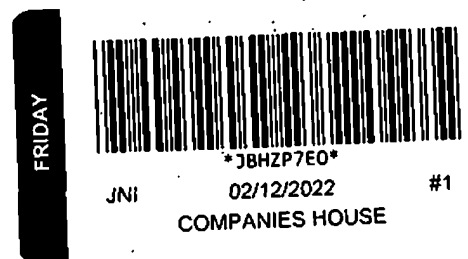


Company Registration No. 03599118

B/E AEROSPACE (UK) LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2021



B/E AEROSPACE (UK) LIMITED

CONTENTS

	Page(s)
Officers and professional advisers	1
Strategic report for the year ended 31 December 2021	2 - 8
Directors' report for the year ended 31 December 2021	9 - 12
Independent auditors' report to the members of B/E Aerospace (UK) Limited	13 - 15
Income Statement for the year ended 31 December 2021	16
Statement of comprehensive income for the year ended 31 December 2021	17
Statement of financial position as at 31 December 2021	18
Statement of changes in equity for the year ended 31 December 2021	19
Notes to the financial statements	20 - 42

B/E AEROSPACE (UK) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Andrew D. Moore
Nathan P. Ware
Stuart W. McKee
Edward C. Dryden

REGISTERED OFFICE

Nissen House
Grovebury Road
Leighton Buzzard
Bedfordshire
LU7 4TB

BANKERS

The Royal Bank of Scotland
Corporate Banking
152 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 1LT

J P Morgan Chase Bank, NA
125 London Wall
London
EC2 5AJ

HSBC Bank PLC
Level 30 Canada Square
Canary Wharf
London
E14 5HQ

SOLICITORS

Eversheds
1 Wood Street
London
EC2V 7WS
United Kingdom

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
141 Bothwell Street
Glasgow
G2 7EQ

B/E AEROSPACE (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their Strategic Report together with the audited Financial Statements for the year ended 31 December 2021. The comparatives in these financial statements are for the year ended 31 December 2020.

The directors, in preparing this strategic report, have complied with s414C (11) of the Companies Act 2006.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

B/E Aerospace (UK) Limited (the "Company") is part of the world's leading manufacturer of cabin interior products for commercial passenger aircraft and business jets. Its customers include some of the world's major airlines and aircraft manufacturers. The Company remains focused on developing new products along side the promotion of existing products that are well received in the industry.

At 31 December 2021 the company was a subsidiary of Raytheon Technologies Corporation (RTX).

The COVID-19 pandemic has had a dramatic impact on the aviation industry and therefore the activities of the Company. Considering the impact of COVID-19 and the continued support from the wider RTX group, the directors believe that the company is well placed to deal with the effects of COVID-19 over the longer term. The Company is facing some challenges in 2022 however; it has started to see some recovery. The directors are forecasting an increase in sales and profitability in 2022 as the Commercial Aerospace sector continues to recover from the pandemic but are not expecting to be back to pre COVID-19 levels for a few years.

REVIEW OF THE BUSINESS

The profit for the year ended 31 December 2021 is set out in the income statement on page 16.

The company generated revenue in the year of \$406m (year ended 31 December 2020: \$563m) which was predominantly driven by the seating division but their sales did decrease due to COVID-19. Galleys and Aftermarkets division's sales have decreased due to COVID-19 but also stemming from the change in business structure and are now reported elsewhere in the group within B/E Aerospace Inc. and B/E Aerospace B.V. In October 2021 the galleys business adjusted its operating methodology and adopted a contract manufacturing agreement with the B/E Aerospace B.V. facility in the Philippines. This adjustment better represents the risks and rewards of the engineering and contract management activities conducted in the UK. Gross margins decreased to 27.6% (year ended 31 December 2020: 28.6%) for the year. A profit before tax is reported of \$595.8 (year ended 31 December 2020: profit before tax \$64.6m) reflecting a margin of 146.7% (year ended 31 December 2020: 11.5%). The driver of the profit before tax was a \$510.9m partial impairment reversal related to the Company's investment in subsidiary undertakings. The profit before impairment reversal and tax in the period would be reported at \$84.5m reflecting a margin of 20.8%.

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Results summary:		
Profit before taxation and impairment	84,930	64,636
Reversal of investment impairment	510,874	-
Tax credit / (expense)	534	(4,267)
Profit for the financial year	596,338	60,369
Profit and loss reserves at the beginning of the year	723,716	663,347
Profit and loss reserves at the end of the year	1,320,054	723,716

B/E AEROSPACE (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are as follows:

	Year ended 31 December 2021	Year ended 31 December 2020	Change
<i>Financial</i>			
Turnover (\$'000)	406,045	562,972	(27.9%)
Gross profit %	27.6%	28.6%	(3.5%)
Profit before tax and impairment reversal (\$'000)	84,930	64,636	31.4%
Inventories as a % of turnover	14.7%	10%	46.7%
Sales per head (\$'000)	376	418	(10.0%)
<i>Non-financial</i>			
Average headcount (Number)	Note 8 1,079	1,348	(20%)

The key performance indicators set out above are the key metrics used by management to monitor the performance, growth and success of the business. During 2021 sales decreased by 27.9% compared to the prior year. The business had a strong first quarter in 2020 but was impacted by the drop in demand in the Commercial Aerospace business due to COVID-19 which continued for the remainder of 2020 and 2021. The reduction in gross margin resulted from the increased manufacturing costs, which has been experienced globally. The company went through a restructuring programme to right size the business in line with the lower demand during the pandemic and implemented initiatives to reduce cost. This resulted in an increased profit before tax. The restructuring also impacted the average headcount of the company, reducing it by 20%, which in turn had a 9.9% reduction in sales per head. The inventories as a percentage of turnover increased by 46.7% as sales were down 27.9% resulting in 7.6% increase in stock at year end. While trading conditions are challenging, the financial position of the company improved during the year and continues to have a strong balance sheet.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to the following principal risks and uncertainties:

COVID-19

Given the global impact of COVID-19 across the aviation industry and global economy, the Directors have taken a number of actions to ensure that the business is well positioned. The Company is part of RTX which is one of the largest aerospace and defence manufacturers in the world by revenue and market capitalisation. Being part of such a large corporation gives the company the ability to access any necessary funding and investment during challenging times such as COVID-19.

People continue to be the biggest asset of the business and as such our initial focus from Day 1 of the pandemic has been to ensure the health and safety of our people. Measures we have taken to protect the workforce include (i) remote working (ii) social distancing within the workplace and (iii) the provision of PPE equipment.

The COVID-19 pandemic continues to evolve and the impact this has on local and international restrictions on movement continues to create uncertainty in the sector. This makes estimating accurately the financial impact of COVID-19 difficult. The extent of the impact depends on how long the pandemic lasts and how quickly airlines begin to ramp up operations.

During the year ended 31 December 2021, the business has seen a reduction in reported revenues of 27.9% as a result of COVID-19. In the early period of the pandemic the company had production stoppages as safety measures were put in place. The Company's customer base had a near complete grounding of their aircraft, followed by a re-evaluation of their fleet, resulting in deferrals or cancellations of some product. The business continues to reforecast when it will return to post COVID-19 levels, based upon different scenarios but this is not likely to be for 3-4 years depending upon the success of the world wide vaccination program and impact of future variants of the COVID-19 virus.

The Directors have taken a number of measures to ensure that the business continues to operate during this challenging period and emerge in a strong position for the future:

B/E AEROSPACE (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

COVID-19 (continued)

- (i) Customer Support – our business continues to engage with our customers to understand their plans and requirements during this period. A quality finished product, delivered on-time, is key to maintaining these strong customer relationships.
- (ii) Cost Management – given the drop off in volume the business has taken cost initiatives to align the cost base to the revised sales volumes. This included a further restructuring of the workforce in 2021 with a number of positions made redundant.

In assessing the future impact of COVID-19, the directors have performed cashflow forecasts and are satisfied based on those forecasts, the strong order book in place and the Company's ability to take appropriate cost reduction actions, that the business is well placed to trade through the pandemic. The base case model assumes continued recovery from COVID-19 with the downside incorporating further delays and lower sales. The base case and downside risk models indicate that the Company has adequate resources, therefore, the Directors are satisfied that the Company has sufficient liquidity levels to support its continued operations for a period of at least 12 months from the date that the financial statements are approved. As a result, the Directors believe it is appropriate that the going concern assumption continues to be adopted.

Oil Prices

Oil prices continue to remain unpredictable and their effect on the airline industry represents a significant risk to the Company going forward. Due to the competitive nature of the airline industry, airlines are often unable to pass on future increases in fuel prices to customers by increasing fares. As a result, an increase in jet fuel price could result in a decrease in net income from either lower margins or, if airlines increase ticket fares, less revenue from reduced airline travel. Decreases in airline profitability could decrease the demand for new commercial aircraft, resulting in delays or reductions in deliveries of commercial aircraft equipped with our cabin interior products and, as a result, our financial condition, results of operations and cash flows could be adversely affected.

Volatility of Foreign Currencies

The UK pound displayed some volatility during the year and while a proportion of the company's costs are denominated in GBP, the directors believe that there is sufficient natural hedging and the use of foreign exchange contracts within the business to minimise any significant impact.

Brexit

The Company has taken a structured approach to the exit of the United Kingdom from the European Union (Brexit). This includes planning at both a local business level and the Collins Aerospace level through their corporate Brexit Working Group. Given both the global work of the Collins Aerospace Brexit Working Group and specific actions taken by the Company within the UK we are confident that processes are in place to mitigate any customs and shipping risks to our customers, vendors and business continuity. The impact on the Company so far has been immaterial, with the provisions relating to the movement of goods resulting in little disruption to our supply chain. The Company is keeping the possible impacts on the business stemming from the new regime under review across areas ranging from the workforce, GDPR and data protection law to new customs practices and carbon emissions trading.

Material cost

The Company purchases materials to manufacture its products and these are subject to price fluctuations and inflation. The Company strives to offset these risks with efficiency improvements, material cost reduction initiatives and its product pricing strategy.

Cyber Security

As we and our business partners increasingly digitalise our businesses, we are inherently exposed to the risk that third parties may seek to disrupt our business. A significant cyber event could result in reputation and financial loss. However, we are focused on maintaining a robust and secure IT environment and are proactive to any emerging threats.

POST BALANCE SHEET EVENTS

Details of significant events since the balance sheet date are contained in note 26 to the financial statements.

B/E AEROSPACE (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

SECTION 172 (1) STATEMENT

This section describes how the directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its key stakeholders.

The likely consequences of any decision in the long term

The directors of the Company have a duty of care to the key stakeholders when making decisions that affect the long term sustainability of the Company. Key objectives are formulated as such to ensure that the Company continues as a going concern. The directors remain mindful that its strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed.

Having regard to the need to act fairly as between members of the Company

The directors recognise their legal and regulatory duties, and do not take any decisions or actions, such as selectively disclosing confidential or inside information.

Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct

Modern Slavery Act

The Company is committed to ensuring slavery and human trafficking are not taking place in its business or supply chains. To this end the ultimate controlling party has published a statement for the reporting year at www.rtx.com that the Company follows.

Having regard to the interests of the Company's employees

Employee involvement

It is the policy of the Company to create a common awareness amongst employees of the financial and economic factors affecting the performance of the Group. It is the policy of the Company to maintain and develop employee involvement. Local managers provide information on a regular basis on matters of concern to employees, using various means such as business review meetings, briefing meetings, video presentations, company newsletters and training sessions.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee Programmes and Benefits

The company operates ongoing employee development programmes which reflect development needs highlighted in the annual performance reviews. The company sponsored a number of employees on the RTX Employee Scholar Programme. All office employees completed a range of mandatory on-line training modules centred on business practices designed to increase awareness and promote strong ethical compliance, training includes anti-corruption and bribery matters. The company also continued a job rotation programme for high potential employees. As part of its "wellness" and health management programmes the company provides a 'Cycle to Work' scheme and other health initiatives. It also provided an all employee reward programme, together with a new reward and recognition programme for those employees exhibiting exemplary performance.

B/E AEROSPACE (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

SECTION 172 (1) STATEMENT (CONTINUED)

Having regard to need to foster the Company's business relationships with suppliers, customers and others

Customers

The directors of the Company, on a continuing basis, promote the development and maintenance of a customer focused culture. The time invested in developing this culture can be seen in the growth of turnover generated year on year. The Company carefully manages and directs its business development team to identify and win new business opportunities via the development of customer relations and by continually improving its products.

Suppliers

The directors recognise the key role suppliers play in ensuring the company delivers a reliable service to its customers. The directors seek to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our investors and the desired quality and service levels for our customers. The Company works with suppliers and builds robust, long-lasting supply chains. The Company pays the suppliers in line with their payment terms.

Regulators

The Company seeks a constructive and cooperative relationship with the bodies that authorise and regulate the business activities. This helps us maintain a reputation for high standards of business conduct.

All of the business carried out is subject to standards set by the Civil Aviation Authority (CAA), the European Aviation Safety Agency (EASA) and in some cases the Federal Aviation Authority (FAA). All of these bodies issue regulations which need to be complied with in order to be authorised to carry out maintenance work in the aerospace industry. Failure to comply with the standards could materially affect the Company's ability to operate. To mitigate against these risks the business operates a robust business management system which ensures adherence to the regulatory standards through procedures, standard work practices and policies. This is supported by a strong audit program through self-assessment and through the RTX group internal audit function.

The Company manages its tax affairs responsibly and proactively to comply with tax legislation. The Company's approach is to seek to build solid and constructive working relationships with all tax authorities.

The impact of the Company's operations on the community and the environment

The Company is convinced of the importance of health, safety and the environment to the success of its business and is committed to be an industry leader in its commitment to safety and environmental responsibility.

The Company will, on a continuing basis:

- develop and maintain a culture which recognises the importance of health, safety and the environment to its success and exercise its responsibilities in a manner that reflects this;
- provide a healthy and safe place of work for all its employees;
- develop products and operate facilities in a manner that strives to eliminate risk to employees, customers, the environment and the community at large;
- and improve its performance in health, safety and environmental matters by encouraging the participation, commitment and support of all employees.

B/E AEROSPACE (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

STREAMLINED ENERGY AND CARBON REPORTING ('SECR') (CONTINUED)

This Report summarises the energy usage, associated emissions, energy efficiency actions and energy performance for the Company under the government policy Streamlined Energy and Carbon Reporting ('SECR'), as implemented by the 2018 Regulations. It also summarises the methodologies utilised for all calculations related to the elements reported under Energy and Carbon.

The following figures demonstrate year on year changes in consumption and resulting emissions for the company.

Utility and Scope

Scope 1 consumption and emissions relate to direct combustion of natural gas and fuels.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day to day business operations.

The total consumption (kWh) figures for energy supplies are as follows:

	Year ended 31 December 2021 Consumption (kWh)	Year ended 31 December 2020 Consumption (kWh)
Grid-Supplied Electricity (Scope 2)	4,802,995	5,536,890
Fuel Oil (Scope 1)	4,469,638	5,917,469
LPG (Scope 1)	987,094	814,490
Natural Gas (Scope 1)	712,794	626,116
Total	10,972,521	12,894,965

The total emission (tCO₂e) figures for energy supplies are as follows. Conversion factors utilised in these calculations are detailed below:

	2021 Consumption (tCO ₂ e)	2020 Consumption (tCO ₂ e)
Grid-Supplied Electricity (Scope 2)	1,120	1,291
Fuel Oil (Scope 1)	1,197	1,584
LPG (Scope 1)	212	175
Natural Gas (Scope 1)	131	115
Total	2,660	3,165

Intensity Metric

An intensity metric of tCO₂e per \$m revenue has been applied for the annual total emissions. The methodology of the intensity metric calculations are detailed below and results of this analysis is as follows:

	2021 Intensity Metric	2020 Intensity Metric
tCO ₂ e/£m revenue	6.55	5.63

Reporting Methodology

Scope 1 and 2 consumption and CO₂e emission data has been calculated in line with the 2020 UK Government environmental reporting guidance. To maintain continuity with the GHG reporting undertaken before the implementation of SECR, the UK consumption and emissions are included within the emissions reporting. The intensity metric is calculated utilising the Company revenue figure.

The company is committed to implementing proactive environmental practices including reducing power, cardboard and composite waste and implementing processes to reduce waste and carbon footprint.

B/E AEROSPACE (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

Reporting Methodology (continued)

The Intensity metric has increased as the revenue has reduced by 27.9% but consumption only reduced by 14.9%.

Estimations undertaken to cover missing billing periods were calculated on a kWh/day pro-rata basis at meter level. Where data was not available for the entirety of the reporting period, an average of similar meter classes were taken and applied to the properties with no available data.

Intensity metrics have been calculated utilising the reported 2021 UK revenue figure, and tCO₂e for both individual sources and total emissions were then divided by this figure to determine the tCO₂e per metric.

Approved by the Board and signed on its behalf by:



Stuart W. McKee
Director
30 November 2022

B/E AEROSPACE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2 to 8 and form part of this report by cross-reference.

GOING CONCERN

The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk, foreign currency risk liquidity risk and price risk. The use of financial derivatives is governed by RTX policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks.

The Company's fortunes are strongly linked to the general state of the commercial airline industry and as such major events that adversely affect this may influence the Company's future trading prospects.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are investments, bank balances and cash, and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of expected credit losses. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

In the normal course of business, the Company sells items on deferred terms to other parties. Any risk associated with these third parties failing to honour their obligations arising from these transactions is mitigated through rigorous credit control procedures.

Liquidity risk

The Company participates in the overall world-wide RTX funding strategy managed at corporate treasury level. The Company participates in a cash pool. The objective is to maintain a balance between continuity of funding and flexibility.

B/E AEROSPACE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risks

The Company buys and sells goods and services denominated in currencies other than US Dollar. As a result, the value of the business's non-US Dollar denominated revenues, purchases, financial assets and liabilities and cash flows can be affected significantly by movements in exchange rates in general and in US Dollar to GBP rates in particular. The Company uses foreign exchange forward contracts to hedge these exposures. The impact of foreign exchange rate fluctuations is monitored regularly.

Price risk

The Company purchases materials required to manufacture its products and these are subject to price fluctuations. The Company aims to offset any such risks through efficiency improvements and product pricing strategies, including commodity cost reduction initiatives.

DIVIDENDS

There were no dividends proposed, declared and paid in the year (year ended 31 December 2020: £nil).

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

Whilst the Company does not follow a code or standard on payment practice, it is the Company's policy to pay suppliers in accordance with the terms of payment agreed with each individual supplier. When disputes arise, attempts are made to resolve them promptly and amicably to ensure delays in payment are kept to a minimum. At 31 December 2021, trade creditors represented 60 days purchases (as at 31 December 2020: 38 days).

DIRECTORS

The current directors are shown on page 1.

The directors of the company who were in office during the year and up to the date of signing the financial statements (unless otherwise stated), were:

Andrew D. Moore
Christopher M. Peet (resigned 8 August 2022)
Troy D. Brunk (resigned 18 March 2022)
Keith S. Delderfield (resigned 20 May 2022)
Stuart W. McKee (appointed 18 May 2022)
Gary Howard (appointed 18 May 2022 & resigned 20 October 2022)
Nathan P. Ware (appointed 8 August 2022)
Edward C. Dryden (appointed 18 March 2022)

RESEARCH AND DEVELOPMENT

The Company is involved in continuous research and development to design, produce and deliver enhanced products to maintain its position as a market leader in the aerospace industry.

EMPLOYEE INVOLVEMENT

It is the policy of the Company to maintain and develop employee involvement. Local managers provide information on a regular basis on matters of concern to employees, using various means such as business review meetings, presentations, company newsletters and training sessions. Employee engagement is measured via short surveys deployed during the year. During 2021 the Company continued to meet with the Staff Forum & Staff Union as well as the Health and Wellbeing committee. Objectives of these groups include the improvement of information to and from employees, communication of health and safety information, business developments and the promotion of health and well being of employees at work, at home and in the community.

B/E AEROSPACE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

EMPLOYMENT OF DISABLED PERSONS

The Company has continued the policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including the retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

HAVING REGARD TO NEED TO FOSTER THE COMPANY'S BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

Please refer to the strategic report on page 6 for details on the above.

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

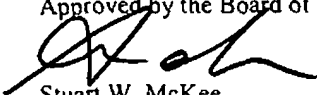
INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers 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.

B/E AEROSPACE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

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



Stuart W. McKee
Director
30 November 2022

B/E AEROSPACE (UK) LIMITED

For the year ended 31 December 2021

Independent auditors' report to the members of B/E Aerospace (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, B/E Aerospace (UK) Limited's financial statements:

- 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

B/E AEROSPACE (UK) LIMITED

For the year ended 31 December 2021

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation as applicable in the UK and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, including relating to revenue recognition, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

B/E AEROSPACE (UK) LIMITED

For the year ended 31 December 2021

- obtained an understanding of the legal and regulatory framework applicable to the company and how the company is complying with that framework;
- discussion with management of known or suspected instances of non-compliance with laws and regulations and fraud;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations impacting financial results and revenue recognition;
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- incorporating an element of unpredictability into our audit procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Kenneth Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
30 November 2022

B/E AEROSPACE (UK) LIMITED
INCOME STATEMENT
For the year ended 31 December 2021

	Note	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Revenue	4	406,045	562,972
Cost of sales		(293,976)	(402,038)
Gross profit		112,069	160,934
Distribution costs		(2,766)	(6,348)
Administrative expenses		(47,516)	(123,841)
Other operating income and expenses	5	22,689	32,310
Reversal of investment impairment – exceptional item	6	510,874	-
Operating profit	6	595,350	63,055
Finance income	9	515	1,595
Finance costs	9	(61)	(14)
Finance income – net	9	454	1,581
Profit before income tax		595,804	64,636
Income tax credit / (expense)	10	534	(4,267)
Profit for the financial year		596,338	60,369

All results are derived from continuing operations.

B/E AEROSPACE (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Year ended 31 December 2021 \$'000	year ended 31 December 2020 \$'000
Note		
Profit for the financial year	596,338	60,369
Other comprehensive (expense) / income:		
Items that may be subsequently reclassified to income statement		
Movement relating to hedge reserve	(2,978)	2,547
Deferred tax relating to hedge reserve	16 615	(716)
Total other comprehensive (expense) / income for the year, net of tax	(2,363)	1,831
Total comprehensive income for the year	593,975	62,200

B/E AEROSPACE (UK) LIMITED**STATEMENT OF FINANCIAL POSITION****As at 31 December 2021**

	Note	2021 \$'000	2020 \$'000
Fixed assets			
Property, plant and equipment	11	40,240	42,763
Right-of-use assets	12	1,477	1,895
Investments	13	672,714	161,840
		714,431	206,498
Current assets			
Inventories	14	59,576	55,367
Trade and other receivables (includes amounts falling due after more than one year off \$145,070,000 (2020: \$143,497,000))	15	1,033,739	1,001,393
Cash and cash equivalents		2,937	2,640
		1,096,252	1,059,400
Creditors: amounts falling due within one year	17	(208,996)	(241,933)
Net current assets		887,256	817,467
Total assets less current liabilities		1,601,687	1,023,965
Creditors: amounts falling due after more than one year	18	(175,622)	(191,875)
Net assets		1,426,065	832,090
Capital and reserves			
Called up share capital	21	-	-
Share premium account		105,598	105,598
Hedge reserve		413	2,776
Retained earnings		1,320,054	723,716
Total shareholders' funds		1,426,065	832,090

The notes on pages 20 to 42 are an integral part of these financial statements.

The financial statements on pages 16 to 42 were approved by the board of directors on 30 November 2022 and were signed on its behalf by:



Stuart W. McKee
Director

B/E AEROSPACE (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Called-up share capital \$'000	Share premium account \$'000	Hedge reserve \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 January 2020	-	105,598	945	663,347	769,890
Profit for the financial year	-	-	-	60,369	60,369
Other comprehensive income for the year					
- Hedge reserve movement	-	-	2,547	-	2,547
- Deferred tax relating to hedge reserve	-	-	(716)	-	(716)
Total comprehensive income for the financial year	-	-	1,831	60,369	62,200
Balance as at 31 December 2020	-	105,598	2,776	723,716	832,090
Profit for the financial year	-	-	-	596,338	596,338
Other comprehensive expense for the year					
- Hedge reserve movement	-	-	(2,978)	-	(2,978)
- Deferred tax relating to hedge reserve	-	-	615	-	615
Total comprehensive income for the financial year	-	-	(2,363)	596,338	593,975
Balance as at 31 December 2021	-	105,598	413	1,320,054	1,426,065

B/E AEROSPACE (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. GENERAL INFORMATION

B/E Aerospace (UK) Limited ('the company') is part of the world's leading manufacturer of cabin interior products for commercial passenger aircraft and business jets. Its customers include some of the world's major airlines and aircraft manufacturers.

The company is a private limited company limited by shares, and is incorporated and domiciled in the United Kingdom. The address of its registered office is Nissen House, Grovebury Road, Leighton Buzzard, Bedfordshire, LU7 4TB. Additionally, the company has a facility at 2 Moore Road, Killeel, Northern Ireland, BT34 4NG. A legal branch of B/E Aerospace (UK) Limited is also established in Dubai which provides product support and repair activities. The income and expenses of all sites are included in the numbers disclosed in the financial statements.

The company's financial statements cover the year ended 31 December 2021. The comparative year covers the year ended 31 December 2020.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. They have all been applied consistently throughout the year and all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of B/E Aerospace (UK) Limited have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of IFRS 1, 'First-time adoption of International Financial Reporting Standards', to present a statement of financial position at the date of transition.
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
 - Paragraph 79(a)(iv) of IAS 1;
 - Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the year).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B–D (additional comparative information);
 - 111 (statement of cash flows information); and 134–136 (capital management disclosures).

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119 (a to c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

2.2 Going concern

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

Given the global impact of COVID-19 across the aviation industry and global economy, the Directors have taken a number of actions to ensure that the business is well positioned. The Company is part of Raytheon Technologies Corporation ("RTX") which is one of the largest aerospace and defence manufacturers in the world by revenue and market capitalisation. Being part of such a large corporation gives the company the ability to access any necessary funding and investment during challenging times such as COVID-19.

In assessing the future impact of COVID-19, the directors have performed cashflow forecasts and are satisfied based on those forecasts, the strong order book in place and the Company's ability to take appropriate cost reduction actions, that the business is well placed to trade through the pandemic. The base case model assumes continued recovery from COVID-19 with the downside incorporating further delays and lower sales. The base case and downside risk models indicate that the Company has adequate resources, therefore, the Directors are satisfied that the Company has sufficient liquidity levels to support its continued operations for a period of at least 12 months from the date that the financial statements are approved. As a result, the Directors believe it is appropriate that the going concern assumption continues to be adopted.

The Company meets its day to day working capital requirements through a cash pooling arrangement which is centrally managed by its ultimate parent undertaking.

2.3 New standards, amendments and IFRS IC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 have had a material impact on the company's financial statements.

2.4 Consolidation

At the year end, the company was a wholly owned subsidiary of BE Aerospace Holdings (UK) Limited and of its ultimate parent, RTX. It is included in the consolidated financial statements of RTX, which are publicly available. Therefore, the company is exempt, by virtue of section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. Copies of the RTX financial statements are publicly available and can be obtained from www.rtx.com. These financial statements are separate financial statements.

B/E AEROSPACE (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.5 Foreign currency

Functional currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in US Dollars (\$), which is also the company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction or valuation where items are measured. Foreign exchange gains and losses resulting from the settlement of such transaction, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within cost of sales.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less provision for depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. This includes professional fees in accordance with the company's accounting policy.

Freehold land and assets under the course of construction are not depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over their estimated useful lives as follows:

Freehold land and buildings	-	40 years
Long leasehold land and buildings	-	Over the length of the lease
Plant and machinery	-	3 years to 12 years
Office equipment	-	3 years to 12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than is estimated recoverable amount – see note 2.7

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount, and they are recognised within cost of sales in the income statement.

2.7 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.7 Impairment of non-financial assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.8 Financial assets

The company classifies its financial assets in the following categories:

- Amortised cost.
- Fair value through profit or loss (FVTPL).
- Fair value through other comprehensive income (FVOCI).

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the income statement.

a) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement under 'net impairment losses on financial and contract assets.'

b) Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in the income statement and presented net within other (expenses)/income in the year they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

The following financial assets are classified at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost (see note (a) above).
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

c) Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the company's business model is achieved both by collecting contractual cash flows and selling financial assets.

d) Derivative financial instruments

The company uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are stated at fair value. Hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. In relation to derivative financial instruments used to hedge a forecast transaction, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in the hedge reserve and the ineffective portion is recognized in the consolidated income statement. Amounts taken to the hedge reserve are transferred to the consolidated income statement when the hedged transaction affects profit or loss.

Where the entity has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the income statement as other income when the company's right to receive payments is established.

2.9 Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

2.10 Impairment of financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables – see note 2.12

2.11 Inventories

Inventories and work-in-progress, other than long-term contracts, are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production (based on normal operating capacity). Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

2.12 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.12 Trade and other receivables (continued)

objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, contract assets and costs to fulfil contracts.

To measure the expected credit losses, trade and other receivables, contract assets and costs to fulfil contracts are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The costs to fulfil contracts relate to costs incurred in delivering specific contract and will be released over the life of the contract. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets and costs to fulfil contracts.

If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as noncurrent assets.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting year.

2.16 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.16 Taxation (continued)

determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Pension costs

The Company operates a contributory scheme which is available to all employees. The scheme is a defined contribution scheme. Pension costs are charged to the income statement account on the basis of premiums payable. The assets of the scheme are held separately from those of the Company in an independently administered fund.

2.18 Share - based payments

Incentives in the form of shares are provided to one or more Directors under share option and share award schemes that are established by the ultimate parent company, RTX. The fair value of these options and awards at the date of their grant is determined by a valuation as described in note 20 and is charged to the income statement over the relevant vesting years. An amount equivalent to that charged to profit in any year is credited to intercompany reflecting the fact that there is no cash cost to the Company of these share based payments.

2.19 Provisions

Provisions for liabilities are recognised when: i) the Company has a present legal or constructive obligation as a result of past events; ii) it is probable that an outflow of resources will be required to settle the obligation; and iii) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.20 Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied. The company's activities are described in detail below.

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.21 Revenue recognition (continued)

Sale of goods- over time revenue recognition

Performance obligations are satisfied over time if the customer receives the benefits as we perform work, if the customer controls the asset being worked on, or if the product being produced for the customer has no alternative use and we have a contractual right to payment. Revenue is recognised for our maintenance, repairs and overhaul contracts on an over time basis using the cost incurred to represent work performed which corresponds with and best depicts transfer of control to the customer. Costs include labour, materials, and other direct costs.

Sale of goods – point in time revenue recognition

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

Sales of services

Revenue from providing services is recognised in the accounting year in which the services are rendered. For fixed price long term contracts, revenue is recognised based on the actual service provided to the end of the reporting year as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on actual costs incurred relative to the total expected costs of fulfilling the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the year in which the circumstances that give rise to the revision become known by management.

In case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceeds the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Other operating income

Other operating income represents royalties, revenue grants and other similar operating income and is measured at the fair value of the consideration received or receivable, and is stated net of discounts and value added taxes. The Company recognises other operating income when the amount of income can be reliably measured and when it is probable that future economic benefits will flow to the entity. Royalty income is recognised on a straight line basis over the year of the related agreement.

2.22 Grants

Capital grants received and receivable are added to deferred credits and credited to the income statement over a period equal to the useful economic lives of the related assets.

Grants in respect of revenue expenditure are credited to other income within the income statement in the year in which the related expenditure is incurred. Under the terms of the grant, should a claw back arise full provision is debited to the income statement.

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.23 Research and development expenditure

Research and development expenditure is charged against profit in the year in which it is incurred.

2.24 Leases

The company leases buildings and equipment. Rental contracts are typically made for fixed years of 6 months to 10 years but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. A lessee may elect an accounting policy, by asset class, to include both the lease and non-lease components as a single component and account for it as a lease (thus eliminating the pricing allocation). The company has adopted this accounting policy election for equipment and vehicle leases only.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measure on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease for each year.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

2.24 Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders are recognised as a liability in the company's financial statements in the year in which the dividends are approved by the Company's shareholders.

2.26 Rounding of amounts

All amounts in the financial statements and notes have been rounded off to the nearest thousand unless otherwise stated.

2.27 Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no accounting judgements.

Key sources of estimation uncertainty

Product warranty

Provision for the expected cost of warranty obligations requires estimation of the costs to settle the obligations. The directors use all available information including defect rates, estimated costs to repair and settlement rates in determining the obligation. A 0.1% increase in the warranty rate used to calculate the provision would result in an increase to the provision of \$1.6M. A 0.1% decrease in the warranty rate would result in a decrease to the provision of \$1.5M. See note 19.

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Revenue recognition

Revenue recognised is based on the actual costs incurred and estimated profit on the contract. The profit on the contract is based on the stage of completion and therefore management judgement is required in the estimates of the forecast costs to complete and the percentage of completion.

Investment carrying value

An impairment assessment was performed in respect of the Company's investment in a subsidiary undertaking resulting in a partial impairment reversal of \$510,874,000 being recognised in the income statement in the year. Determining the impairment reversal required the Company to estimate the recoverable amount of the investment. The significant assumptions used for the valuation are the forward-looking cash flow forecast, discount rate and the growth rate. When calculating the discount rate, the directors determined a range of reasonable discount rates and used an estimate in the middle of the range to calculate the recoverable amount. The discount rate used in the model was 8.9% and the growth rate used was 3.0%. An increase of 0.9% in the discount rates to the top end of the range would result in \$65,506,000 decrease in the impairment reversal for the year. 0.5% reduction in the growth rates would result in \$15,754,000 decrease in the impairment reversal.

Contract manufacturing agreement with B/E Aerospace B.V

The Company has performed an evaluation of the long-term profitability of the contract manufacturing agreement with the B/E Aerospace B.V. facility in the Philippines. Under the contract manufacturing agreement, the Company is liable to make payments to the intercompany partner or is entitled to receive royalty payments from the intercompany partner depending on the profitability of the intercompany partner in any calendar year. Evaluation of the contract profitability required the Company to consider the length of the galleys manufacturing contract with the customer of B/E Aerospace B.V and the long-term profitability forecasts associated with the contract manufacturing agreement. The Company concluded the manufacturing agreement is expected to be profitable and therefore no provision has been recognised in these financial statements. The Directors have sensitised the profitability forecasts and a 10% reduction in the contract revenues would not result in a loss being recognised. A 5-year reduction in the length of the agreement with the customer would not result in a loss being recognised in these financial statements.

4. REVENUE

All of the Company's revenue and profit on ordinary activities before taxation relates to the Company's principal activity, being the manufacture, supply and refurbishment of aircraft seating and accessories and the manufacture, assembly and installation of aircraft galley equipment.

Full segmental disclosure has not been provided as the directors consider that to do so would be seriously prejudicial to the interests of the Company. However, a geographical analysis of turnover by destination is as follows:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
United Kingdom	86,708	57,479
Rest of Europe	98,963	144,179
North, South and Central America	113,813	250,477
Rest of the world	106,561	110,837
	406,045	562,972

B/E AEROSPACE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****4. REVENUE (continued)**

An analysis of the company's turnover is as follows:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Sales of goods	367,038	511,223
Sale of services	39,007	51,749
	406,045	562,972

Assets and liabilities related to contracts with customers:

The company has recognised the following assets and liabilities related to contracts with customers.

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Contract assets	52,539	38,246
Asset recognised for costs incurred to fulfil a contract	103,956	67,763
Contract liabilities	80,008	62,408

There were no impairments in the year. The amount of contract assets amortized in the year was \$13,197,000. The amount of revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was \$10,525,000.

5. OTHER OPERATING INCOME AND EXPENSES

An analysis of the company's other operating income is as follows:

	Year ended 31 December 2021 \$'000	year ended 31 December 2020 \$'000
Royalty income	27,500	27,500
Revenue grants	154	168
Furlough grant	1,426	4,642
	29,080	32,310
Other expenses	6,391	-
Net operating income	22,689	32,310

Royalty income is in relation to Aftermarket services intellectual property license and will continue until 2025.

Furlough income represents grant amounts received in respect of the UK Coronavirus Government Job Retention Scheme. There are no unfulfilled conditions or other contingencies attaching to the grants that have been recognised in income.

Other expenses are true up payments to an intercompany partner in relation to a contract manufacturing agreement – see note 3.

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

6. OPERATING PROFIT

Operating profit is stated after charging / (crediting) the following items:

	Year ended 31 December 2021	Year ended 31 December 2020
	\$'000	\$'000
Staff costs (see note 8)	69,136	76,847
Research & development	11,096	12,161
Depreciation on property, plant and equipment (see note 11)	8,762	7,605
Depreciation of right-of-use assets (see note 12)	446	327
Loss on disposal of fixed assets	298	201
Short term and low value leases:		
- Hire of plant and machinery	361	687
- Storage and other rental	3,015	4,219
Net foreign exchange gains	(18,787)	(1,500)
Cost of stock recognised as expense	249,232	317,750
Impairment of investment – exceptional item	-	-
Auditors' remuneration for the audit of the company's financial statements	299	310

EXCEPTIONAL ITEM

An impairment assessment was performed in respect of the Company's investment in a subsidiary undertaking. As a result, a partial impairment reversal of \$510,874,000 has been recognised in the income statement in the year (year ended 31 December 2020: \$nil).

7. FINANCIAL INSTRUMENTS

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2021, the outstanding contracts all mature within 24 months of the year end.

The company has committed to sell US\$55,863,000 and receive a fixed sterling amount.

The forward currency contracts are measured at fair value through other comprehensive income (FVOCI), which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for GBP:USD.

The amount recognised in the income statement in the year was a gain of \$2,807,000 (year ended 31 December 2020: loss \$1,124,000). The amount held in the hedge reserve at 31 December 2021 was \$413,000 (year ended 31 December 2020: \$2,776,000).

At the year end the company had neither financial assets or liabilities measured through profit or loss (FVTPL) nor financial liabilities measured through other comprehensive income.

The company has the following (financial liabilities) / assets measured at fair value through other comprehensive income:

	2021	2020
	\$'000	\$'000
Derivative financial instruments:	(76)	3,436

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

8. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration

Three of the four directors, who held office during the financial year, are also directors and executives of fellow group companies. These directors received no amounts for services provided to B/E Aerospace (UK) Limited and there is no recharge to the company for their services.

One director is employed directly by B/E Aerospace (UK) Limited. During the year the director received remuneration of \$215,880 (year ended 31 December 2020: \$220,715). The company also paid \$29,127 (year ended 31 December 2020: \$35,550) of pension contributions to a personal pension scheme.

Employees

The average monthly number of employees including directors during the year was as follows:

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
Sales, administration and distribution	711	814
Manufacturing	368	534
	1,079	1,348

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Wages and salaries	60,513	70,816
Social security costs	5,363	5,142
Other pension costs	3,260	3,527
	69,136	79,485

Included above are redundancy costs of \$1,474,000 (year ended 31 December 2020: \$7,103,000).

Other pension costs comprise the Company's contributions to money purchase schemes. At the balance sheet date, contributions of \$nil remained unpaid (year ended 31 December 2020: \$nil).

B/E AEROSPACE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****9. FINANCE INCOME – NET**

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Finance income		
Corporation tax interest	453	-
Interest received	62	1,595
Total finance income	515	1,595
Interest expense		
Interest payable to group undertakings	1	1
Bank interest paid	8	9
Lease liabilities	52	4
Total finance expense	61	14
Net finance income	454	1,581

10. INCOME TAX (CREDIT) / EXPENSE

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
The tax (credit) / expense comprises:		
Current tax		
Current tax on profit for the year	5,825	4,630
Adjustments in respect of prior years	(3,833)	1,068
Total current tax charge	1,992	5,698
Deferred tax		
Current year	25	466
Effect of changes in tax rates	(1,378)	(314)
Adjustments in respect of prior years	(1,173)	(1,583)
Total deferred tax credit	(2,526)	(1,431)
Tax (credit) / expense per income statement	(534)	4,267
Other comprehensive income items		
Deferred tax current year (credit) / charge	(615)	716

B/E AEROSPACE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****10. INCOME TAX (CREDIT) / EXPENSE (continued)**

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
The (credit) / charge for the year can be reconciled to the profit per the income statement as follows:		
Profit before tax	595,804	64,636
Tax on profit at standard UK tax rate of 19% (2020: 19%)	113,203	12,281
Effects of:		
Expenses not deductible	235	1,553
Adjustments in respect of prior years	(5,006)	(515)
Patent box deduction	(3,609)	(4,214)
Effects of group relief / other reliefs	(6,504)	(4,134)
Income not taxable	(97,446)	(390)
Tax rate changes	(1,378)	(314)
Share options	(29)	-
	(534)	4,267

In the UK budget on 3 March 2021, it was announced that the tax rate would be increased to 25% for companies with profit in excess of £250,000 with effect 1 April 2023. As substantive enactment took place before the balance sheet date, deferred tax balances as at 31 December 2021 are measured at a rate of 25%.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings \$'000	Long Leasehold land and buildings \$'000	Plant and machinery \$'000	Office equipment \$'000	Assets in course of construction \$'000	Total \$'000
Cost						
At 1 January 2021	37,349	3,532	48,551	13,360	3,010	105,802
Reclassification	43	71	2,199	238	(2,551)	-
Additions	512	43	3,775	527	1,680	6,537
Disposals	(63)	-	(818)	(87)	-	(968)
At 31 December 2021	37,841	3,646	53,707	14,038	2,139	111,371
Accumulated depreciation						
At 1 January 2021	13,445	861	37,427	11,306	-	63,039
Charge for year	1,322	438	6,507	495	-	8,762
Disposals	(19)	-	(564)	(87)	-	(670)
At 31 December 2021	14,748	1,299	43,370	11,714	-	71,131
Net book value						
At 31 December 2021	23,093	2,347	10,337	2,324	2,139	40,240
At 31 December 2020	23,904	2,671	11,124	2,054	3,010	42,763

Included in land and buildings of the Company is freehold land amounting to \$3,011,190 (2020: \$3,011,190) which is not depreciated.

B/E AEROSPACE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****12. LEASES**

The company has a lease contract for buildings used in its operations. The amounts recognised in the financial statements in relation to the lease are as follows:

(i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	31 December 2021 \$'000	31 December 2020 \$'000
Right-of-use assets		
Buildings	1,477	1,895
	1,477	1,895
Lease liabilities		
Current	492	551
Non-current	951	1,338
	1,443	1,889

Additions to the right-of-use assets during the 2021 financial year were \$269,000 (2020: \$1,090,000). Disposals from the right-of-use assets during the 2021 financial year were \$241,000 (2020: \$580,000).

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Depreciation charge of right-of-use assets		
Buildings	446	327
	446	327

B/E AEROSPACE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****12. LEASES (continued)**

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Interest expense (included in finance cost)	52	4
Expense relating to leases of low value assets that are not shown above as short-term leases (included in admin expenses)	95	137
	2021	2020
Future minimum lease payments as at 31 December 2021 are as follows:	\$'000	\$'000
Not later than one year	492	551
Later than one year and not later than five years	951	1,338
Later than five years	-	-
Total gross payments	1,443	1,889
Impact of finance expenses	-	-
Carrying amount of liability	1,443	1,889

13. INVESTMENTS

The Company's investment in subsidiary is made up as follows:

	\$'000
Cost	
At 1 January 2021	743,840
At 31 December 2021	743,840
Impairment	
At 1 January 2021	582,000
Impairment reversal in year	(510,874)
At 31 December 2021	71,126
Net book value	
At 31 December 2021	672,714
At 31 December 2020	161,840

An impairment assessment was performed in respect of the Company's investment in a subsidiary undertaking resulting in a partial impairment reversal of \$510,874,000 being recognised in the income statement in the year. Determining the impairment reversal required the Company to estimate the recoverable amount of the investment. The significant assumptions used for the valuation are the forward-looking cash flow forecast, discount rate and the growth rate. When calculating the discount rate, the directors determined a range of reasonable discount rates and used an estimate in the middle of the range to calculate the recoverable amount. The discount rate used in the model was 8.9% and the growth rate used was 3.0%. An increase of 0.9% in the discount rates to the top end of the range would result in \$65,506,000 decrease in the impairment reversal for the year. 0.5% reduction in the growth rates would result in \$15,754,000 decrease in the impairment reversal.

B/E AEROSPACE (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2021

13. INVESTMENTS (continued)

The Company's subsidiary, which is wholly owned is:

Company	Country of registration and operation	Registered Office	Principal activity	Holding	%
B/E Aerospace B.V. (company number 30273270)	Netherlands	Galvanibaan 5, 3439 MG Nieuwegein, The Netherlands	Manufacturing	Ordinary	100

14. INVENTORIES

	2021 \$'000	2020 \$'000
Raw materials	56,616	50,899
Work-in-progress	2,702	4,410
Finished goods	258	58
	59,576	55,367

The replacement value of inventories and work-in-progress is not considered to be materially different from the book value. Inventories are stated after provision for impairment of \$14,474,000 (2020: \$15,046,000). The amount recognised as an expense in the year for the write down of inventory was \$4,936,000 (2020: \$2,809,000)

15. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:

	2021 \$'000	2020 \$'000
Trade receivables	66,609	106,858
Corporation Tax	11,713	27,920
Amounts due from group undertakings	687,599	627,938
Prepayments and accrued income	2,552	963
Contract assets	52,539	38,246
Asset recognised for costs incurred to fulfil a contract	40,157	25,035
Derivative financial instruments (note 7)	-	3,436
Intercompany loan notes	27,500	27,500
	888,669	857,896

Trade receivables are stated after provision for expected credit losses of \$10,906,000 (2020: \$10,557,000).

Amounts due by group undertakings relates to Cash pool arrangements and other intercompany loans. \$615,191,000 (2020: \$43,588,000) relates to Cash pool and attracts interest at rates of between 0.01% and 1.5%. The remaining balances owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The intercompany loans noted above and below are recognised at fair value and relate to the AMS loan. The AMS loan does not attract interest and is repaid annually with the final repayment due to be received in 2025.

B/E AEROSPACE (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2021

15. TRADE AND OTHER RECEIVABLES (continued)

Amounts falling due after more than one year:

	2021	2020
	\$'000	\$'000
Deferred tax asset (see note 16)	5,450	2,308
Intercompany loan notes	75,821	98,461
Asset recognised for costs incurred to fulfil a contract	63,799	42,728
	145,070	143,497

16. DEFERRED TAX ASSET

	2021	2020
	\$'000	\$'000
Deferred tax assets due after more than 12 months	5,450	2,308
Net deferred tax asset	5,450	2,308

The Deferred tax asset position relates to fixed assets \$2,126,000 (2020: \$1,544,000) and temporary trading differences in relation to derivatives and other provisions \$3,324,000 (2020: \$764,000).

The analysis and movement of deferred tax (liabilities)/ assets is as follows:

	Accelerated tax depreciation	Other timing differences	Total
	\$'000	\$'000	\$'000
At 1 January 2020	1,787	(498)	1,289
Adjustments in respect of prior years	(218)	1,801	1,583
Deferred tax (charge) / credit to Income statement	(25)	177	152
Deferred tax charge in Other comprehensive income for the year	-	(716)	(716)
At 31 December 2020	1,544	764	2,308
Adjustments in respect of prior years	34	1,139	1,173
Deferred tax credit to Income statement	548	806	1,354
Deferred tax credit in Other comprehensive income for the year	-	615	615
At 31 December 2021	2,126	3,324	5,450

B/E AEROSPACE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	\$'000	\$'000
Trade creditors	45,856	46,649
Customer deposits	164	203
Amounts owed to group undertakings	88,116	116,537
Other taxes and social security	1,426	1,797
Accruals and deferred income	42,361	49,830
Derivative financial instruments (note 7)	76	-
Contract liabilities	21,989	15,622
Lease liability (note 12)	492	551
Provision for liabilities (note 19)	8,516	10,744
	208,996	241,933

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

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	\$'000	\$'000
Accruals and deferred income	93,196	115,838
Contract liabilities	58,019	46,786
Lease liability (note 12)	951	1,338
Provision for liabilities (note 19)	23,456	27,913
	175,622	191,875

19. PROVISIONS FOR LIABILITIES

	Warranty	Other	Total
	\$'000	\$'000	\$'000
At 1 January 2020	31,153	6,425	37,578
Additions charged to the income statement:	9,819	-	9,819
Released in the period	(5,746)	-	(5,746)
Utilised in the period	(2,994)	-	(2,994)
At 31 December 2020	32,232	6,425	38,657
Additions charged to the income statement:	3,945	-	3,945
Transfers in the year	3,952	-	3,952
Released in the year	(8,485)	-	(8,485)
Utilised in the year	(6,097)	-	(6,097)
At 31 December 2021	25,547	6,425	31,972

B/E AEROSPACE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2021****19. PROVISIONS FOR LIABILITIES (continued)**

	2021	2020
	\$'000	\$'000
Current	8,516	10,744
Non-current	23,456	27,913
Balance at the end of the year	31,972	38,657

Warranty

The Company offers warranties on certain products. The provision represents management's best estimate of the likely costs of servicing warranties in place at the balance sheet date, one third of which is expected to be incurred within one year. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current year are consistent with those in the prior year. Transfer in year relates to the transfer of warranty liabilities from a subsidiary undertaking.

Other provisions

Other provisions relate to asset retirement and environmental obligations as a result of group activities.

20. SHARE-BASED PAYMENTS**Equity-settled share option/awards scheme**

The Company has a share option scheme where it grants to its employees rights to equity instruments of RTX, its parent company. The required disclosures are therefore included in the consolidated financial statements. B/E Aerospace (UK) Limited measures its share-based payment expense as a proportion of the expense recognised for the entire share-based payment scheme based on the number of employees participating in the scheme.

21. CALLED UP SHARE CAPITAL

	2021	2020
	\$	\$
Allotted, called-up and fully paid		
4 ordinary shares of £1 (2020: 4 ordinary shares of £1)	5	5

22. FINANCIAL COMMITMENTS

At the balance sheet date, the total future minimum lease payments for low value leases not included in note 12 are:

	31 December 2021 \$'000	31 December 2020 \$'000
Not later than one year	83	124
Later than one year and not later than five years	111	164
Later than five years	-	-
	194	288

B/E AEROSPACE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2021

23. RELATED PARTIES

In accordance with UK Financial Reporting Standards 'Related Party Disclosures', the transactions with other undertakings within RTX have not been disclosed within these financial statements.

24. CONTINGENT LIABILITIES

Contract manufacturing agreement with B/E Aerospace B.V

In October 2021 the galleys business adjusted its operating methodology and adopted a contract manufacturing agreement with the B/E Aerospace B.V. facility in the Philippines. This adjustment better represents the risks and rewards of the engineering and contract management activities conducted in the UK. The Company has performed an evaluation of the long-term profitability of the contract manufacturing agreement. Under the contract manufacturing agreement, the Company is liable to make payments to the intercompany partner or is entitled to receive royalty payments from the intercompany partner depending on the profitability of the intercompany partner in any calendar year. The Company concluded the manufacturing agreement is expected to be profitable and therefore no provision has been recognised in these financial statements. Refer to further information in note 3 and note 5 in the financial statements.

25. CONTROLLING PARTIES

The immediate holding company is BE Aerospace Holdings (UK) Limited, a company incorporated in England and Wales. The company's ultimate parent undertaking and controlling party is Raytheon Technologies Corporation, a company incorporated in the United States of America.

Raytheon Technologies Corporation is the smallest and largest group to consolidate these financial statements.

Copies of the Raytheon Technologies Corporation financial statements are publicly available and can be obtained from www.rtx.com.

26. EVENTS AFTER THE BALANCE SHEET DATE

In response to the Russian military's invasion of Ukraine on 24 February 2022, the UK government has imposed broad economic sanctions and export controls targeting key industries, entities and individuals in Russia. These UK government measures, among other items, restrict transactions involving various Russian banks and financial institutions and impose enhanced export controls limiting transfers of various goods, software and technologies to Russia, including broadened export controls specifically targeting Russia's aerospace sector. Governments of various other jurisdictions in which RTX operates, including Canada, the U.S., the European Union and others, have implemented similar measures. RTX will continue to monitor the changes in sanctions and other developments, which may result in financial impacts on the Company and/or our supply chain, business partners or customers in future periods. Based on information available to date, we currently do not expect these incremental impacts to have a material effect on the Company's financial condition, results of operations or liquidity.