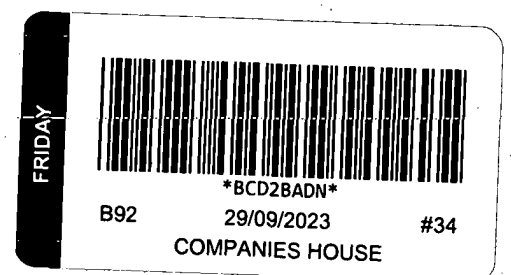


**AIRBUS HELICOPTERS UK LIMITED**

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2022.**



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**COMPANY INFORMATION**

**Directors**

T Hein	Chairman - appointed 30 May 2022
O Michalon	resigned 23 of May 2022
L Brown	Managing Director – appointed 3 May 2022
C James	resigned 30 of June 2022
J Kitcher	appointed 1-November 2021
F Lombo	resigned 2 January 2022
M Blanco-Romero	appointed 3 January 2022

**Secretary**

S Saint-Chabaud	Resigned 24 of July 2023
Yann Rozo	Appointed 24 of July 2023

**Registered Office**

Airbus Helicopters UK Limited  
Oxford Airport  
Kidlington  
OX5 1QZ

**Auditor**

KPMG LLP  
66 Queen Square  
Bristol  
BS1 4BE

## **STRATEGIC REPORT**

The directors present their Strategic Report for the year ended 31 December 2022.

### **Principal activities**

The main activities of the Company are the sale of helicopters, customisation and retrofit, maintenance on behalf of the customers, sale of spare parts and technical support, training for pilots and technicians and all other services required for operators to fly their helicopters.

The Company is servicing and selling its products to the commercial, public and military markets foremost in the UK and Ireland.

### **Business review**

The Company secured bookings of fourteen (2021: Twelve) new civil and para-public airframes valued at £91.9m (2021: £55.1m) in 2022. With business continuing to return to normality, the company anticipates this level of activity will be maintained and continue to improve in the future.

The UK MoD had contracted with the Company for the purchase of five new aircraft for a dedicated military role. Four of these aircrafts were delivered in 2022 and one aircraft will now be delivered in 2023. The Company has also finalised negotiations and is now in a strong position to further secure 6 H145's. In addition, the Follow-on Support Agreement (FSA) with the UK MoD has been extended to 31 March 2025 together with the Gazelle Platform Follow-on Support contract (GPFS) which has also been extended for a further 12 month period to 31 March 2023.

Revenue for the year was £128.6m (2021: £106.9m), representing an increase of £21.7m compared to the previous year but in line with expectations considering the macroeconomic downturn consisting of high inflation, energy crisis and a continuous increase in interest rates.

During the year, eight new aircraft were delivered (2021: four) to a mix of Civil and Defence customers. Total turnover from new aircraft sales to the civil customers was £11.3m (2021: £8.5m) and to Defence £23.2m (2021: £6.4m). Defence business volumes excluding the above mentioned aircraft was £56.3m (2021: £60.3m).

Civil Service and Support activity is more or less in line with the previous year at £29.9m (2021: £30.3m). Maintenance activities were £16.2m (2021: 17.8m).

The Company continues to have a diverse portfolio of customers and contracts to safeguard against a downturn in one specific sector.

Customisation and retrofit activity delivered turnover of £3.7m (2021: £3.5m). The Company has successfully continued its work on the H130 Aston Martin aircraft with customising interior and paint schemes designed by the Company in conjunction with the luxury car manufacturer, Aston Martin Lagonda Ltd and this will be completed in 2023.

AHUK will be moving to new facilities in August 2024. The lease will be signed in August 2024 and will be an operating lease, with a lease term of 25 years and a liability of £70.7m.

## **STRATEGIC REPORT (CONTINUED)**

Digital solutions development in support of our customers has continued with the launch of our new AirbusWorld website which offers a simplified and streamlined navigation between services, through a number of menus and shortcuts that are accessible from any page. The platform enables greater collaboration with operators through new features, such as the Store, which includes eOrdering, an interactive map of the Airbus Helicopters global network of service and training centres, an online catalogue of services and software. The "Communities" collaborative service has been expanded, customers can now join groups dedicated to specific aircraft models as well as fleet airworthiness support, analytic services, flight operations, digital experience, customer focus groups, operational safety and technical data. All this is geared for the exchange of ideas and experiences.

### **New Mobile solutions are now available such as:**

- Technical Data mobile with O.R.I.O.N., the technical publication reader that is accessible both online and offline, providing harmonised information for both web and mobile services. The enhanced search engine enables users to locate refined results, according to their operational needs.
- Flight Perfo, an application that computes all aspects of flight manuals performance figures in a single mobile application.
- Airbus Helicopters weight and balance application is preloaded with OEM data sources to ensure safe operational limits are respected by computing the weight and balance of an aircraft, taking into account the specific mission profile, payload and optional equipment on the helicopter.

### **Additional digital services now include:**

- Fleet Keeper – a web and tablet electronic tech log solution.
- Fleet Master – a cloud based, light maintenance information system enabling operators to manage their aircraft anywhere in the world.
- Flight Analyser HFDM – an analytics service that supports operational safety through analysing post flight data to identify any risks that may have occurred during flight.
- Fleet resources such as Aeronautical data service downloads for Helionix aircraft.
- Training course catalogues.
- By the Hours Management – allows customers to handle flight hour recording and main assemblies of aircraft under PBH (Power by Hour) contracts.
- Showroom – AirbusWorld's online catalogue where customers can learn all about Airbus Helicopters services and software in one unique place.
- Global Presence – to help customers find the nearest Airbus Helicopters and/or Airbus Helicopters Support and Services distributor, Airbus Helicopters Maintenance and Repair centre, or Airbus Helicopters Training Centre.

Loughborough University continue to investigate methods to reduce maintenance errors utilising Augmented Reality and fused vision technology. The testing of the technology has been deferred to late 2022. Future research projects to be launched in 2022 are being evaluated and aligned with business demands and new markets, in particular the search and rescue market.

During the year the Company held significant Euro cash balances, however financial gains of £2.0m (2021: losses £1.6m) were experienced resulting primarily from forex revaluation of cash and to a lesser extent the combination of interest received and paid, movements in financial assets and liabilities held at fair value and the maturity of forward contracts negotiated in 2016 and 2019. During the year, forex gains and losses are calculated using the European Central Bank rates advised by Group Treasury.

The Company reported an annual profit of £10.8m (2021: £2.1m) representing an increase compared to the previous year.

## **STRATEGIC REPORT (CONTINUED)**

The Balance Sheet remains stable and Net assets has increased to £22.5m (2021: £16.9m). Inventory levels are significantly higher due to 3 aircraft in stock at the end of the year. WIP is in line with the previous year.

The Company order book valuation of £481m as at the year end (2021: £457.1m) reflects the continued success in winning new contracts and the Company looks forward to delivering on these contracts in the coming years and forging long and successful partnerships with our customers in the execution of these contracts.

The Company would like to recognise the positive contribution of its customers, employees and other stakeholders in achieving the results of 2022 and looks to further enhance these relationships during 2023.

### **Employees**

The Company is committed to building a safe and positive working environment enabling an open and inclusive relationship for all employees. To achieve this, the Company offers training and development opportunities to all, and maintains internal controls thereby avoiding risk to its workforce.

It is Company policy to treat all applicants and employees fairly and equally regardless of sex, race colour, nationality, ethnic origin or disability and avoid unlawful discrimination in all aspects of recruitment, training and promotion. This is subject only to consideration of national security. The Company holds policies for Equal Opportunities, Dignity at Work and Recruitment that seek to provide employment opportunities, training and career development to existing disabled individuals or anyone joining the Company.

The number of employees has increased to 386 (2021: 368) and reflects the ongoing stability and importance of the support services delivered.

### **Financial risk management**

The Company's activities expose it to a number of financial risks including credit risk, currency exchange risk, liquidity risk, high inflation and climate change.

#### **Credit risk**

The Company's principal financial assets are bank balances and cash, trade and other debtors. The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors. 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 Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The credit given to customers is closely monitored and adjusted on a regular basis. No significant actual losses have been ascertained so far due to this trading risk.

#### **Currency exchange risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company mitigates this exposure wherever possible by natural hedging of the currencies i.e. matching currency costs with currency revenues. However, because of the timing difference between the payment streams for helicopters, the Company is vulnerable to quick and sudden currency fluctuation between Sterling and the Euro. Where the Company considers natural hedging does not mitigate the foreign exchange risks, the Company enters into foreign currency hedge contracts. Such contracts are placed by the Airbus Group Treasury function.

#### **Climate change risk**

Climate change may have a major impact on both the group's industrial operations and its upstream and downstream value chains, including aircraft direct operations and the wider air transport ecosystem. Accordingly, climate-related risks can potentially affect the Company's business and competitiveness, its customers and other actors in the aviation industry. The company does not foresee any material impact.

## **STRATEGIC REPORT (CONTINUED)**

### **Ukraine**

Following the invasion of Ukraine by the Russian military, the company has implemented measures in line with Government sanctions and blocked the accounts of all known Russian customers. No trading with these customers will take place until permitted by the UK Government. The blocking of these accounts has not had any material impact on the trading of the Company in 2022.

All new customer applications are processed via a robust Know Your Customer (KYC) process which the Company expects will identify those individuals or entities included in the sanctions and will ensure the Company's adherence to the sanction regime.

### **High Inflation**

The Company has been operating in an adverse macroeconomic environment which include high inflation, energy crisis and increasing interest rates. The Company has therefore factored in commercial policy measures to protect against inflation risk by linking the major long term contract revenues to various indices.

### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company can use, if needed, an agreed overdraft facility with the Group parent company that works under a cash pooling principle.

### **KPIs**

The business is controlled by monitoring key performance indicators including the return on sales (measured as the ratio of operating profit to sales) in 2022 7.63% (2021: 3.6%).

The latest return on sales reflects the mix of business achieved during the year.

## **STRATEGIC REPORT (CONTINUED)**

### **Statement by the Directors in performance of their statutory duties in accordance with section 172(1) Companies Act 2006**

In accordance with S172 (1) Companies Act 2006, the directors take the opportunity to explain how the key interests of the company's stakeholders have been considered under six different headings. The Company identifies its key stakeholders as its customers, suppliers, employees, regulators, Government departments, its shareholder and the environment and communities within which the Company operates.

The Board and therefore the company operates within a framework that is applicable to all Airbus Affiliates where there is a majority shareholding or in the case of Airbus Helicopters UK Limited, a 100% shareholding by the ultimate parent company (Airbus SE). The Airbus framework addresses the following governance topics: Legal & Compliance, Data Governance, Enterprise Risk Management, Crisis Management, Health & Safety, Environment, Audit, Sales & Marketing, Information Management, Security, Human Resources, Procurement, Product Safety and Facilities Management.

In performance of their duties, the directors have acted in good faith to promote the success of the company and make the following statements with respect to Section 172:

### **Statement by the Directors in performance of their statutory duties in accordance with section 172(1) Companies Act 2006 (continued)**

#### **S172 (1) (a) – The likely consequences of any decision in the long term**

The Company operates in a mature and extremely competitive market. Customers in both the civil and defence sectors demand the best value for money whilst ensuring the highest possible standards of safety and quality. The directors fully understand the operations and requirements of the different customers operating in different sectors and understand that certain decisions being taken may not align fully with each customers' interests.

The Company's Board of Directors meet twice a year to review the major events affecting the business, considering the economic, political, regulatory and geographic context in which the business is operating.

The Company has a local management team with responsibility for the day to day operations and activities. The local management team meet weekly and provides feedback to the Board on topics such as Ethics & Compliance, Enterprise Risk Management, Health & Safety and a progress briefing by each department of the company.

The Company's financial performance is reported at each Board meeting with a review of actual performance compared to the annual budget. Throughout the year, the Company updates its financial projections with three forecasts being performed and the Board will also endorse the five year plan.

#### **S172 (1) (b) – The interests of the Company's employees**

The directors recognise the importance of the company's employees in achieving the strategic goals of the company. To ensure the success of the business, the Company aims to attract and retain the best talent in the industry. The Company ensures it offers competitive salaries and benefits and where employees are required to hold licences or other qualifications, offers continuous training packages.

To ensure new employees can perform their roles to the highest standard, the Company provides a safe working environment and has implemented rigorous Health & Safety and Quality standards as expected by the industry regulators.

All employees are requested to participate in core on-line learning modules with other courses being available that are specific to individuals.



## **STRATEGIC REPORT (CONTINUED)**

### **Statement by the Directors in performance of their statutory duties in accordance with section 172(1) Companies Act 2006 (continued)**

#### **S172(1) (c) – The need to foster the Company's business relationships with suppliers, customers and others**

Strong relationships with our external partners are a critical element to delivering on time and on quality to all our valued customers. Furthermore, the Company is dependent upon its immediate parent for the delivery of airframes and spare parts that are essential in keeping the Airbus helicopter fleet flying in the UK. Performance indicators are used to track all on time deliveries and these are reported on every month to the delegated management team. Such frequency of reporting allows close monitoring of performance and the rapid implementation of corrective action if required. The Company has a team of Customer Logistics Managers working with suppliers to ensure on time delivery and quality of parts.

The Company works closely with its customers to predict the maintenance needs of the UK fleet and the demand for spare parts to ensure helicopter availability remains as high as possible. Working in support of our customers is a team of Technical Representatives who are available to answer technical questions about the aircraft and a team of Customer Support Managers who are available to answer technical questions about the aircraft and a team of Customer Support Managers supporting the maintenance activities of the UK Airbus Helicopters fleet.

The Airbus Helicopters parent company is cautiously investing in and improving the digital solutions offered to our customers to maximise their satisfaction by providing a real-time, meaningful online service.

#### **S172 (1) (d) – The impact of the company operations on the community and the environment**

The Company takes every step possible to minimise the impact of its operations on the environment and successfully operates an ISO 14001 approved Environmental Management System which is audited annually to maintain this accreditation.

The company uses processes, practices, techniques, materials, products, services or energy to avoid, reduce or control (separately or in combination) the creation, emission or discharge of any type of pollutant or waste, in order to reduce adverse environmental impacts of its operations.

In addition to supporting the national resilience aircraft fleet which are vital to public safety and wellbeing, the Company activities also extend to the local community in which the company operates. The Apprentice scheme recruits from local areas and representatives attend local schools and roadshows with the aim of attracting young people into an engineering career.

#### **S172 (1) (e) – The desirability of the company maintaining a reputation for high standards of business conduct**

The company operates in accordance with the Airbus Code of Conduct, within which there are six core Airbus values that guide the behaviours of Airbus employees:

##### **Customer Focus**

**Customer focus** is deeply embedded into our mind-set, driving us to deliver on time, on cost and on quality. We partner with our customers to satisfy their needs and deliver benefits through valuable and sustainable solutions. We understand that each of us has an impact on customer relations through the work we do, which is why we always act with integrity and to the highest professional standards.

## **STRATEGIC REPORT (CONTINUED)**

### **Statement by the Directors in performance of their statutory duties in accordance with section 172(1) Companies Act 2006 (continued)**

#### **S172 (1) (e) – The desirability of the company maintaining a reputation for high standards of business conduct (continued)**

##### **Integrity**

We work with **integrity**, choosing to speak up when our principles for ethical conduct are not respected. Our zero tolerance on unethical and non-compliant actions enables us to move forward with positivity and care. We act as ambassadors for the company, representing the integrity of Airbus even when we are outside work. The Ethics & Compliance programme seeks to ensure that the Company business practices not only conform to applicable laws, regulations and principles, but remains above all ethical standard benchmarks.

##### **Respect**

**Respect** guides us in our daily interactions. We respect each other, our customers and our products. We focus on building trust through transparent and honest communications. We create inclusive working environments, where all employees are listened to and valued for their individuality. We treat each other, and all our stakeholders, in the same considerate way that we would wish to be treated ourselves.

##### **Creativity**

We value and encourage **creativity**. We recognise that creativity exists in many forms, with ideas brimming at every level, from "shoot for the moon" ambitions, right down to our daily work. Creativity can often mean simply looking at things in a different way and our collaborative culture allows us to build on ideas and continually improve the work that we do. We make sure that everyone at Airbus has the time, space and tools to progress ideas with imagination and passion. We are always ready to act with courage, challenging our ideas and learning from our processes when we need to go back to the drawing board.

##### **Reliability**

We strive to maintain and build on our standards, proving and cementing our reputation for **reliability**. We each feel responsible for the collective success and progress of our global team and take accountability for our actions and outputs. We are dependable and can be trusted to ensure the safety and success of our products. We take pride in our work, ensuring the service and products we deliver are exceptional and completely reliable.

##### **We Are One / Teamwork!**

We understand that there is power in individuals, but believe there is a much greater power in collaboration and **teamwork**. We seek to create an engaging and inclusive workplace, where everyone has freedom to speak up and listen to each other with an open mind.

Our unifying statement of **We Are One** is embraced at every level of our global community, enabling faster decision making, less bureaucracy, greater collaboration and increased efficiency. With an employed Airbus global workforce of more than 134,000 people, **teamwork is vital to making us a leader in the aeronautics and space industry.**

The Company is committed to conducting business with unimpeachable integrity and to achieve this objective has installed a strong Ethics & Compliance culture. It is mandatory for all employees to undertake training annually within this perimeter.

## **STRATEGIC REPORT (CONTINUED)**

### **Statement by the Directors in performance of their statutory duties in accordance with section 172(1) Companies Act 2006 (continued)**

#### **S172 (1) (f) – The need to act fairly between members of the Company**

The Company is a wholly owned subsidiary of its ultimate parent, Airbus SE, and aims to deliver maximum value to the parent company. In pursuit of this objective, the directors note that in some instances, a particular decision may not result in the stakeholder groups' requirements being fully achieved.

#### **Streamlined Energy and Carbon Reporting**

Airbus Helicopters UK Limited is committed to improving its environmental footprint and is undertaking activities framed within the UN Sustainable Development Goals. In 2019, Airbus rolled out High5+, a plan to reduce the environmental footprint of its activities globally by 2030. These objectives have been set in absolute value compared to 2015 levels to reduce energy consumption, CO<sub>2</sub> emissions, water consumption, Volatile Organic Compound (VOC) emissions and waste production. As a member of the Airbus Group, the Company is required to fully engage with the High5+ programme to deliver the 2030 objectives. Specifically on energy and CO<sub>2</sub>, the objective is to reduce energy consumption by 20% and reduce scope 1 and scope 2 net Greenhouse Gas (GHG) emissions by 63%. This target has been set following the "Science Based Targets" methodology. Longer term, the Company is aligned with the Airbus ambition to reach net-zero GHG emissions by 2050.

In line with 2018 regulations which amend the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, the Company is required to prepare and file a report on its energy and carbon emissions. The Company is required to report on the following areas:

- Natural gas consumption – Scope 1
- Electricity consumption – Scope 2
- Transport consumption where the company has direct responsibility for the purchasing of fuel used for company business – Scope 3.
- Associated greenhouse gas emissions
- Action taken to improve energy efficiency in the year

The Company is reporting under this legislation and the declaration is for the calendar year.

#### **Methodology and findings.**

The Department for Business, Energy and Industrial Strategy (BEIS) Greenhouse Gas Reporting: Conversion Factors 2021 were used in conjunction with the Airbus's UK internal conversion factors which are in turn based on International Energy Agency (IEA) emission factors to analyse the energy consumption and the emission of greenhouse gases by the Company. The methodologies applied included:

- IAE 2012 conversion factors.
- The Department of Environment, Food and Rural Affairs UK (DEFRA) Fuels Standard Set (Diesel Average Biofuel Blend) Scope 1 2021 v2.
- The Department of Environment, Food and Rural Affairs UK (DEFRA) Electricity Standard Set Scope 2 2021 v2.
- The Department of Environment, Food and Rural Affairs UK (DEFRA) Business Travel – Land Standard Set Scope 3 2021 v2.
- The Department of Environment, Food and Rural Affairs UK (DEFRA) SECR Passenger and delivery vehicles – Scope 1 2021.

**STRATEGIC REPORT (CONTINUED)**

**Streamlined Energy and Carbon Reporting (continued)**

Current Reporting Period – 2022.

Emissions Source	Energy Consumption (kWh)	CO <sub>2</sub> e (tonnes)
Scope 1 – Natural gas and company vehicle fuel	1,450,000	340
Scope2 – Electricity	521,000	101
Scope 3 – Personal cars used for business purposes	184,259	45.5
<b>Total (Scope 1 + 2 + 3)</b>	<b>2,155,259</b>	<b>486.5</b>
Revenue	128.6M	
Floor area (m <sup>2</sup> )	9273	
Intensity Ratio: tCO <sub>2</sub> e/revenue £m	3.92	
Intensity Ratio: tCO <sub>2</sub> e/floor area m <sup>2</sup>	0.052	
Intensity Ratio: kgCO <sub>2</sub> e/floor area m <sup>2</sup>	52.46	

Previous Reporting Period – 2021.

Emissions Source	Energy Consumption (kWh)	CO <sub>2</sub> e (tonnes)
Scope 1 – Natural gas and company vehicle fuel	1,479,000	329
Scope2 – Electricity	511,000	109
Scope 3 – Personal cars used for business purposes	91,000	22.4
<b>Total (Scope 1 + 2 + 3)</b>	<b>2,081,000</b>	<b>460.4</b>
Floor area (m <sup>2</sup> )	9273	
Intensity Ratio: tCO <sub>2</sub> e/floor area m <sup>2</sup>	0.050	
Intensity Ratio: kgCO <sub>2</sub> e/floor area m <sup>2</sup>	49.65	

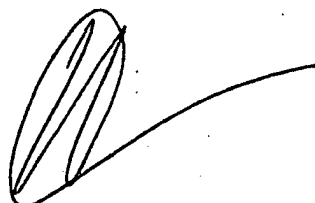
Energy consumption increased between 2021 and 2022 predominantly due to increased business travel during 2022 due to the relaxation of COVID 19 related restrictions.

All liquid fuel, oil and chemical waste was recovered and recycled.

In recognition of the increasing numbers of electric vehicles used by staff and visitors fleet during the year, the Company has installed a further electric vehicle charging point at the main site. The electricity is provided on a cost neutral basis and the usage of the point is being monitored to assess whether more units may be required.

Approved by the Board and signed on its behalf by:

Yann Rozo  
Secretary



29/09/2023

## **DIRECTORS' REPORT**

The directors present their Directors' Report and the financial statements for the year ended 31 December 2022.

### **Political contributions**

The Company made no political donations nor incurred any political expenditure during the year (2021: £nil).

### **Dividends**

The directors have proposed a final ordinary dividend in respect of the current financial year of £21.63 per share, a total dividend of £10,815,000. This has not been included in creditors, as it was not approved before the year end. Dividends paid in the year comprise a final dividend of £10.50 per share (a total of £5,248,000) in respect of the previous year ended 31 December 2021.

### **Directors**

The directors who held office during the year were as follows:

T Hein – appointed 30 May 2022  
O Michalon – resigned 23 May 2022  
L Brown – appointed 03 May 2022  
C James – resigned 30 June 2022  
J Kitcher – appointed 01 November 2021  
F Lombo – resigned 02 January 2022  
M Blanco Romero – appointed 03 January 2022

### **Directors' interests**

No director had any beneficial interest in this Company or any other group company at any time during the year (2021: nil).

### **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.

### **Going concern**

The Directors are satisfied that the Company has adequate resources to meet its operational needs for the foreseeable future and, accordingly, they continue to adopt the going concern basis in preparing the Financial Statements. See note 1(b).

### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year as well as information on financial instruments, how the directors had regard to suppliers, customers and other business relationships and employees have been included in the Strategic Report.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Approved by the Board and signed on its behalf by:

Yann Roze  
Secretary



29/09/2023  
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Oxford Airport  
Kidlington, Oxford OX5 1QZ

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRBUS HELICOPTERS UK LIMITED**

### **Opinion**

We have audited the financial statements of Airbus Helicopters UK Limited ("the company") for the year ended 31 December 2022 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRBUS HELICOPTERS UK LIMITED (continued)**

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatements due to fraud ("fraud risks"), we assessed events and conditions which could indicate and incentive, pressure, or opportunity to commit fraudulent financial reporting, or to misappropriate the company's assets.

Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading board meeting minutes;
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- The risk that management may be in a position to make inappropriate accounting entries;
- The risk that long term contract revenue is misstated due to bias in the accounting estimate.

We did not identify any additional fraud risks.

We performed procedures including:

- Examining contracts signed with customers, analysing the forecasting process as part of a retrospective review, assessing the assumptions underlying the final estimated contract costs, agreeing costs incurred during the year and their allocation to supporting documentation and assessing the accuracy of the calculation of percentage of completion and the related recognition of revenue.
- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussions with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Health and Safety, Employment Law and Civil Aviation Authority regulations, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRBUS HELICOPTERS UK LIMITED (continued)**

### **Fraud and breaches of laws and regulations – ability to detect (continued)**

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRBUS HELICOPTERS UK LIMITED (continued)**

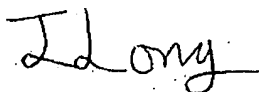
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Joseph Long (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
66 Queen Square  
Bristol  
BS1 4BE

29 September 2023

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022**

	<u>Notes</u>	<u>2022</u> £000	<u>2021</u> £000
<b>Turnover</b>	2	128,643	106,903
<b>Cost of sales</b>		(110,043)	(97,931)
<b>Gross profit</b>		18,600	8,972
<b>Administrative expenses</b>		(8,783)	(6,634)
<b>Operating profit</b>	3	9,817	2,338
<b>Other interest receivable and similar income</b>	4	3,620	25
<b>Interest payable and similar expenses</b>	5	(3)	(2,096)
<b>Profit before taxation</b>		13,434	267
<b>Tax on profit</b>	9	(2,619)	1,813
<b>Profit after tax</b>		10,815	2,080

There are no items of comprehensive income other than those passing through the Profit and Loss Account.

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 20 to 36 form part of these financial statements.

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		£000	£000
<b>Fixed assets</b>			
Tangible fixed assets	11	3,447	3,166
		<hr/>	<hr/>
		3,447	3,166
<b>Current assets</b>			
Stocks	12	22,799	9,886
Debtors	13	102,512	81,775
		<hr/>	<hr/>
		125,311	91,661
<b>Creditors: Amounts falling due within one year</b>	14	(103,200)	(74,215)
		<hr/>	<hr/>
<b>Net current assets</b>		22,111	17,446
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		25,558	20,612
<b>Provisions for liabilities</b>			
Other provisions	16	(3,034)	(3,655)
		<hr/>	<hr/>
<b>Net assets</b>		22,524	16,957
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	17	500	500
Profit and loss account		22,024	16,457
		<hr/>	<hr/>
<b>Shareholders' funds</b>		22,524	16,957
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 20 to 36 form part of these financial statements.

These financial statements were approved by the Board of Directors on the

29/9/2023

Signed on behalf of the Board of Directors

T. HEIN  
 Chairman

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**STATEMENT OF CHANGES IN EQUITY**

	<u>Notes</u>	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
		£000	£000	£000
Balance at 1 January 2021		500	25,427	25,927
<b>Total comprehensive income for the year</b>				
Profit or loss		-	2,080	2,080
<b>Transactions with owners, recorded directly in equity</b>				
Dividends		-	(11,050)	(11,050)
<b>Balance at 31 December 2021</b>		<u>500</u>	<u>16,457</u>	<u>16,957</u>
Balance at 1 January 2022		500	16,457	16,957
<b>Total comprehensive income for the year</b>				
Profit or loss		-	10,815	10,815
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	10	-	(5,248)	(5,248)
<b>Balance at 31 December 2022</b>		<u>500</u>	<u>22,024</u>	<u>22,524</u>
Set aside for dividends declared after the reporting period		-	(10,815)	(10,815)
<b>Total</b>		<u><u>500</u></u>	<u><u>11,209</u></u>	<u><u>11,709</u></u>

The notes on pages 20 to 36 form part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

### **1. ACCOUNTING POLICIES**

Airbus Helicopters UK Limited (the "Company") is a private company limited by shares being incorporated, domiciled and registered in England in the UK. The registered number is 01164090 and the registered address is Oxford Airport, Kidlington, Oxfordshire, OX5 1QZ.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling, which is also the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Airbus Group SE, includes the Company in its consolidated financial statements. The consolidated financial statements of Airbus Group SE are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and can be obtained from Drentestraat 24, 1083 HK, Amsterdam.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the year; and
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

As the consolidated financial statements of Airbus Group SE include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

#### **(a) Measurement convention**

The financial statements have been prepared under the historical cost accounting rules except the following assets and liabilities are stated at their fair value: derivative financial instruments.

#### **(b) Going concern**

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons.

The Company has net assets of £22.5 million for the year ended 31 December 2022 and net current assets of £22.1 million.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2022**

**1. ACCOUNTING POLICIES (CONTINUED)**

**(b) Going concern (continued)**

The large inter-company balance arises as the Company is part of an Airbus Treasury cash pool, whereby all cash balances are held in an Airbus Group bank account. Therefore, the Company is subject to the financing position of the wider Airbus Group, as cash balances will be used as required throughout the Group's entities. As a result, the ability of the Company to continue as a going concern is based upon the ability of the Airbus Group (the 'Group') to continue as a going concern.

The Directors considered that the most recent economic downturn and the war Ukraine may continue to pose risks to the Group's business including uncertainty of demand for new aircraft, disruption in deliveries and supply chains and delays in receiving cash from customers. The Group continues to negotiate with customers and suppliers to reduce the impact and has instituted measures to reduce costs, preserve cash and secure additional finance. There is uncertainty in relation to the impact on the Group's customers, which could impact on the timing of aircraft deliveries and associated cash payments and in extreme circumstances the loss of certain customers and their orders.

The group has prepared forecasts considering a severe but plausible downside scenario for aircraft deliveries, which the Directors have reviewed, covering the period of at least 12 months which indicate that the group will be able to continue to operate within the facilities in place. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**(c) Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account (except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income).

**(d) Basic financial instruments**

*Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2022**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **(e) Other financial instruments**

##### *Derivative financial instruments*

Forward exchange contracts are also recognised at fair value, with gains or losses being recognised immediately in the profit and loss account. The valuation of forward contracts is based upon the quoted market price of the forward contracts as at the reporting date.

#### **(f) Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets. The Company assesses at each reporting date whether tangible fixed assets are impaired. Any previous impairments are also considered and reversed if no longer relevant.

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- (i) Short leasehold - 33 years;
- (ii) Plant, equipment and vehicles - 10 years

Fixed assets under construction are not depreciated.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### **(g) Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of work in progress, cost includes direct materials, labour and an appropriate share of overheads based on normal operating capacity excluding financial charges and general overheads.

Contract work in progress is stated at costs incurred, less that transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

#### **(h) Employee benefits**

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2022**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **(h) Employee benefits (continued)**

##### *Defined benefit plans*

The Company's employees are members of a group wide defined benefit pension plan (see Note 19). As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan and the net defined benefit liability are recognised fully by the Company which is legally responsible for the plan, which is Airbus Defence and Space Limited, another member of the group. The Company then recognises a cost equal to its contribution payable for the period.

#### **(i) Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### **(j) Turnover**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured when specific criteria are met.

Sale of spares and other goods – revenues are recognised when the risks and rewards of ownership of the goods have passed to the customer.

Rendering of services – the revenue recognised for the delivery of services is determined by the nature of service performed which may be based on a rate per hour flown in the case of support contracts or the achievement of contractual milestones on long term contracts.

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable margin less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Gross amounts due from customers for contract work and gross amounts due to customers for contract work are recognised on the percentage of completion basis where revenues, costs and margins are recognised on the basis of progress of the contract. The percentage is calculated as the ratio of costs incurred at the reporting period against the total costs for the contract or by reference to contractual milestones. The valuations represent the best estimates available at the time and may include updates in assumptions with any impact on profit or loss being recognised in that period. In the event that a loss (at gross margin) is anticipated at the contract end, the loss is recognised in full within the period.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

### 1. ACCOUNTING POLICIES (CONTINUED)

#### (j) Turnover (continued)

Gross amounts due from customers for contract work and gross amounts due to customers for contract work are recognised net of any write down, customer billings and payments for performance of the contract.

Gross amounts due from customers for contract work is the right to consideration in exchange for goods or services transferred to the customer.

Gross amounts due to customers for contract work arise in the event of an obligation to transfer goods or services to a customer for which the Company has received a consideration. Such liabilities will be recognised as revenue when the Company has delivered under the terms of the contract to the customer.

Progress payments exceeding costs incurred are recorded as a liability under gross amounts due to customers for contract work within current liabilities. Amounts due from customers are treated as gross amounts due from customers for contract work and recorded in current assets.

#### (k) Expenses

##### *Operating lease*

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and interest payable*

Interest payable and similar expenses include interest payable and foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and foreign exchange gains.

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

#### (l) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2022**

**1. ACCOUNTING POLICIES (CONTINUED)**

**(l) Taxation (continued)**

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is possible that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The Company has no enforceable right to offset deferred tax assets against deferred tax liabilities.

**2. TURNOVER**

	<u>2022</u>	<u>2021</u>
	£000	£000
Sale of goods	11,652	12,334
Rendering of services	116,991	90,233
Construction Contracts	-	4,336
	<hr/>	<hr/>
	128,643	106,903
	<hr/>	<hr/>
<b>By activity:</b>	<u>2022</u>	<u>2021</u>
	£000	£000
New helicopter sales	34,009	8,508
Defence contracts	60,995	60,313
Customisation and retrofit	3,698	3,494
Support and services	29,934	30,252
Construction Contracts	-	4,336
Other	7	-
	<hr/>	<hr/>
	128,643	106,903
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2022**

**2. TURNOVER (CONTINUED)**

By geographical market:	<u>2022</u>	<u>2021</u>
	£000	£000
United Kingdom	118,255	98,204
Ireland	3,109	3,075
Europe	7,265	5,003
Americas	14	621
	<u>128,643</u>	<u>106,903</u>

**3. EXPENSES AND AUDITOR'S REMUNERATION**

Included in Profit are the following:	<u>2022</u>	<u>2021</u>
	£000	£000
Depreciation of tangible fixed assets - owned	457	471
Loss on disposal of fixed assets	1	3
Auditor's remuneration:		
Audit of these financial statements	156	90
Audit related assurance services	-	53
	<u>156</u>	<u>143</u>

**4. OTHER INTEREST RECEIVABLE AND OTHER SIMILAR INCOME**

	<u>2022</u>	<u>2021</u>
	£000	£000
Interest receivable from group undertakings	491	3
Net profit on forward contracts measured at fair value through profit and loss	112	-
Exchange rate gain	3,017	22
	<u>3,620</u>	<u>25</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2022**

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<u>2022</u>	<u>2021</u>
	<u>£000</u>	<u>£000</u>
Interest payable to group undertakings	3	5
Net loss on forward contracts measured at fair value through profit and loss	-	620
Exchange rate loss	-	1,471
	3	2,096
	3	2,096

**6. OPERATING LEASES**

Non-cancellable operating lease rentals are payable as follows:

	<u>2022</u>	<u>2021</u>
	<u>£000</u>	<u>£000</u>
Less than 1 year	1,733	1,519
Between 2 and 5 years	2,709	2,665
More than 5 years	720	681
	5,162	4,865
	5,162	4,865

During the year £1,616k was recognised as an expense in the profit and loss account in respect of operating leases (2021: £1,549k).

**7. STAFF NUMBERS AND COSTS**

	<u>2022</u>	<u>2021</u>
	<u>Number</u>	<u>Number</u>
The average number of employees employed by the Company during the year was:		
Executive Management Team (including directors)	17	18
Management	37	31
Support & services	261	253
Design & customisation	51	47
Sales	2	4
Administration	18	15
	386	368
	386	368

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2022**

**7. STAFF NUMBERS AND COSTS (CONTINUED)**

	<u>2022</u>	<u>2021</u>
	£000	£000
The aggregate payroll costs of these persons was:		
Wages and salaries	21,471	19,992
Social security	2,509	2,301
Other pension costs	2,444	5,290
	26,424	27,583
	26,424	27,583

**8. DIRECTORS' REMUNERATION**

	<u>2022</u>	<u>2021</u>
	£000	£000
Directors' remuneration	226	269
	226	269

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £161k (2021: £269k). Retirement benefits are accruing to no directors (2021: none).

Except for one director (2021: one), all of the directors are remunerated by other Airbus Group companies. No disclosure of emoluments relating to these directors is made in these financial statements and no recharge is received for services performed by other Airbus Group companies. As qualifying services provided by the Directors are deemed to be negligible therefore no costs have been recognised (2021: fnil).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Year ended 31 December 2022

**9. TAXATION**

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	<u>2022</u>	<u>2021</u>
	£000	£000
<i>Current tax</i>		
UK corporation tax	2,406	0
Adjustments in respect of prior periods	(45)	(1,506)
	<hr/>	<hr/>
<b>Total current tax</b>	<b>2,361</b>	<b>(1,506)</b>
	<hr/>	<hr/>
<i>Deferred tax (see Note 15)</i>		
Origination / reversal of timing differences	151	54
Change in tax rate on opening balances	-	(305)
Adjustments in respect of prior periods	107	(56)
	<hr/>	<hr/>
<b>Total deferred tax</b>	<b>258</b>	<b>(307)</b>
	<hr/>	<hr/>
<b>Total tax charge</b>	<b>2,619</b>	<b>(1,813)</b>
	<hr/>	<hr/>
<b>Reconciliation of effective tax rate</b>		
	<u>2022</u>	<u>2021</u>
	£000	£000
<b>Profit including taxation</b>	<b>10,815</b>	<b>2,080</b>
<b>Total tax (income) / expense included in profit or loss</b>	<b>2,619</b>	<b>(1,813)</b>
	<hr/>	<hr/>
<b>Profit excluding taxation</b>	<b>13,434</b>	<b>267</b>
<b>Tax using the UK corporation tax rate of 19.00% (2021: 19.00%)</b>	<b>2,552</b>	<b>51</b>
<b>Expenses not deductible for tax purposes</b>	<b>(31)</b>	<b>3</b>
<b>Effect of changes in tax laws and rates</b>	<b>36</b>	<b>(305)</b>
<b>Under / (over) provided in prior years</b>	<b>(45)</b>	<b>(1,506)</b>
<b>Adjustments for prior period deferred tax</b>	<b>107</b>	<b>(56)</b>
	<hr/>	<hr/>
<b>Total tax expense included in profit or loss</b>	<b>2,619</b>	<b>(1,813)</b>
	<hr/>	<hr/>

The adjustment to current tax in 2022 of £45k (2021: (£1,506k)) reflects group relief surrenders from fellow Airbus Group Companies. The adjustments for prior period deferred tax of £107k (2021: £56k) reflects the movement in net book value of fixed assets for taxation purposes of £189k (2021: £227k), provisions £82k (2021: £104k), and financial liabilities held for trading £nil (2021: £49k)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2022**

**9. TAXATION (CONTINUED)**

During FY21, it was announced that the rate of corporation tax will increase to 25% from 1 April 2023. This has been substantively enacted and therefore, the deferred tax asset has been recognised at 25%.

**10. DIVIDENDS**

The aggregate amount of dividends comprises:

	<u>2022</u>	<u>2021</u>
	£000	£000
Final dividend in respect of the prior year but not recognised as liabilities in that year	5,248	11,050
	<u>5,248</u>	<u>11,050</u>

After the balance sheet date total dividends of £10,815k equivalent to £21.63 per qualifying ordinary share (2021: £5,248k ; £10.50 per qualifying ordinary share) were proposed by the directors. The dividends have not been provided for, but are presented as a segregated component of retained earnings at the end of the year.

**11. TANGIBLE FIXED ASSETS**

	<u>Short Leasehold</u>	<u>Fixed Assets under construction</u>	<u>Plant, equipment and vehicles</u>	<u>Total</u>
	£000	£000	£000	£000
Cost:				
As at 1 January 2022	2,966	150	6,546	9,662
Additions at cost	-	274	465	739
Disposals	-	-	(1)	(1)
	<u>2,966</u>	<u>424</u>	<u>7,010</u>	<u>10,400</u>
As at 31 December 2022				
Depreciation:				
As at 1 January 2022	1,335	-	5,161	6,496
Charge for the year	80	-	377	457
Disposals	-	-	-	-
	<u>1,415</u>	<u>-</u>	<u>5,538</u>	<u>6,953</u>
As at 31 December 2022				
Net book value:				
As at 31 December 2022	<u>1,551</u>	<u>424</u>	<u>1,472</u>	<u>3,447</u>
As at 31 December 2021	<u>1,631</u>	<u>150</u>	<u>1,385</u>	<u>3,166</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Year ended 31 December 2022

**12. STOCKS**

	<u>2022</u>	<u>2021</u>
	£000	£000
Goods held for resale	18,988	5,805
Work in progress	3,811	4,081
	22,799	9,886
	22,799	9,886

Goods held for resale have 3 aircrafts in stock at the end of the year (2021: £nil).

**13. DEBTORS**

	<u>2022</u>	<u>2021</u>
	£000	£000
Trade debtors	13,165	10,284
Amounts owed by group undertakings	81,908	64,611
Financial assets held for trading (see note 18)	7	-
Prepayments and accrued income	6,419	5,610
Deferred tax asset (see note 15)	1,013	1,270
	102,512	81,775
	102,512	81,775

The Amounts owed by group undertakings include the cash pooling that the Company holds with the Airbus Group of £80,745k (2021: £63,367k). The Company receives interest on cash pooled assets at a rate in accordance with the European Central Bank. Amounts owed by Group companies for trade receivables is £1,140k (2021: £1,244k) are unsecured and accrue nil interest.

Financial assets held for trading represent forward contracts held for the purpose of reducing the company's exposure to currency risk on long-term contracts where costs and income are incurred in currencies other than sterling. The derivatives are held at fair value. The total carrying amount was £7k (2021: nil).

Included within prepayments are £6,055k (2021: £5,414k) of advance payments for the delivery of aircraft. Airbus Helicopters Deutschland GmbH have received £609k advances (2021: £1,777k) and Airbus Helicopters SAS have received £5,446k advances (2021: £3,637k) for future deliveries as at the year end.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Year ended 31 December 2022

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2022</u>	<u>2021</u>
	£000	£000
Trade creditors	4,655	5,064
Amounts owed to group undertakings	23,971	7,077
Taxation and social security	6,535	6,105
Financial liabilities held for trading	4	112
Gross amounts due to customers for contract work	500	500
Accruals	48,224	37,827
Deferred Income	19,311	17,530
	<u>103,200</u>	<u>74,215</u>

Amounts owed to Group companies for trade payables is £23,971k (2021 £5,548k) are unsecured and accrue nil interest. A minimum of 30 days credit terms are offered. Amounts to Group companies from tax relief is £45k (2021:£1,529k).

**15. DEFERRED TAX ASSET**

Deferred tax assets are attributable to the following:

	<u>2022</u>	<u>2021</u>
	£000	£000
Accelerated capital allowances	561	965
Provisions	351	155
Financial liabilities held for trading	101	150
	<u>1,013</u>	<u>1,270</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 December 2022**

**16. PROVISIONS**

	<u>Aircraft</u> <u>Maintenance</u>	<u>Exit</u> <u>Tickets</u>	<u>Onerous</u> <u>Lease</u>	<u>Total</u>
	£000	£000	£000	£000
Balance at 1 January 2022	1,799	40	1,816	3,655
Provisions made during the year	220	-	310	530
Provisions used during the year	-	-	(335)	(335)
Provisions released during the year	(816)	-	-	(816)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	<u>1,203</u>	<u>40</u>	<u>1,791</u>	<u>3,034</u>

Provisions represent the Company's best estimate of total costs where the timing or amount is uncertain at the reporting date. Provisions are only recognised when a current obligation associated with a past event exists and is anticipated there will be a future cost associated with this event.

**16. PROVISIONS (CONTINUED)**

Aircraft maintenance provisions represent best estimates of cost associated with maintenance contracts. As costs are incurred, the provisions are released and excess provisions are released upon contract closure. Current provisions are expected to mature during the financial years 2023 to 2026. All provisions are subject to frequent reviews throughout the financial year.

Exit ticket provisions represent the Company's estimated costs associated with the termination of Power by the Hour contracts at 31 December 2022.

The Company continues its attempts to identify an alternative use for the Aberdeen premises with ongoing assistance from an external property agent with marketing the property to potential third parties. The economic downturn in the oil and gas activity in the area, an oversupply of commercial property and the continued impact of the pandemic continues the requirement for the provision. Reviews during the year regarding the status of the building and the potential to identify a tenant have been concluded and the continued reasonableness of the provision has been evaluated.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Year ended 31 December 2022

**17. SHARE CAPITAL**

	<u>2022</u>	<u>2021</u>
	£000	£000
<i>Allotted, called up and fully paid</i>		
500,000 ordinary shares of £1 each	500	500
	<hr/>	<hr/>
Shares classified in shareholders' funds	500	500
	<hr/>	<hr/>

All ordinary shares carry equal voting rights and the holders of the shares are entitled receive a dividend as declared.

**18. FINANCIAL INSTRUMENTS**

*Forward exchange contracts*

The financial risk management of Airbus Helicopters UK Limited has been overseen by the Corporate Finance department at Airbus SE under policies approved by the Board of Directors and the Chief Financial Officer. The fair values of forward exchange financial instruments are determined by using generally accepted valuation techniques such as option pricing models and discounted cash flow models on the basis of market information available to the reporting period.

The valuation is based upon observable market data such as currency rates, currency forward rates, interest rates and yield curves as well as price and rate volatilities obtained from recognised sources of market data.

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	<u>2022</u>	<u>2021</u>
	£000	£000
Forward exchange contracts	3	(112)
	<hr/>	<hr/>

*Handwritten mark*

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2022**

### **19. EMPLOYEE BENEFITS**

As explained in note 1.h, the Company's employees are members of a group wide defined benefit pension plan. The net defined benefit liability is recognised fully by Airbus Defence and Space Limited, another member of the group. The company then recognises a cost equal to its contributions payable for the period. The contribution for the year was £2,444k (2021: £5,281k).

The scheme is a registered pension scheme under the Finance Act 2004. The Trustees' only formal funding objective is the statutory funding objective under the Pensions Act part 6 2004, which is to have sufficient and appropriate assets to cover the Scheme's obligations. Since 1 November 2013, this plan is generally closed for new joiners, who participate in a separate defined contribution plan.

The Company participates in a number of defined contribution pension plans. The total expense relating to these plans in the current year was £1,022k (2021: £879k). A further expense of £1,421k (2021: £1,409k) has been recognised in relation to Group defined benefit plans, accounted for as defined contribution plans.

### **20. RELATED PARTY TRANSACTIONS**

As the Company is a wholly owned subsidiary of Airbus Helicopters SAS, the Company has taken advantage of the exemption contained in FRS 102.33 and has therefore not disclosed transactions with wholly owned subsidiaries which form part of the Airbus SE group for which consolidated financial statements are publicly available.

### **21. CAPITAL COMMITMENTS**

Capital expenditure contracted but not provided at 31 December 2022 was £1.2m (2021: £16k).

### **22. ULTIMATE PARENT COMPANY**

The Company is a wholly owned subsidiary undertaking of Airbus Helicopters SAS, a company incorporated in France, which in turn is a wholly owned subsidiary of Airbus SE (formerly Airbus Group SE), a company incorporated and registered in the Netherlands whose registered address is Mendelweg 30, 2333 CS Leiden, The Netherlands.

The largest group in which the results of the Company are consolidated is that headed by Airbus SE. The consolidated financial statements of Airbus SE, within which this Company is included, can be obtained from the company registered address of Drentestraat 24, 1083 HK, Amsterdam.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2022**

### **23. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company estimates turnover on long term contracts using the costs input method to determine the stage of completion. Due to the long term nature of some contracts, the Company has to make estimates about the future performance of these contracts with reference to the planned usage of the aircraft and the level of effort required to support the contracts.

At 31 December 2022, the Company has a single long term contract where estimation uncertainty at the balance sheet date leads to there being a significant risk of causing a materiality adjustment to the carrying amount of assets and liabilities in the next financial year. The key sources of estimation uncertainty when developing the forecast for this long term contract are:

- The extent of future servicing and maintenance activity
- The labour and materials cost of future servicing and maintenance activity

When developing the forecast for this long term contract, the Company has made a significant judgement relating to the planned mitigation to a contract risk and an associated estimate for this cost of this mitigation, which is subject to a commercial negotiation and contributes to the significant estimation uncertainty of forecast costs on this contract.

The carrying amount of deferred income recognised on this contract at 31 December 2022, subject to this estimation uncertainty is £7,991k (2021:£8,666k).

The amounts reported in the financial statements during the life of these contracts represent the management's best endeavours to report an accurate view of progress. The Company seeks to minimise this risk by exercising careful judgement when trading on long term contracts and by deploying robust contract management and risk analysis procedures.

As stated in Note 16, the Company has retained a provision for the lease of a property in Aberdeen which it considers to be onerous given the Company has not identified an alternate use for the premises.

When creating this provision, the Company exercised its judgement using information available at the time of decision making. In this particular case, the Company has made an assessment of deriving future economic benefits from its facility in Aberdeen in the context of the conditions of the Oil & Gas industry, the associated aviation sector, the possibility to sublease to a third party, and the state of the commercial property market in the locality.

Based on the information available, the Company management has determined that a provision of £1,791k (2021: £1,816k) is the value by which the current lease must be written down.

To ensure the provision is set to the correct amount, the Company performs a review during each financial year. As a consequence of this review, the value of the provision may be increased or decreased as is deemed necessary in the future.

### **24. POST BALANCE SHEET EVENTS**

There are no post balance sheet events which require adjustment or disclosure in the financial statements.