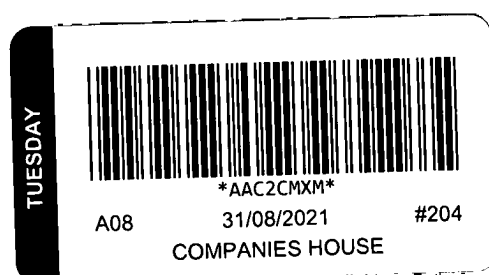


Ceesail Limited
Annual Report
for the year ended 31 December 2020

Registered number: 04644389



Ceesail Limited

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Ceesail Limited

Strategic Report

The directors present their Strategic Report for the company for the year ended 31 December 2020.

Review of business and future activities

The directors are satisfied with the results for the year. The directors expect the company to continue as a holding company for the foreseeable future.

On 3 April 2020, United Technologies Corporation ("UTC"), the ultimate parent company of a multinational group of which the Company was a member during the year ended 31 December 2019, separated into three independent companies via spin-off transactions: (1) Otis Worldwide Corporation ("Otis"), (2) Carrier Global Corporation ("Carrier"), and (3) UTC, an aerospace company comprised of the Collins Aerospace Systems and Pratt & Whitney businesses.

On 3 April 2020, UTC combined its aerospace businesses with Raytheon Company ("Raytheon") in a merger of equals transaction with Raytheon surviving as a wholly owned subsidiary of UTC ("the Raytheon Merger"). Upon the closing of the Raytheon Merger, UTC's name changed to "Raytheon Technologies Corporation" ("RTX"). Prior to the Raytheon Merger, UTC separated its Carrier and Otis businesses from its aerospace businesses. As a result of this merger, Ceesail Limited is now a member of RTX.

Key performance indicators (KPIs)

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not appropriate in helping understand the development, performance or position of the business.

Financial risk management

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's operations expose it to financial risks as set out below.

Principal risks and uncertainties

Liquidity risk

The company actively maintains intercompany finance that is designed to ensure the company has sufficient available funds for operations.

Credit Risk

The Company's principal financial asset is an intercompany note receivable. The recoverability of this deposit is reviewed on a regular basis and if there is an identifiable loss event an allowance for impairment would be made.

Interest rate cash flow risk

The company has interest-bearing assets that include intercompany balances. Rates of interest vary according to market conditions prevailing at the time.

Foreign exchange risks

The majority of the company's transactions are denominated in sterling and the directors do not believe that there is a significant foreign exchange risk.

Ceesail Limited

Strategic Report

Principal risks and uncertainties (continued)

Impact of the COVID-19 Pandemic

In 2020, the coronavirus disease 2019 (COVID-19) negatively impacted both the U.S. and global economy and Raytheon Technologies Corporation ("RTX") business and operations and the industries in which RTX operates. The continued disruption to air travel and commercial activities and the significant restrictions and limitations on businesses, particularly within the aerospace and commercial airline industries, have negatively impacted global supply, demand and distribution capabilities. In particular, the unprecedented decrease in air travel resulting from the COVID-19 pandemic has adversely affected RTX's airline and airframer customers, and their demand for the products and services of the Collins Aerospace and Pratt & Whitney businesses. While the long-term outlook for the aerospace industry remains positive due to the fundamental drivers of air travel demand, there is significant uncertainty with respect to the point at which commercial air traffic capacity will return to and/or exceed pre-COVID-19 levels. RTX Management continues to monitor these trends and is working closely with customers to actively mitigate costs and adjust production schedules to accommodate these declines in demand. The Raytheon Intelligence & Space and Raytheon Missiles & Defense businesses, although experiencing minor impacts, have not experienced significant business disruptions as a result of the COVID-19 pandemic.

While RTX has begun to see some indications that commercial air travel is recovering in certain areas of demand, other areas continue to lag. As a result, RTX continues to estimate that a full recovery may occur in 2023 or 2024. RTX Management's expectations regarding the COVID-19 pandemic and its potential financial impact are based on available information and assumptions that are believed to be reasonable at this time; however, the actual financial impact is highly uncertain and subject to a wide range of factors and future developments. New information may emerge concerning the scope, severity and duration of the COVID-19 pandemic, the effect of mutating strains and whether additional outbreaks of the pandemic will continue to occur. The actions to contain the pandemic's spread and its related impacts may be trends that continue in the future even after the pandemic no longer poses a significant public health risk.

Being part of such a large corporation gives Ceesail Limited the ability to access any necessary funding and investments during challenging times such as the COVID-19 pandemic. The directors currently believe RTX has sufficient liquidity to withstand the potential impacts of the pandemic. With the completion of the Otis & Carrier separation transactions and the Raytheon Merger in 2020, RTX has a balanced and diversified portfolio of both aerospace and defense businesses which RTX Management believes will help mitigate the impacts of the COVID-19 pandemic on future business cycles.

The directors believe that the actions taken in terms of cost management and RTX's sufficiently liquidity will ensure that Ceesail Limited continues to operate as a going concern.

Section 172(1) Statement

This section describes how the directors have had regard to the matter 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 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 interests of the company's employees

The company does not have any employees.

Ceesail Limited

Strategic Report

Section 172(1) Statement (continued)

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

Suppliers

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.

Customers

The company has no customers.

Having regard to need to foster the company's business relationships with suppliers, customers and others (continued)

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.

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 group's corporate and social responsibility statements are published at www.rtx.com as part of the consolidated accounts of RTX.

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 company has published a statement for the reporting period at www.rtx.com.

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, that will provide any shareholder or group of shareholders with any unfair advantage or position compared to the shareholders as a whole.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 13 to the financial statements.

Ceesail Limited

Strategic Report

Approval

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R Worth', is positioned above the printed name and title.

R Worth
Director
24 August 2021

Fore 1, Fore Business Park,
Huskisson Way,
Shirley, Solihull,
B90 4SS

Ceesail Limited

Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2020.

Principal activities

The principal activity of the company is to hold loans with entities within the Raytheon Technologies Corporation group.

Results and dividends

The profit for the financial year is set out in the statement of comprehensive income on page 11.

On 8 October 2020 the directors of the company approved the proposal for the company to cancel its share premium and reduce its share capital from £1,311,741,216 divided into 1,311,741,216 ordinary shares of £1.00 each, to £131,174.12 divided into 1,311,741,216 ordinary shares of £0.0001 each. The credit arising from these transactions has been credited to the retained earnings account of the company.

On the 29 October 2020, Ceesail Limited paid an Interim dividend to its immediate parent company, Beesail Limited, of £1,390,000,000 (2019: £ nil), with no other dividend being paid in the year ended 31 December 2020.

Going concern

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

The company meets its day to day working capital requirements through a cash pooling arrangement provided by Silver Aero Limited, which itself has received a letter of support from Raytheon Technologies Corporation, the ultimate parent undertaking of both Ceesail Limited and Silver Aero Limited.

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

Directors

The directors who held office during the year are given below:

L Powell
R Worth

Directors' indemnity

The directors have the benefit of an indemnity (provided on a group wide basis via Raytheon Technologies Corporation) which is a qualifying third party indemnity provision. The indemnity was in force throughout the last financial year and also at the date of approval of the financial statements.

Future developments

These are included in the strategic report.

Financial risk management

These are included in the strategic report.

Ceesail Limited

Directors' 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 period. 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

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.

Approved by the Board and signed on its behalf by:



R Worth
Director
24 August 2021

Fore 1, Fore Business Park,
Huskisson Way,
Shirley, Solihull,
B90 4SS

Independent auditors' report to the members of Ceessail Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ceessail Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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, which comprise: the Balance Sheet as at 31 December 2020; 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.

Independent auditors' report to the members of Ceasail Limited (continued)

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.

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 2020 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.

Independent auditors' report to the members of Ceesail Limited (continued)

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 applicable Generally Accepted Accounting Practices, tax compliance legislation and the UK Bribery Act, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 (1) posting inappropriate journal entries to manipulate financial results; (2) management bias in accounting estimates such as recoverability of intercompany receivables. Audit procedures performed by the engagement team included:

- Discussions throughout the audit with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias), in particular in relation to recoverability of intercompany receivables.

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.

Independent auditors' report to the members of Ceesail Limited (continued)

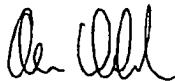
Other required reporting

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.



Alan Walsh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
24 August 2021

Ceesail Limited

Statement of Comprehensive Income

For the year ended 31 December 2020

| | <i>Note</i> | 2020 £'000 | 2019 £'000 |
|--|-------------|-----------------------|-----------------------|
| Administrative expenses | | (285) | (18) |
| Operating loss | | (285) | (18) |
| Finance income | 3 | 13,946 | 33,834 |
| Finance costs | 4 | (11,893) | — |
| Profit before taxation | | 1,768 | 33,816 |
| Tax on profit | 8 | 51,949 | — |
| Profit for the financial year | | 53,717 | 33,816 |
| Other comprehensive income | | — | — |
| Total comprehensive income for the year | | 53,717 | 33,816 |

All results are derived from continuing operations.

Ceesail Limited

Balance Sheet

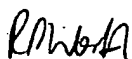
As at 31 December 2020

Registered number: 04644389

| | <i>Note</i> | 2020 £'000 | 2019 £'000 |
|---|-------------|-----------------------------|-----------------------------|
| Current assets | | | |
| Debtors | 10 | 73,751 | 1,406,835 |
| | | 73,751 | 1,406,835 |
| Creditors: Amounts falling due within one year | 11 | (3,212) | (13) |
| Net current assets | | 70,539 | 1,406,822 |
| Total assets less current liabilities | | 70,539 | 1,406,822 |
| Net assets | | 70,539 | 1,406,822 |
| Equity | | | |
| Called up share capital | 12 | 131 | 1,311,741 |
| Share premium account | | — | 14,281 |
| Retained earnings | | 70,408 | 80,800 |
| Total shareholders' funds | | 70,539 | 1,406,822 |

The notes on pages 14 to 21 form part of these financial statements

The financial statements on pages 11 to 21 were approved by the board of directors on 24 August 2021 and were signed on its behalf by:



R Worth
Director

Ceesail Limited

Statement of changes in equity

For the year ended 31 December 2020

| | Called up share capital £'000 | Share Premium £'000 | Retained earnings £'000 | Total share- holders' funds £'000 |
|--|-------------------------------------|------------------------|-------------------------------|---|
| Balance at 1 January 2019 | 1,311,741 | 14,281 | 46,984 | 1,373,006 |
| Profit for the financial year | — | — | 33,816 | 33,816 |
| Total comprehensive income for the year | — | — | 33,816 | 33,816 |
| Balance at 31 December 2019 | 1,311,741 | 14,281 | 80,800 | 1,406,822 |
| Profit for the financial year | — | — | 53,717 | 53,717 |
| Total comprehensive income for the year | — | — | 53,717 | 53,717 |
| Dividends | — | — | (1,390,000) | (1,390,000) |
| Share capital reduction | (1,311,610) | (14,281) | 1,325,891 | — |
| Total transactions with owners recognised directly in equity | (1,311,610) | (14,281) | (64,109) | (1,390,000) |
| Balance at 31 December 2020 | 131 | — | 70,408 | 70,539 |

Ceesail Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting Policies

Ceesail Limited ('the company') is a former investment holding company which has previously disposed of all of its investments. Its current principal activity is to hold loans with entities within the Raytheon Technologies Corporation group.

The company is a private limited company, limited by shares, and is incorporated and domiciled in England. The address of its registered office is Fore 1, Fore Business Park, Huskisson Way, Shirley, Solihull, B90 4SS.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and all the years presented, unless otherwise stated.

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements are therefore prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements have been prepared on a going concern basis, as explained in the accounting policies below.

As permitted by FRS 101, the company has taken advantage of some of the disclosure exemptions available under that standard. The key exemptions taken are as follows:

IFRS 7 – financial instrument disclosures

IFRS 13 – disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities

IAS 1 – Information on management of capital

IAS 7 – statement of cash flows

IAS 8 – disclosures in respect of new standards and interpretations that have been issued but are not yet effective

IAS 24 – disclosure of key management compensation and for related party disclosures entered into between two or more wholly owned members of a group

Where required, equivalent disclosures are given in the group financial statements of Raytheon Technologies Corporation. The group financial statements of Raytheon Technologies Corporation are available to the public and can be obtained as set out in note 14.

Adoption of new and revised Standards

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020 have had a material impact on the company.

Ceesail Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting Policies (continued)

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 company's principal activity is to provide loan funding to other Group entities. Activity and future development of the company depends on performance of the wider Group.

The company meets its day to day working capital requirements through a cash pooling arrangement provided by Silver Aero Limited, which itself has received a letter of support from Raytheon Technologies Corporation, the ultimate parent undertaking of both Ceesail Limited and Silver Aero Limited.

In assessing going concern, the directors have considered a number of factors, including Raytheon Technologies Corporation's response to COVID-19, the current balance sheet position and available liquidity, the principal and emerging risks which would impact the performance of Raytheon Technologies Corporation. Further disclosure on the impact and response to COVID-19 by Raytheon Technologies Corporation is available from www.rtx.com.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Share capital

Ordinary shares are classified as equity.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Ceesail Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting Policies (continued)

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks.

Ceesail Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting Policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial Assets

Financial assets are classified into the following specified categories: at fair value through profit or loss (FVTPL); fair value through other comprehensive income (FVOCI) and amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss or at fair value through other comprehensive income

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 group considers this classification to be more relevant.
- Debt securities where 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.

Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

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

Financial assets at fair value through profit and loss

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

- debt investments that do not qualify for measurement at either amortised cost
- 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.

Impairment of financial assets

Assets carried at amortised cost

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired.

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Notes to the financial statements

For the year ended 31 December 2020

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the company's accounting policies, which are described in note 1 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.

Critical judgements in applying the company's accounting policies

The directors do not believe there are any critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Recoverability of intercompany receivables

The evaluation of intercompany loan receivables under IFRS 9 requires the use of estimations based on the credit rating for Raytheon Technologies Group for the calculation of the Probability of Default.

Ceesail Limited

Notes to the financial statements

For the year ended 31 December 2020

3. Finance Income

| | 2020 | 2019 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Interest receivable from group companies | 13,770 | 33,834 |
| Other interest receivable | 146 | — |
| Foreign exchange gains | 30 | — |
| | 13,946 | 33,834 |

4. Finance Costs

| | 2020 | 2019 |
|--|-----------------|--------------|
| | £'000 | £'000 |
| Termination fee for early repayment of loan with group company | (11,892) | — |
| Interest payable to group companies | (1) | — |
| | (11,893) | — |

5. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statements were £22,680, this includes fees paid on behalf of other group companies. (2019: £21,590).

Fees payable to PricewaterhouseCoopers LLP for non-audit services to the company were £nil (2019: £nil).

6. Staff Costs

The company had no employees during the year (2019: none).

7. Directors' Remuneration and Transactions

None of the Directors received remuneration in respect of their service to the company during the year (2019: none).

Ceesail Limited

Notes to the financial statements

For the year ended 31 December 2020

8. Tax on Profit

Tax credit included in profit or loss:

| | 2020 | 2019 |
|---------------------------------------|---------------|----------|
| | £'000 | £'000 |
| Current tax | | |
| Adjustments in respect of prior years | 51,949 | — |
| Total current tax | 51,949 | — |
| Total tax on profit | 51,949 | — |

The credit for the year can be reconciled to the statement of comprehensive income as follows:

| | 2020 | 2019 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Profit before taxation | 1,768 | 33,816 |
| Tax on profit at standard UK corporation tax rate of 19.0% (2019: 19.0%) | 336 | 6,425 |
| Effects of: | | |
| Expenses not deductible for tax purposes | — | 1 |
| Group relief claimed for nil consideration | (336) | (6,416) |
| Impact of deemed interest on intercompany balances | — | (10) |
| Adjustments in respect of prior years | 51,949 | — |
| Total tax credit for the financial year | 51,949 | — |

During 2020 Ceesail Limited became responsible for administering corporation payments made on behalf of the UK group. This resulted in the recognition of a credit of £51,949,281 in the current year.

The reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. The current tax rate used in the year ended 31 December 2020 is therefore 19%.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

9. Dividends on Equity Shares

Amounts recognised as distributions to equity holders in the year:

| | 2020 | 2019 |
|--|-----------|-------|
| | £'000 | £'000 |
| Interim dividend for the year ended 31 December 2020 of £1.05966 (2019: £nil) per ordinary share | 1,390,000 | — |

Ceesail Limited

Notes to the financial statements

For the year ended 31 December 2020

10. Debtors

Amounts falling due within one year:

| | 2020 £'000 | 2019 £'000 |
|------------------------------------|---------------|------------------|
| Amounts owed by group undertakings | 30,081 | 1,406,835 |
| Corporation Tax | 40,593 | — |
| Other debtors | 3,077 | — |
| | 73,751 | 1,406,835 |

Amounts owed by group undertakings are unsecured, bear interest based on LIBOR/GBPF (deposit rate) plus margin, have no fixed date of repayment and are repayable on demand.

Amounts owed by group undertakings are reviewed to assess the recoverability of the balances, no impairment was made in 2020 (2019: nil).

11. Creditors: Amounts Falling due Within One Year

| | 2020 £'000 | 2019 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 3,159 | — |
| Accruals and deferred income | 53 | 13 |
| | 3,212 | 13 |

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

12. Called Up Share Capital

Ordinary shares

| | 2020 £'000 | 2019 £'000 |
|---|---------------|------------------|
| Allotted, called up and fully paid | | |
| 1,311,741,216 (2019: 1,311,741,216) ordinary shares of £0.0001 (2019: £1) | 131 | 1,311,741 |

On 8 October 2020 the issued share capital of the company was reduced from £1,311,741,216 divided into 1,311,741,216 ordinary shares of £1.00 each, to £131,174.12 divided into 1,311,741,216 ordinary shares of £0.0001 each, by cancelling and extinguishing capital to the extent of £0.9999 on each issued fully paid up ordinary share of £1.00 each, reducing the nominal value from £1.00 to £0.0001 and the share premium account was cancelled. The credit arising from these transactions has been credited to the retained earnings account of the company.

Ceesail Limited

Notes to the financial statements

For the year ended 31 December 2020

13. Subsequent Events

There have been no significant changes since the balance sheet date.

14. Controlling Party

The company's immediate parent undertaking is Beesail Limited.

The company's ultimate parent undertaking and controlling party until 3 April 2020 was United Technologies Corporation, a company incorporated in the United States of America.

On the 3 April 2020, the company's ultimate parent undertaking and controlling party changed to 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 group financial statements are publicly available and can be obtained from www.rtx.com