</u>
Total assets less current liabilities		57,889,038	43,556,492
Creditors: amounts falling due after more than one year	12	-	(54,190,727)
Provisions for liabilities	13	(3,436,207)	-
		<u>54,452,831</u>	<u>(10,634,235)</u>
Capital and reserves			
Called up share capital	14	1,000	1,000
Other reserve		88,573,594	-
Profit and loss account		(34,121,763)	(10,635,235)
Shareholders' funds/deficit		<u>54,452,831</u>	<u>(10,634,235)</u>

The financial statements of Boeing UK Training and Flight Services Limited (formerly Alteon Training UK Limited), registered number 03802219 were approved by the board of directors and authorised for issued on

27 Oct 2009.

Signed on behalf of the Board of Directors


G Robson
Director

Boeing UK Training and Flight Services Limited (formerly Alteon Training UK Limited)

Notes to the accounts For year ended 31 December 2008

1. Basis of accounting

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The company's business together with the factors likely to affect its future development, performance and position are set out in the Directors' report. The directors' report describes the financial position of the company, financial risk management objectives and exposure to cash flow and credit risks.

The directors have reviewed future working capital and cash requirements and revenue projections for the next 12 months and are confident the company has sufficient cash resources to meet liabilities as they fall due, without the requirement for external finance. Consideration of the closure of Manchester has been made and the directors are confident that there are sufficient cash resources to absorb this loss.

Having regard to the above, and in light of the letter of support received from Alteon Training LLC, the directors are of the opinion that, at the time of approving the financial statements, there is a reasonable exception that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the accounts, on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Related parties

Under FRS8 "Related parties", subsidiary undertakings 90% or more whose voting rights are controlled within the group, are not required to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties provided that the consolidated financial statements in which that subsidiary is included are publicly available.

Accordingly no disclosure has been made of transactions with other group companies or investees of the group headed by the ultimate parent undertaking disclosed in note 19.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	Over the period of the lease
Furniture, fixtures and computer equipment	10% to 20% straight line
Simulators	5.55% straight line with a 5% residual value for all simulators
Freehold buildings	2.50% straight line
Land	Nil
Assets in course of construction	Nil

Boeing UK Training and Flight Services Limited
(formerly Alteon Training UK Limited)

Notes to the accounts
For year ended 31 December 2008

1. Basis of accounting

Deferred 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.

A net deferred tax asset is regarded as recoverable and therefore 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension costs

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

Foreign exchange

Monetary assets and liabilities stated in foreign currencies are translated into sterling at the rates ruling at the end of the period. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange gains and losses realised on trading transactions are included in the profit and loss account.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

2. Turnover

All turnover is attributable to the one principal activity of the group in the UK and is stated as the amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes

Boeing UK Training and Flight Services Limited
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Notes to the accounts
For year ended 31 December 2008

3. Information regarding directors and employees

	2008	2007
	£	£
Directors' remuneration		
Emoluments (excluding pension contributions)	116,395	84,479
Company contributions to money purchase pension schemes	3,344	2,594
	<u>119,739</u>	<u>87,073</u>

Number of directors who are members of money purchase pension scheme	<u>2</u>	<u>1</u>
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	£	£
Remuneration of highest paid director		
Emoluments (excluding pension contributions)	85,573	84,479
Company contributions to money purchase pension schemes	2,645	2,594
	<u>88,218</u>	<u>87,073</u>

	No.	No.
Average number of persons employed (including directors)		
Administration	36	37
Management	12	12
Technical	57	53
	<u>105</u>	<u>102</u>

	£	£
Staff costs during the year (including directors)		
Wages and salaries	4,063,164	3,934,209
Social security costs	489,059	418,028
Pension costs	117,670	105,577
	<u>4,669,893</u>	<u>4,457,814</u>

Boeing UK Training and Flight Services Limited
(formerly Alteon Training UK Limited)

Notes to the accounts
For year ended 31 December 2008

4. Operating loss

	2008	2007
	£	£
Operating loss is stated after charging/(crediting):		
Depreciation and amortisation:		
Owned assets	4,707,053	4,143,821
Impairment of tangible fixed assets		
Owned assets	1,074,728	1,618,121
Rentals under operating leases:		
Hire of plant and machinery	977,299	1,125,698
Other operating leases	371,036	421,337
Auditors' remuneration:	51,448	64,539
Loss/(gain) on foreign exchange	2,105,646	(509,352)
	<u>2,105,646</u>	<u>(509,352)</u>

The analysis of auditors' remuneration is as follows:

	2008	2007
	£	£
Fees payable to the company's auditors for the audit of the company's annual accounts	42,200	37,725
Total audit fees	<u>42,200</u>	<u>37,725</u>
Tax services	9,248	26,814
Total non audit fees	<u>9,248</u>	<u>26,814</u>

5. Interest receivable and similar income

	2008	2007
	£	£
Interest receivable	228,910	288,263
Unrealised exchange gain on loan from group companies	-	1,067,668
	<u>228,910</u>	<u>1,355,931</u>

Boeing UK Training and Flight Services Limited
(formerly Alteon Training UK Limited)

Notes to the accounts
For year ended 31 December 2008

6. Interest payable and similar charges

	2008 £	2007 £
Realised Loss on loan from group companies	13,877,506	-
Amounts payable to group companies	1,729,493	3,636,229
	<u>15,606,999</u>	<u>3,636,229</u>

7. Tax on loss on ordinary activities

	2008 £	2007 £
Analysis of tax charge on ordinary activities		
United Kingdom corporation tax at 28.5% (2007 - 30%) based on the loss for the year	-	-
Deferred Taxation – origination and reversal of timing differences	(3,436,207)	-
	<u>(3,436,207)</u>	<u>-</u>
	2008 £	2007 £
Loss on ordinary activities before tax	(20,050,321)	(2,976,478)
Tax at 28.5% thereon (2007 - 30%):	5,714,341	892,943
Effects of:		
- Expenses not deductible for tax purposes	(4,353,824)	(489,804)
- Capital allowances in excess of depreciation	245,831	1,574,350
- Movement in short term timing differences	2,189	(1,093,760)
- Group Relief Surrendered	(269,739)	(883,729)
- Losses not utilised in the period	(1,338,798)	-
	<u>-</u>	<u>-</u>
Current tax charge for the period	-	-

Boeing UK Training and Flight Services Limited
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Notes to the accounts
For year ended 31 December 2008

8. Tangible fixed assets

	Land and buildings freehold £	Leasehold improve- ments £	Furniture, fixtures & computer equipment £	Simulators £	Assets in course of construction £	Total £
Cost						
At 1 January 2008	15,750,767	1,905,693	1,650,877	66,180,528	3,844,372	89,332,237
Additions	1,681,468	1,171,859	373,090	1,228,595	218,257	4,673,269
Disposals	-	-	(167,570)	-	-	(167,570)
Transfers in the year	42,494	25,481	1,061,822	1,637,072	(2,766,869)	-
At 31 December 2008	17,474,729	3,103,033	2,918,219	69,046,195	1,295,760	93,837,936
Accumulated depreciation						
At 1 January 2008	2,616,925	349,932	1,189,134	25,449,344	-	29,605,335
Charge for the period	292,703	57,179	269,210	4,087,961	-	4,707,053
Disposals	-	-	(160,307)	-	-	(160,307)
Impairment loss /(gain)	1,208,726	-	(133,998)	-	-	1,074,728
At 31 December 2008	4,118,354	407,111	1,164,039	29,537,305	-	35,226,809
Net book value						
At 31 December 2008	13,356,375	2,695,922	1,754,180	39,508,890	1,295,760	58,611,127
At 31 December 2007	13,133,842	1,555,761	461,743	40,731,184	3,844,372	59,726,902

The net book value of land and building comprises:

	2008 £	2007 £
Land	3,345,915	3,345,915
Building Freehold	10,010,460	9,787,927
	13,356,375	13,133,842

In 2009 an offer of £2.1 million was received for the Luton training centre. The impairment has been recognised to write the value of the asset down to its recoverable amount

The net book value of fixed assets includes £133,998 relating to the reversal of an impairment made in 2007 relating to fixed assets held at Luton. In 2008 there was a change in the expected use of these assets and as such, this recognition is permitted by FRS11.

Boeing UK Training and Flight Services Limited
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Notes to the accounts
For year ended 31 December 2008

9. Investments

Investments in group undertakings

	2008	2007
	£	£
Cost and net book value		
At 31 December	35	35

The investment represents a 1% investment in a fellow group subsidiary, Alteon Training Mexico, a company registered in Mexico. The company's principal activity is the provision of flight simulator training services

10. Debtors

	2008	2007
	£	£
Trade debtors	2,250,395	2,637,123
Amounts owed by fellow subsidiary undertakings	9,255,377	8,654,396
Other debtors	296,495	269,022
Prepayments and accrued income	1,802,946	1,366,260
	<u>13,605,213</u>	<u>12,926,801</u>

11. Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	657,230	220,579
Amounts owed to group undertakings	25,564,862	33,349,877
Taxation and social security	948,696	528,976
Other creditors	61,976	25,857
Accruals and deferred income	1,556,303	2,530,581
	<u>28,789,067</u>	<u>36,655,870</u>

Boeing UK Training and Flight Services Limited
(formerly Alteon Training UK Limited)

Notes to the accounts
For year ended 31 December 2008

12. Creditors: amounts falling due after more than one year

	2008 £	2007 £
Amounts owed to group undertakings		
Owed to Boeing UK Training and Flight Services Holding Limited (formerly Alteon Training Holding UK Limited) under a loan agreement that was terminated in March 2008. Interest was payable at rates between 7.20% and 6.82% during the year	-	19,095,828
Owed to Alteon Training LLC under a loan agreement that was terminated in November 2008. Interest was payable at the rates between 5.85% and 3.46% during the year	-	35,094,899
	<u>-</u>	<u>54,190,728</u>

The waiver of the loan with Alteon Training LLC in November 2008 resulted in a realised currency exchange loss of £13.9 million. The value of the loan waived was £59.7 million and the value of the sterling loan with Boeing UK Training and Flight Services Holding Limited (formerly Alteon Training Holding UK Limited) waived in March 2008 was £28.9 million.

13. Provisions for liabilities

	2008 £	2007 £
Provision for deferred tax liability	3,436,207	-
Analysis of deferred tax balances:		
Accelerated capital allowances	4,804,294	-
Short term timing differences	(1,367,710)	-
Pension provision	(377)	-
Total provision	<u>3,436,207</u>	<u>-</u>

14. Called up share capital

	2008 £	2007 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Boeing UK Training and Flight Services Limited (formerly Boeing UK Training and Flight Services Limited)

Notes to the accounts For year ended 31 December 2008

15. Capital commitments

	2008 £	2007 £
Contracted for but not provided in the financial statements	-	636,546

16. Operating lease commitments

	Land and buildings 2008 £	Other 2008 £	Land and Buildings 2007 £	Other 2007 £
Leases which expire:				
Within one year	-	327,520	-	4,305
Within two to five years	-	631,864	-	1,139,293
After five years	372,000	-	372,000	-
	<u>372,000</u>	<u>959,384</u>	<u>372,000</u>	<u>1,143,598</u>

17. Pension costs

The company operates a defined contribution scheme. Its policy is to charge all employer contributions to the profit and loss account for the period in which the costs are incurred.

The pension cost charged for the financial year is £117,670 (2007: £105,577). The closing pension accrual is £20,899 (2007: £19,555).

18. Subsequent events

In 2008 the company accepted an offer for the Luton building but the buyer was unable to complete the transaction, so in 2009 the company exercised a contractual right to withdraw from the transaction and retain a £0.5 million deposit. Subsequently the property was marketed again and a new offer of £2.1 million has been accepted. An impairment adjustment has been made in the 2008 accounts to write the asset down to this value less selling costs.

In response to the current uncertain economic environment and market demands, there is to be a reorganisation of the UK operation. It is planned that the Manchester campus is to be closed at the end of 2009, and the UK operation refined and consolidated into the Gatwick Campus to enhance asset utilisation, reduce fixed cost structures, and improve performance.

A B737NG flight simulator that was de-commissioned upon the closure of the Luton training centre has been sold at net book value in 2009 and shipped to Moscow where the Altea group is commencing a joint venture with the airline S7.

Boeing UK Training and Flight Services Limited (formerly Boeing UK Training and Flight Services Limited)

Notes to the accounts

For year ended 31 December 2008

19. Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Boeing UK Training and Flight Services Holding Limited (formerly Alteon Training Holding UK Limited), a company registered in England and Wales. The ultimate parent company and controlling entity is The Boeing Company, a company registered in the USA.

The highest level of consolidated accounts available for the group is that for The Boeing Company, the ultimate parent of the Alteon group. These accounts are available from, 100 North Riverside Plaza, Chicago, Illinois, 60606-1596, USA. The lowest level of consolidated accounts available for the group is that for Alteon Training LLC, a company registered in the United States of America. Consolidated accounts are available for Alteon Training LLC from its registered address, care of the Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19805, USA.