

**Boeing UK Training and Flight  
Services Holding Limited**

**Annual report and financial statements**

**For the year end 31 December 2019**

Company Registration No. 03805580



**Boeing UK Training and Flight Services Holding Limited**  
**Annual report and financial statements 31 December 2019**

| <b>CONTENTS</b>                       | <b>Page</b> |
|---------------------------------------|-------------|
| Officers and professional advisers    | 1           |
| Strategic report                      | 2           |
| Directors' report                     | 4           |
| Directors' responsibilities statement | 7           |
| Independent auditor's report          | 8           |
| Profit and loss account               | 11          |
| Balance sheet                         | 12          |
| Statement of changes in equity        | 13          |
| Notes to the financial statements     | 14          |

## **Boeing UK Training and Flight Services Holding Limited**

### **Annual report and financial statements 31 December 2019**

#### **Officers and professional advisers**

##### **Directors**

Sir M Donnelly  
H Stephens  
N Rorem  
P Woodfield  
M Phillips

##### **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  
Bristol  
BS1 6GD

## **Boeing UK Training and Flight Services Holding Limited**

### **Strategic report**

#### **Principal activity**

The principal activity of Boeing UK Training & Flight Services Holding Limited (the "Company") during the course of the year was to act as a holding company. The Company did not increase its investments in or make any loans to its subsidiaries during the year. The Chinese subsidiary was liquidated during 2019 and the proceeds of liquidation were remitted to the Company.

#### **Review of the business**

Boeing UK Training & Flight Services Holding Limited was incorporated on 12 July 1999 as a subsidiary of Boeing Training & Flight Services LLC with the purpose of being a holding company resident in the United Kingdom, capable of providing funding and other support to its group companies. The Company's ultimate parent is The Boeing Company.

There have been no additional investments during 2019. The liquidation of Yunnan Alteon Boeing Advanced Flight Training Co Ltd was completed in August 2019. A dividend of £1,786,637 was received in relation to that liquidation and a gain of £10,309,618 was recognised on the realisation of the Company's investment.

The Company performed an impairment review and it was concluded that the fair value of its remaining investments were more than the carrying value. Based on this review no impairment is recorded in 2019 (2018: £nil).

The small operating loss for 2019 of £31 is due to bank charges (2018: loss £19). Finance expense for the year was £1,609,403 compared to income in 2018 of £138,300. This movement was largely a result of fluctuations as a result of Brexit uncertainty within the markets. Profit before tax for 2019 is £10,486,821 (2018: £138,281).

The directors hereby report that the Company remains in a strong positive net asset position at 31 December 2019 of £65.5m (2018: £55.0m) and holds a cash balance of £11.3m (2018: £2.2m).

#### **Key performance indicators**

Management do not use any key performance indicators due to the entity being a holding company.

#### **Principal risks and uncertainties**

The principal risk is the underlying value of the Company's investments. The UK and Korean subsidiaries are profitable and solvent and their audited financial statements support the carrying value of the Company's investments.

Please see the Directors' Report for a discussion of the impacts of COVID-19.

This Company does not anticipate any significant impacts in relation to Brexit. Boeing's assessed most significant Brexit risks, in a no-deal scenario, are: regulatory (Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH")), barriers to trade and our supply chain.

We have mitigated all known major Brexit risks to Boeing, as follows:

- REACH – we have taken steps to ensure continuity of supply of the chemicals we need to continue our operations in the UK.
- Barriers to trade – we have modelled where and when we need to have stock, procured warehousing and repositioned stock, as required.
- Supply chain – using a combination of surveys, deep-dives and workshops, we have worked with our supply chain, avoiding passing risk onto our suppliers, to ensure they are ready for all Brexit scenarios. We are confident that our tier one suppliers are ready. It is likely some unknown residual risk remains as we do not have visibility deep into our tier 2+ supply chain.

Boeing is prepared for the post-implementation period and has plans in place to mitigate any identified risks of a no deal Brexit to the entity at the end of 2020.

## **Boeing UK Training and Flight Services Holding Limited**

### **Strategic report**

#### **Future developments**

Subject to the ongoing reviews of the group's corporate structure, the directors expect the Company to continue to perform a similar role within The Boeing Group (being The Boeing Company and its subsidiaries) over the forthcoming year.

Please see the Directors' Report for a discussion of the impacts of COVID-19.

Approved by the Board and signed on its behalf by

**Paul Woodfield**  
**Director**

DocuSigned by:  
  
E5FC9298858F423...

11 December 2020

**Registered office:**  
Boeing House  
Crawley Business Quarter  
Manor Royal  
Crawley  
West Sussex  
RH10 9AD

## **Boeing UK Training and Flight Services Holding Limited**

### **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

#### **Future developments and events after the balance sheet date**

In January 2020, Boeing Training and Flight Services Holding Ltd made a \$4m investment into Boeing Training Services Korea LLC. This increased the value of the investment held by the Company in Boeing Training Services Korea LLC to £13.5 million.

The UK subsidiary is forecast to be profitable from a trading perspective, although for the year ended 31 December 2019 it made a loss after tax of £4.6 million (2018: profit after tax of £6.6 million). This was due to the recognition of a bad debt provision of a major customer resulting from the cancellation of a significant contract with The Boeing Company. Expectations are that it will return to being profitable going forward and is focusing on return to service of the MAX737 and recovery from the impacts of COVID-19 on the global aviation industry.

The Korea subsidiary made a profit after tax of £3.6m for 2019 (2018: profit £4.7m) from turnover of £38.8m (2018: £36.3m). Turnover was higher than 2018 by 7%, and profit before tax had increased by 5% from £5.6m in 2018 to £5.9m in 2019. Operating and administration costs had remained stable, and expectations are that this will continue.

As detailed below, the global economy is currently experiencing significant adverse impacts due to the COVID-19 pandemic, including a decline in overall trade. We are closely monitoring the current and potential future economic impacts of COVID-19 to the global economy, the aerospace sector, our Company and our investments. To date, there have been no significant impacts to this entity in relation to COVID-19 and therefore no events to disclose in the financial statements.

#### **Financial risk management objectives and policies**

Details of any principal risks and uncertainties can be found in the Strategic report on page 2.

#### **Going concern**

As at 31 December 2019 the Company had net current assets of £11.3m (2018: net current liabilities £12.1m) and net assets of £65.5m (2018: £55.0m). The net current position has changed from a liability to an asset through the repayment of the £14m loan to Boeing Training & Flight Services US and the monies received from the liquidation of the Chinese subsidiary. The £10.3m gain on disposal plus the £1.8m dividend income, offset by exchange losses of £1.6m, gives the increase on net assets for the period.

In December 2019, a novel strain of coronavirus emerged in Wuhan, China. By February 2020, the 2019 novel coronavirus ("COVID-19") had spread around the world. The outbreak and efforts to contain it have significantly impacted the global economy. The aerospace industry is facing an unprecedented shock to demand for air travel which creates a tremendous challenge for the customers and business of the Company's parent company, The Boeing Company ("TBC"), as well as for the entire aerospace manufacturing and services sector. While the long term outlook for the aerospace industry remains positive due the fundamental drivers of air travel demand, we currently expect it will take 2-3 years for travel to return to 2019 levels and 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 begin to recover, and whether and at what point capacity will return to and/or exceed pre-COVID-19 levels.

## **Boeing UK Training and Flight Services Holding Limited**

### **Directors' report (continued)**

#### **Going concern - continued**

Boeing is closely monitoring the current and potential future economic impacts of COVID-19 to the global economy, the aerospace sector, and our Company. Boeing is taking a number of actions to mitigate the effect of the significant reduction in air travel demand. To date, there have been no significant impacts to this Company in relation to COVID-19.

The Company's parent company, TBC, has stated that it will continue to provide ongoing financial support to the Company for the foreseeable future, and in particular for a period of at least 12 months from the date of the signing of these accounts. TBC's long-term forecast incorporates the effects of market forces on the development of the aviation industry. Based on their current best estimates of market demand, planned production rates, timing of cash receipts and expenditures, their ability to successfully implement actions to improve liquidity as well their ability to access additional liquidity, TBC believe it be able to fund their operations for the foreseeable future.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and will be able to continue as a going concern for a period of not less than 12 months from the date of signing of the financial statements. Thus the financial statements have been prepared on a going concern basis.

#### **Dividends**

No interim dividend was paid (2018: £nil) and the directors recommend no final dividend for the period (2018: £nil).

#### **Directors**

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

A Golder (resigned 1 April 2020)  
T Watson (resigned 13 June 2019)  
M Townsend-Smith (resigned 9 September 2019)  
Sir M Arthur (resigned 18 July 2019)  
Sir M Donnelly (appointed 18 July 2019)  
H Stephens (appointed 15 November 2019)  
C Wolter (resigned 10 December 2020)  
P Woodfield (appointed 17 September 2019)  
N Rorem (appointed 10 December 2020)  
M Phillips (appointed 22 April 2020)

#### **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 Holding Limited**

### **Directors' report (continued)**

#### **Auditor**

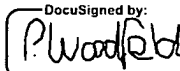
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
E5FC9298858F423...  
**Paul Woodfield**  
**Director**

11 December 2020

#### **Registered office:**

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

## **Boeing UK Training and Flight Services Holding Limited**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Holding Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

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

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

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## **Independent auditor's report to the members of Boeing UK Training and Flight Services Holding Limited**

### **Report on the audit of the financial statements**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

### **Report on the audit of the financial statements**

#### **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.



Sonya Butters FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Bristol, United Kingdom  
11 December 2020

## Boeing UK Training and Flight Services Holding Limited

### Profit and loss account For the year ended 31 December 2019

|  | Note | 2019<br>£         | 2018<br>£      |
|--|------|-------------------|----------------|
| Administrative expenses  |      | (31)              | (19)           |
| <b>Operating loss</b>  |      | <b>(31)</b>       | <b>(19)</b>    |
| Income from shares in group undertakings                                 | 7    | 1,786,637         | -              |
| Profit on disposal of fixed asset investments                            |      | 10,309,618        | -              |
| Profit / (loss) on ordinary activities before finance items and taxation |      | 12,096,224        | (19)           |
| Net finance (expense) / income   | 3    | (1,609,403)       | 138,300        |
| <b>Profit on ordinary activities before taxation</b>                     | 4    | <b>10,486,821</b> | <b>138,281</b> |
| Tax on profit on ordinary activities                                     | 6    | (20,813)          | 368,794        |
| <b>Profit for the financial year</b>                                     |      | <b>10,466,008</b> | <b>507,075</b> |

All the results have been derived from continuing operations.

There were no items of other comprehensive income for the current and preceding financial years and therefore no components of other comprehensive income are shown.

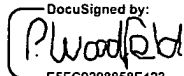
## Boeing UK Training and Flight Services Holding Limited

### Balance sheet At 31 December 2019

|  | Note | 2019<br>£         | 2018<br>£           |
|--|------|-------------------|---------------------|
| <b>Fixed assets</b>                            |      |                   |                     |
| Investments                                    | 7    | 54,213,350        | 67,107,873          |
| <b>Current assets</b>                          |      |                   |                     |
| Debtors  | 8    | 17,669            | 23,955              |
| Cash at bank and in hand                       |      | <u>11,316,476</u> | <u>2,209,372</u>    |
|  |      | 11,334,145        | 2,233,327           |
| Creditors: amounts falling due within one year | 9    | (35,105)          | (14,294,818)        |
| <b>Net current assets / (liabilities)</b>      |      | <u>11,299,040</u> | <u>(12,061,491)</u> |
| <b>Total assets less current liabilities</b>   |      | <u>65,512,390</u> | <u>55,046,382</u>   |
| <b>Net assets</b>                              |      | <u>65,512,390</u> | <u>55,046,382</u>   |
| <b>Capital and reserves</b>                    |      |                   |                     |
| Called-up share capital                        | 10   | 1,000             | 1,000               |
| Share premium account                          |      | 41,887,804        | 41,887,804          |
| Profit and loss account                        |      | <u>23,623,586</u> | <u>13,157,578</u>   |
| <b>Total shareholder's funds</b>               |      | <u>65,512,390</u> | <u>55,046,382</u>   |

The financial statements of Boeing UK Training and Flight Services Holding Limited, registered number 03805580, were approved by the board of directors and authorised for issue 11 December 2020

They were signed on its behalf by:

DocuSigned by:  
  
 ESFC9298858F423  
**Paul Woodfield**  
 Director

## Boeing UK Training and Flight Services Holding Limited

### Statement of changes in equity At 31 December 2019

|  | Called-up<br>share<br>capital<br>£ | Share<br>Premium<br>Account<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>£        |
|--|------------------------------------|----------------------------------|------------------------------------|-------------------|
| <b>At 1 January 2018</b>                           | <b>1,000</b>                       | <b>41,887,804</b>                | <b>12,650,503</b>                  | <b>54,539,307</b> |
| Profit and total comprehensive income for the year | -                                  | -                                | 507,075                            | 507,075           |
| <b>At 31 December 2018</b>                         | <b>1,000</b>                       | <b>41,887,804</b>                | <b>13,157,578</b>                  | <b>55,046,382</b> |
| Profit and total comprehensive income for the year | -                                  | -                                | 10,466,008                         | 10,466,008        |
| <b>At 31 December 2019</b>                         | <b>1,000</b>                       | <b>41,887,804</b>                | <b>23,623,586</b>                  | <b>65,512,390</b> |

## **Boeing UK Training and Flight Services Holding Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **1. Statement of accounting policies**

The principal accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

##### **General information and basis of accounting**

Boeing UK Training and Flight Services Holding Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private company limited by shares and is registered in England and Wales.

The principal activities of the Company 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 (FRS102). The Company has applied the amendments to FRS102 issued by the FRC in July 2015 and the amendments to Company Law made by the Companies, Partnerships and Groups (Accounts and Reports) Regulations prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

The functional and presentational 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.

Boeing UK Training and Flight Services Holding Limited meets the definition of a qualifying entity under FRS102 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 presentation of a cash flow statement, financial instruments and related party transactions.

##### **Going concern**

The Company is non-trading and holds cash on the balance sheet of £11,316,476. The directors are confident that this is sufficient to meet its requirements for the foreseeable future as the only liability is a corporation tax liability of £35,105.

In December 2019, a novel strain of coronavirus emerged in Wuhan, China. By February 2020, the 2019 novel coronavirus ("COVID-19") had spread around the world. The outbreak and efforts to contain it have significantly impacted the global economy. The aerospace industry is facing an unprecedented shock to demand for air travel which creates a tremendous challenge for the customers and business of the Company's parent company, The Boeing Company ("TBC"), as well as for the entire aerospace manufacturing and services sector. While the long term outlook for the aerospace industry remains positive due the fundamental drivers of air travel demand, we currently expect it will take 2-3 years for travel to return to 2019 levels and 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 begin to recover, and whether and at what point capacity will return to and/or exceed pre-COVID-19 levels.

Boeing is closely monitoring the current and potential future economic impacts of COVID-19 to the global economy, the aerospace sector, and our Company. Boeing is taking a number of actions to mitigate the effect of the significant reduction in air travel demand. To date, there have been no significant impacts to this Company in relation to COVID-19.

The Company's parent company, TBC, has stated that it will continue to provide ongoing financial support to the Company for the foreseeable future, and in particular for a period of at least 12 months from the date of the signing of these accounts. TBC's long-term forecast incorporates the effects of market forces on the development of the aviation industry. Based on their current best estimates of market demand, planned production rates, timing of cash receipts and expenditures, their ability to successfully implement actions to improve liquidity as well their ability to access additional liquidity, TBC believe it they will be able to fund their operations for the foreseeable future.

## **Boeing UK Training and Flight Services Holding Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2019**

#### **1 Statement of accounting policies - continued**

##### **Going concern - continued**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and will be able to continue as a going concern for a period of not less than 12 months from the date of signing of the financial statements. Thus the financial statements have been prepared on a going concern basis.

##### **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.

The Company's policy is that deferred taxation will be provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. No such timing differences have been recognised at 31 December 2019 and consequently no provision has been made. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **Foreign currency**

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

##### **Group accounts**

The Company is exempt under s401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements provided certain conditions are met. The Company and its subsidiary are included in the consolidated audited accounts of The Boeing Company, incorporated in Delaware, United States of America for the year ended 31 December 2019. The consolidated financial statements of this company are available to the public and may be obtained from 100 North Riverside Plaza, Chicago, Illinois, 00606 – 1596, USA. Its accounts are drawn up in a manner considered to be equivalent to consolidated accounts as required by the provisions of the EU Seventh Directive.

##### **Investments**

Investments in subsidiary companies are shown at cost. The net asset value and profitability of the subsidiaries is reviewed annually to identify potential impairments in the carrying value of the relevant investments.

Income from investments in subsidiaries is recognised when dividends are paid or approved by the subsidiary company but not yet paid.

##### **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 liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

## **Boeing UK Training and Flight Services Holding Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2019**

#### **1 Statement of accounting policies - continued**

##### **Financial instruments - continued**

###### *(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, 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.

###### *(ii) Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

##### **Impairment of assets**

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

###### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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

###### *Financial assets*

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

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

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

## **Boeing UK Training and Flight Services Holding Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2019**

#### **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 directors have reviewed the judgements and considered that there are no judgements that require disclosure. The directors reviewed the key sources of estimation and none are considered sufficiently material to require disclosure. 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 and future periods if the revision affects both current and future periods. The directors review has not identified that any such revisions for the 2019 financial statements.

The Directors believe that the accounting estimates and assumptions made by management are appropriate given the increased uncertainties surrounding the severity and duration of the impacts of the COVID-19 pandemic, however actual results could differ materially from those estimates.

## Boeing UK Training and Flight Services Holding Limited

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

#### 3. Net finance (expense) / income

|   | 2019<br>£          | 2018<br>£      |
|---|--------------------|----------------|
| Interest receivable and similar income  | 6,867              | 1,684          |
| Realised exchange (loss) / gain on settlement of foreign currency assets and borrowings | (1,616,270)        | 136,616        |
| Net finance (expense) / income  | <u>(1,609,403)</u> | <u>138,300</u> |

#### 4. Profit before taxation

Fees payable to the Company's auditor for the audit of the Company's annual financial statements for the current year are £7,000 (2018: £7,000). This is borne by the subsidiary undertaking, Boeing UK Training and Flight Services Limited. No fees were payable to the Company's auditor for other services during 2019 (2018: £nil).

#### 5. Directors' remuneration and staff costs

The Company has no employees (2018: nil).

The directors received £nil (2018: £nil) in respect of their services to the Company.

The directors received emoluments of £315,643 (2018: £442,389) for services to its subsidiary, Boeing UK Training and Flight Services Limited, which were borne by that subsidiary.

# Boeing UK Training and Flight Services Holding Limited

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

### 6. Tax on Profit

|  | 2019<br>£     | 2018<br>£        |
|--|---------------|------------------|
| <b>(a) Analysis of tax charge in the year:</b> |               |                  |
| <b>Current tax</b>                             |               |                  |
| UK Corporation tax                             | 33,669        | 26,273           |
| Adjustment in respect of prior periods         | (12,856)      | (395,067)        |
| <b>Total tax on profit</b>                     | <b>20,813</b> | <b>(368,794)</b> |

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

#### (b) Factors affecting total tax charge

The tax charge for the period differs from the standard rate of corporation tax in the UK of 19%.

The differences are explained below:

|  | 2019<br>£     | 2018<br>£        |
|--|---------------|------------------|
| Profit before tax  | 10,486,821    | 138,281          |
| Tax on profit at standard UK corporation tax rate of 19%<br>(2018: 19%): | 1,992,496     | 26,273           |
| Adjustment in respect of prior periods                                   | (12,856)      | (395,067)        |
| Expenses not deductible for tax purposes                                 | (1,958,827)   | -                |
| <b>Total tax for the year</b>  | <b>20,813</b> | <b>(368,794)</b> |

There are no recognised or unrecognised deferred tax assets or liabilities as at 31 December 2019.

## Boeing UK Training and Flight Services Holding Limited

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

#### 7. Investments

##### Subsidiary undertakings

|   | Total<br>£        |
|---|-------------------|
| <b>Cost</b>   |                   |
| At 1 January 2019   | 69,799,592        |
| Investment in Yunnan Alteon Boeing Advanced Flight Training Co Ltd liquidated in 2019 | (15,586,242)      |
| <b>At 31 December 2019</b>  | <b>54,213,350</b> |
| <b>Provisions for impairment</b>  |                   |
| At 1 January 2019   | (2,691,719)       |
| Investment in Yunnan Alteon Boeing Advanced Flight Training Co Ltd liquidated in 2019 | 2,691,719         |
| <b>At 31 December 2019</b>  | <b>-</b>          |
| <b>Net book value</b>   |                   |
| <b>At 31 December 2019</b>  | <b>54,213,350</b> |
| At 31 December 2018   | 67,107,873        |

The Company owns 100% of the issued ordinary share capital of the companies listed except as stated below:

| Name of undertaking                                  | Country of incorporation | 2019<br>£         | 2018<br>£         |
|--|--------------------------|-------------------|-------------------|
| Boeing UK Training and Flight Services Limited       | United Kingdom           | 43,771,878        | 43,771,878        |
| Yunnan Alteon Boeing Advanced Flight Training Co Ltd | China                    | -                 | 12,894,523        |
| Boeing Training Services Korea LLC                   | South Korea              | 10,441,472        | 10,441,472        |
|  |                          | <b>54,213,350</b> | <b>67,107,873</b> |

## Boeing UK Training and Flight Services Holding Limited

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

#### 7. Investments (continued)

The total closing net assets and result for the year, as translated at prevailing exchange rates at 31 December 2019, for the subsidiaries of Boeing UK Training and Flight Services Holding Limited were as follows:

|  | Aggregate<br>capital and<br>reserves<br>£ | Profit/ (Loss)<br>for<br>the year<br>£ |
|--|---|--|
| Boeing UK Training and Flight Services Limited | 76,427,446                                | (4,632,345)                            |
| Boeing Training Services Korea LLC             | 61,339,941                                | 3,601,923                              |

During the year, Yunnan Alton Boeing Advanced Flight Training Co Ltd was liquidated. A dividend of £1,786,637 was received in relation to that liquidation. £23,204,141 of capital was returned to the Company and a gain of £10,309,618 was recognised on the realisation of the Company's investment.

#### Subsidiary undertakings

| Subsidiary Undertaking                         | Registered Number | Principal Activity  | Registered Office Address   |
|--|-------------------|---|---|
| Boeing UK Training and Flight Services Limited | 03802219          | Provision of flight simulator training services   | Boeing House, Crawley Business Quarter, Manor Royal, Crawley RH10 9AD, West Sussex, UK                          |
| Boeing Training Services Korea LLC             | n/a               | Provision of aircraft training services, military aircraft repairs and other engineering research and development | Tepyeong-ro 1 ga, 16th Floor, Seoul Finance Center, 136 Sejong-daero, Jung-gu, Seoul, Republic of Korea 100-768 |

#### 8. Debtors

|  | 2019<br>£     | 2018<br>£     |
|--|---------------|---------------|
| Amounts falling due within one year:                         |               |               |
| Amounts owed by group undertakings repayable within one year | 17,669        | 23,955        |
|  | <u>17,669</u> | <u>23,955</u> |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

## Boeing UK Training and Flight Services Holding Limited

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

#### 9. Creditors: amounts falling due within one year

|                                    | 2019<br>£     | 2018<br>£         |
|------------------------------------|---------------|-------------------|
| Amounts owed to group undertakings | -             | 14,268,213        |
| Corporation Tax                    | 35,105        | 26,605            |
|                                    | <u>35,105</u> | <u>14,294,818</u> |

The amount owed to the group undertaking was repaid during the year 2019.

#### 10. Called-up share capital

|   | 2019<br>£    | 2018<br>£    |
|---|--------------|--------------|
| <b>Allotted, called-up and fully-paid</b> |              |              |
| 1,000 ordinary shares of £1 each          | <u>1,000</u> | <u>1,000</u> |

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

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

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

#### 11. Related party transactions

Being a wholly owned subsidiary, the Company has taken advantage of the exemption conferred by FRS 102 Section 33 'Related Party Disclosures', not to disclose transactions with other members of the group headed by The Boeing Company.

#### 12. Ultimate parent company and controlling party

The Company is a wholly-owned 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 company incorporated 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 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.

## **Boeing UK Training and Flight Services Holding Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2019**

#### **13. Post balance sheet events**

In January 2020, Boeing Training and Flight Services Holding Ltd made a \$4m investment into Boeing Training Services Korea LLC. This increased the value of the investment held by the Company in Boeing Training Services Korea LLC to £13.5 million.

As detailed above, the global economy is currently experiencing significant adverse impacts due to the COVID-19 pandemic, including a decline in overall trade. We are closely monitoring the current and potential future economic impacts of COVID-19 to the global economy, the aerospace sector, our Company and our investments. To date, there have been no significant impacts to this entity in relation to COVID-19 and therefore no events to disclose in the financial statements.

There have been no other significant events since the financial year end up to the date of signing of this report that require disclosure in these financial statements.