

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

Annual report and financial statements

For the year end 31 December 2021

Company Registration No. 03805580

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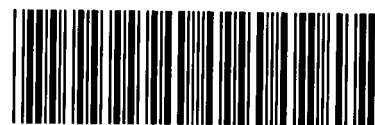


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Boeing UK Training and Flight Services Holding Limited

Annual report and financial statements 31 December 2021

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Boeing UK Training and Flight Services Holding 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 Holding Limited

Strategic report (continued)

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.

Review of the business

The Company was incorporated on 12 July 1999 as a subsidiary of Boeing US 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 subsidiary companies. The Company's ultimate parent is The Boeing Company ("TBC").

The UK subsidiary made a profit after tax of £2.7m for the year ended 31 December 2021 (2020: a loss after tax of £0.9m) and is forecast to continue being profitable going forward.

The Korean subsidiary made a profit after tax of £5.1m for the year ended 31 December 2021 (2020: £1.0m) and is forecast to continue to be profitable going forward.

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 has been recorded in 2021 (2020: £nil).

The small operating loss for 2021 of £2 (2020: profit £1,728) is due to bank charges. Net finance income for the year was £70,148 caused by foreign exchange gains (2020: an expense of £36,786 caused by foreign exchange loss on a short-term intercompany loan exceeding interest received on that loan). Profit before tax for 2021 is £70,146 (2020: a loss before tax of £35,058).

The directors hereby report that the Company remains in a strong positive net asset position at 31 December 2021 of £65.6m (2020: £65.5m) and holds a cash balance of £8.3m (2020: £7.8m).

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 long-term profitable given the global economic outlook for the aviation industry, solvent, and their audited financial statements support the carrying value of the Company's investments.

The Company operates in the aviation industry, which continually changes due to market forces including: fuel prices, economic growth and development, environmental regulations, infrastructure, market liberalisation, aircraft capabilities, other modes of transport, business models, and emerging markets. This environment can create a large degree of uncertainty and change within the market, which requires the Company to be adaptive to changes in these conditions.

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.

Boeing UK Training and Flight Services Holding Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

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 and its subsidiaries. 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 continue to focus on reducing discretionary spending wherever possible.

The directors are of the view that all of the aforementioned risks are mitigated by having a large long-term profitable owner in TBC. 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.

Currency risk

The Company's functional and reporting currency is Pounds Sterling (GBP). Its Korean subsidiary's functional and reporting currency is the Korean Won (KRW) and it has a significant United States Dollar (USD) cash balance. The movement of the value of the GBP relative to the KRW and the USD therefore poses a risk and uncertainty to the Company but no action is taken to mitigate this.

Boeing UK Training and Flight Services Holding Limited

Strategic report (continued)

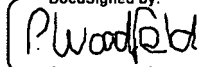
Climate change

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>

Approved by the Board and signed on its behalf by

DocuSigned by:

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Paul Woodfield
Director

9th August 2022

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 2021.

Future developments and events after the balance sheet date

The directors are not aware of any post balance sheet events that would have a material impact on the reported financial statements of the Company.

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.

Financial risk management objectives and policies

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company does not manage its exposure due to cost benefit considerations. Details of the risks and uncertainties can be found in the Strategic report on page 3.

Going concern

As at 31 December 2021 the Company had net current assets of £8.3m (2020: £8.2m) and net assets of £65.6m (2020: £65.5m).

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 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 will 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 (2020: £nil) and the directors recommend no final dividend for the period (2020: £nil).

Boeing UK Training and Flight Services Holding Limited

Directors' report (continued)

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.

Auditor

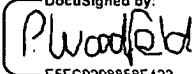
Each of the persons who is a director at the date of approval of this report confirms that:

- 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:

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Paul Woodfield
Director
9th August 2022

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 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 12.

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 Holding 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.

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

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.

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.

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.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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
9th August 2022

Boeing UK Training and Flight Services Holding Limited

Profit and loss account

For the year ended 31 December 2021

	Note	2021 £	2020 £
Administrative (expenses)/income		(2)	1,728
Operating (loss)/profit		(2)	1,728
Net finance income/(expense)	3	70,148	(36,786)
Profit/(loss) on ordinary activities before taxation	4	70,146	(35,058)
Tax credit on profit/(loss) on ordinary activities	6	1,437	33,669
Profit/(loss) for the financial year		71,583	(1,389)

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.

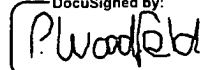
Boeing UK Training and Flight Services Holding Limited

Balance sheet At 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	7	57,287,791	57,287,791
Current assets			
Debtors	8	-	414,987
Cash at bank and in hand		8,294,793	7,809,660
		<u>8,294,793</u>	<u>8,224,647</u>
Creditors: amounts falling due within one year	9	-	(1,437)
Net current assets		<u>8,294,793</u>	<u>8,223,210</u>
Total assets less current liabilities		<u>65,582,584</u>	<u>65,511,001</u>
Net assets		<u>65,582,584</u>	<u>65,511,001</u>
Capital and reserves			
Called-up share capital	10	1,000	1,000
Share premium account		41,887,804	41,887,804
Profit and loss account		23,693,780	23,622,197
Total shareholder's funds		<u>65,582,584</u>	<u>65,511,001</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 on 9th August 2022.

They were signed on its behalf by:

DocuSigned by:

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Paul Woodfield
Director

Boeing UK Training and Flight Services Holding Limited

Statement of changes in equity

At 31 December 2021

	Called-up share capital £	Share Premium Account £	Profit and loss account £	Total £
At 1 January 2020	1,000	41,887,804	23,623,586	65,512,390
Loss and total comprehensive income for the financial year	-	-	(1,389)	(1,389)
At 31 December 2020	1,000	41,887,804	23,622,197	65,511,001
Profit and total comprehensive income for the financial year	-	-	71,583	71,583
At 31 December 2021	1,000	41,887,804	23,693,780	65,582,584

Boeing UK Training and Flight Services Holding Limited

Notes to the financial statements

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 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 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 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 £8.3m. The directors are confident that this is sufficient to meet its requirements for the foreseeable future.

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 Company's ultimate 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 believes they will 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.

Boeing UK Training and Flight Services Holding Limited

Notes to the financial statements (continued)

1 Statement of accounting policies (continued)

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 2021 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 subsidiaries are included in the consolidated audited accounts of The Boeing Company, incorporated in Delaware, United States of America for the year ended 31 December 2021. 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.

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)

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)

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 any such revisions for the 2021 financial statements.

Boeing UK Training and Flight Services Holding Limited

Notes to the financial statements (continued)

3. Net finance income/(expense)

	2021 £	2020 £
Interest receivable and similar income	7,629	228,773
Realised exchange gain/(loss) on settlement of foreign currency assets and borrowings	62,519	(265,559)
Net finance income/(expense)	70,148	(36,786)

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 £7,420 (2020: £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 2021 (2020: £nil).

5. Directors' remuneration and staff costs

The Company has no employees (2020: none).

The directors received £nil (2020: £nil) in respect of their services to the Company.

The directors received emoluments of £136,632 (2020: £115,544) and contributions to money purchase pensions schemes were made on their behalf of £10,000 (2020: £10,682) 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)

6. Tax on profit/(loss) on ordinary activities

	2021 £	2020 £
Analysis of tax charge in the year:		
Current tax on profit/(loss)		
Adjustment in respect of prior periods	(1,437)	(33,669)
Total tax on profit/(loss)	(1,437)	(33,669)

The standard rate of corporation tax in the UK is 19%. The 2021 Finance budget announced that the main rate of corporation tax will increase from 19% to 25% effective from 1 April 2023. The impact of this change on the Company is not material.

The tax charge for the period differs from the standard rate of corporation tax in the UK of 19% (2020: 19%) for the reasons set out in the following reconciliation:

	2021 £	2020 £
Profit/(loss) before tax	70,146	(35,058)
Tax on profit/(loss) at standard UK corporation tax rate of 19% (2020: 19%)	13,328	(6,661)
Factors affecting tax charge for the year:		
Adjustment in respect of prior periods	(1,437)	(33,669)
Group relief surrender	(13,328)	6,661
Total tax for the year	(1,437)	(33,669)

There are no recognised or unrecognised deferred tax assets or liabilities as at 31 December 2021.

Boeing UK Training and Flight Services Holding Limited

Notes to the financial statements (continued)

7. Investments

Subsidiary undertakings

	Total £
Cost	
At 1 January 2021 and 31 December 2021	<u>57,287,791</u>

None of the investments have been impaired and so cost is equal to net book value.

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

Subsidiary Undertaking	Country of incorporation	Principal Activity	Registered Office Address
Boeing UK Training and Flight Services Limited	United Kingdom	Provision of flight simulator training services	Boeing House, Crawley Business Quarter, Manor Royal, Crawley RH10 9AD, West Sussex, UK
Boeing Korea LLC	South Korea	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

The cost and total closing net assets and result for the year, as translated at prevailing exchange rates at 31 December 2021, for the subsidiaries of the Company were as follows:

	Cost £	Aggregate capital and reserves £	Profit for the year £
Boeing UK Training and Flight Services Limited	43,771,878	78,509,461	2,686,493
Boeing Korea LLC	13,515,913	67,190,508	5,051,942

Boeing UK Training and Flight Services Holding Limited

Notes to the financial statements (continued)

8. Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Amounts owed by group undertakings repayable within one year	-	414,987
	-	414,987

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

9. Creditors: amounts falling due within one year

	2021 £	2020 £
Corporation tax	-	1,437
	-	1,437

10. Called-up share capital

	2021 £	2020 £
Allotted, called-up and fully-paid		
1,000 ordinary shares of £1 each	1,000	1,000

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.

Boeing UK Training and Flight Services Holding Limited

Notes to the financial statements (continued)

11. 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.

12. Events after the balance sheet date

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