

Ceesail Limited
Annual Report
for the year ended 31 December 2021

Registered number: 04644389



Ceesail Limited

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Ceesail Limited

Strategic Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2021.

Review of business and future activities

The directors are satisfied with the performance of the Company to date. The directors expect the Company to continue as a holding company for the foreseeable future.

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

The financial risks the Company is exposed to include liquidity risk and credit risk. The directors seek to assess, monitor, and manage the potential adverse risks on the Company's financial performance by appropriate methods as discussed below.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company actively maintains a short-term intercompany financing arrangement 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.

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.

Ceesail Limited

Strategic Report

Having regard to the interests of the Company's employees

The Company does not have any employees.

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

The Company does not have suppliers or customers. The Company seeks to build solid and constructive working relationships with all tax and regulatory authorities.

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.

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 Raytheon Technologies Corporation.

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.

Events after the balance sheet date

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

Approval

Approved by the Board on 16 November 2022 and signed on its behalf by:



R Worth
Director
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 2021.

Principal activities

The principal activity of the Company is to hold loans with entities within the Raytheon Technologies Corporation ("RTX") group.

Results, dividends, and reserves

The Statement of Comprehensive Income for the financial year ended 31 December 2021 and the Balance Sheet are set out on pages 8 and 9. The (loss)/profit before tax for the year amounted to £(381,113) (2020: £1,767,720). The variance is primarily driven from a decrease in interest income from group companies and an early termination charge recorded in the prior year.

The Company paid a dividend of £45,000,000 (2020: £1,390,000,000) for the year ended 31 December 2021.

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.

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:

Lynne Powell
Richard Worth

The directors are not required to retire by rotation and will continue in office.

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

This has been included within the Strategic Report.

Financial risk management

This has been included within 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 on 16 November 2022 and signed on its behalf by:



R Worth
Director
Fore 1, Fore Business Park,
Huskinson Way,
Shirley, Solihull,
B90 4SS

Independent auditors' report to the members of Ceesail Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ceesail Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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 2021; the Statement of Comprehensive Income and 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 members' 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 members with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members 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

Independent auditors' report to the members of Ceesail Limited

Report on the audit of the financial statements

procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the members 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 members 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 members 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 members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to 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 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)

Independent auditors' report to the members of Ceesail Limited

Report on the audit of the financial statements

Posting inappropriate journal entries to manipulate financial results; (2) management bias in accounting estimates. 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;
- 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 trade receivables; and
- Testing the balances and transactions to identify any unusual journal entries.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of members' 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
16 November 2022

Ceesail Limited

**Statement of Comprehensive Income
For the year ended 31 December 2021**

		<u>2021</u>	<u>2020</u>
		£	£
	Notes		
Administrative expenses		(322,277)	(285,155)
Operating loss		(322,277)	(285,155)
Finance income	3	-	13,945,022
Finance costs	4	(58,836)	(11,892,147)
(Loss)/profit before taxation		(381,113)	1,767,720
Tax on profit	8	(1,175,912)	51,949,281
(Loss)/profit for the financial year		(1,557,025)	53,717,001
Other comprehensive income			
Total comprehensive (loss)/profit for the year		(1,557,025)	53,717,001

All results are derived from continuing operations.

The Notes on pages 11 to 20 form part of these financial statements.

Ceesail Limited

Balance Sheet

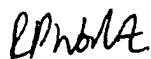
As at 31 December 2021

Registered number: 04644389

		2021	2020
		£	£
	Notes		
Current assets:			
Debtors	9	32,321,351	73,751,192
		32,321,351	73,751,192
Creditors: Amounts falling due within one year	10	(8,339,184)	(3,212,000)
Net current assets		23,982,167	70,539,192
Total assets less current liabilities		23,982,167	70,539,192
Net assets		23,982,167	70,539,192
Equity			
Called up share capital	11	131,174	131,174
Retained earnings		23,850,993	70,408,018
Total equity		23,982,167	70,539,192

The Notes on pages 11 to 20 form part of these financial statements.

The financial statements were approved by the Board of directors on 16 November 2022 and were signed on its behalf by:



R Worth
Director

Ceesail Limited

Statement of changes in equity For the year ended 31 December 2021

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 January 2020	1,311,741,216	14,280,749	80,800,226	1,406,822,191
Profit for the financial year	-	-	53,717,001	53,717,001
Total comprehensive income for the year	-	-	53,717,001	53,717,001
Share capital reduction	(1,311,610,042)	-	1,311,610,042	-
Cancellation of share premium	-	(14,280,749)	14,280,749	-
Dividends	-	-	(1,390,000,000)	(1,390,000,000)
Balance at 31 December 2020	131,174	-	70,408,018	70,539,192
Profit for the financial year	-	-	(1,557,025)	(1,557,025)
Total comprehensive income for the year	-	-	(1,557,025)	(1,557,025)
Dividends	-	-	(45,000,000)	(45,000,000)
Balance at 31 December 2021	131,174	-	23,850,993	23,982,167

The Notes on pages 11 to 20 form part of these financial statements.

Ceesail Limited

Notes to the financial statements For the year ended 31 December 2021

1. Accounting Policies

Ceesail Limited ('the Company') was formed on 22 January 2003, as a holding company. Its primary purpose 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. Accordingly, the financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) as issued by the Financial Reporting Council. 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, and also on the historical cost basis, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

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 2021 have had a material impact on the Company.

Ceesail Limited

Notes to the financial statements For the year ended 31 December 2021

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 hold loans with entities within the Raytheon Technologies Corporation group. 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 an intercompany cashpooling arrangement which is centrally managed by RTX Corporate Treasury.

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, available liquidity, and 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.

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.

Foreign exchange gains / losses on monetary items resulting from settlement or re-translation at the balance sheet date are presented within Finance costs in the Statement of Comprehensive Income.

Interest

Interest receivable/payable is credited/charged to the Statement of Comprehensive Income using the effective interest method. Where borrowing costs are attributable to the acquisition, construction or production of a qualifying asset, such costs are capitalised as part of the specific asset.

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

Ceesail Limited

Notes to the financial statements For the year ended 31 December 2021

1. Accounting Policies (continued)

Taxation (continued)

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.

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.

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

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at, amortised cost, fair value through Other Comprehensive Income ("OCI") or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Ceesail Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting Policies (continued)

Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost are cash and cash equivalents, loans to group companies, interest receivables and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Balance Sheet) when:

- the rights to receive cash flows from the asset have expired; or

Ceesail Limited

Notes to the financial statements For the year ended 31 December 2021

1. Accounting Policies (continued)

Derecognition (continued)

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
 - a. the Company has transferred substantially all the risks and rewards of the asset, or
 - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Initial recognition and measurement

The Company's financial liabilities are all categorised as financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost comprise loans from group companies, interest payable and accrued expenses in the Balance Sheet.

All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
- Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in profit and loss.

Debtors and other receivables

Debtors and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of the receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The Company applies the IFRS 9 Financial Instruments simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all debtor and other receivables.

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Notes to the financial statements For the year ended 31 December 2021

1. Accounting Policies (continued)

Creditors

Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Equity

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. The cost of issuing ordinary shares are charged to the share premium account.

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

Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

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Notes to the financial statements For the year ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

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 the loans to group companies and interest receivables under IFRS 9 requires the use of estimations based on a credit assessment of the probability of default of the counterparty.

3. Finance income

	2021	2020
	£	£
Interest receivable from group companies	-	13,770,014
Other interest receivable	-	145,671
Foreign exchange gains	-	29,337
	-	<u>13,945,022</u>

4. Finance costs

	2021	2020
	£	£
Interest payable to group companies	(34,187)	(509)
Termination fee for early repayment of loan with group company	-	(11,891,638)
Foreign exchange losses	(24,649)	-
	<u>(58,836)</u>	<u>(11,892,147)</u>

5. Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the Company's annual financial statements were £23,749, this includes fees paid on behalf of other group companies. (2020: £21,590).

Fees payable to PricewaterhouseCoopers LLP for non-audit services to the Company were £nil (2020: £nil).

6. Staff costs

During the year, the Company did not employ any personnel and, subsequently, no payment of wages, salaries or social securities were made.

7. Directors' remuneration and transactions

The directors' roles within the Company are deemed to be incidental to their roles as directors within the wider Group and therefore the Company bears no (2020: £nil) cost in relation to these Directors.

The directors of the company are also directors of other group undertakings and their remuneration, including share-based payment charges, for the year was paid by other undertakings.

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Notes to the financial statements For the year ended 31 December 2021

8. Tax on profit/(loss)

Tax credit included in profit or loss:

	2021 £	2020 £
Current tax		
UK corporation tax on profit for the year		
Adjustments in respect of prior years	(1,175,912)	51,949,281
Total current tax	(1,175,912)	51,949,281
Total tax on profit	(1,175,912)	51,949,281

The credit for the year can be reconciled to profit and loss as follows:

	2021 £	2020 £
(Loss)/profit before taxation	(381,113)	1,767,720
Tax on profit at standard tax rate of 19.0% (2020: 19.0%)	(72,412)	335,867
Effects of		
Group relief claimed for Nil consideration	72,412	(335,867)
Adjustments in respect of prior years	(1,175,912)	51,949,281
Total tax charge for the financial year	(1,175,912)	51,949,281

Tax expense during 2021 was £1,175,912 due entirely to prior year adjustments. During 2020, the Company became responsible for administering corporation payments made on behalf of the UK group, which resulted in the recognition of a credit of £51,949,281.

In the Spring Budget 2021, the Government announced that from 1 April 2023, the corporation tax rate will increase from 19% to 25%. As the change was substantively enacted as of the balance sheet date, any resulting changes to the valuation of any deferred tax assets or liabilities are reflected within the financial statements.

9. Debtors

Due within one year:

	2021 £	Restated 2020 £
Cashpool loan from Silver Aero Limited	18,855,350	30,051,752
Amounts owed by group undertakings	5,071,761	27,882,112
Other debtors	8,394,240	15,817,328
	32,321,351	73,751,192

Pursuant to the Internal Group Cash Management Agreement each Participant Deposit Balance shall bear interest based on the Sterling Base Rate (the "Reference Interest Rate"), as published from time to time minus a rate per annum determined by the Pool Leader (the "Company") (the "Deposit Margin"). The initial Deposit Margin shall be 0.25% per annum.

On or before the 10th day of the calendar month, the Company shall calculate interest. On or before the 15th day of the calendar month the Company shall automatically transfer to the Participant Subsidiary Account an amount equal to the total net monthly interest due to the Participants.

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Notes to the financial statements For the year ended 31 December 2021

9. Debtors (continued)

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

Other debtors correspond to recoverable corporate tax.

Following a retrospective review of corporation tax and other debtors, a material classification error was identified. In the prior year, the corporation tax debtor included £24,776,208 relating to balances settled by other group undertakings. Similarly, other debtors included a balance of £3,077,308 attributable to pension levy payments reimbursed from group undertakings. As such, both balances should have been classified as amounts owed by group undertakings. Adjustments have been made to the Balance Sheet to decrease Corporation Tax by £24,776,208, decrease other debtors by £3,077,308 and increase amounts owed to group undertakings £27,853,516. The adjustments have an no impact on profit before taxation and net assets.

10. Creditors: amounts falling due within one year

	2021 £	2020 £
Payables to group companies	8,339,184	3,159,000
Accruals and deferred income		53,000
	<u>8,339,184</u>	<u>3,212,000</u>

Payables to group companies are unsecured, have no fixed date of repayment, and are repayable on demand.

11. Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,311,741,216 (2020: 1,311,741,216) ordinary shares of £0.0001 (2020: £0.0001) each	131,174	131,174

On 8 October 2020, the directors approved the cancellation of the Company's share premium account and reduction of share capital ("Capital Reduction") from £1,311,741,216, divided into 1,311,741,216 ordinary shares of £1 each, to £131,174.12, divided into 1,311,741,216 ordinary shares of £0.0001 each. The Capital Reduction generated distributable reserves of £1,325,890,791.

12. Dividends on equity shares

	2021 £	2020 £
Interim dividend for the year of £0.03431 per ordinary share (2020: £1.05966) per ordinary share	45,000,000	1,390,000,000

On 8 October 2020, the Company declared an interim dividend of £1,390,000,000 to Beesail Limited, its sole shareholder, conditional on the Capital Reduction taking effect (see Note 11). The dividend was paid in full on 29 October 2020.

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Notes to the financial statements For the year ended 31 December 2021

12. Dividends on equity shares (continued)

On 2 December 2021, the Company declared an interim dividend of £45,000,000 to Beesail Limited, its sole shareholder. The dividend was paid in full on 16 December 2021.

13. Subsequent Events

Impact of 2022 Russian Invasion of Ukraine

Global economic and political conditions, changes in raw material and commodity prices, labour costs, interest rates, foreign currency exchange rates, energy costs, levels of air travel, the financial condition of commercial airlines, and the impact from natural disasters and weather conditions create uncertainties that could impact Raytheon Technologies Corporation ("RTX") businesses.

In response to the Russian military's invasion of Ukraine on 24 February 2022, the U.K. government has imposed broad economic sanctions and export controls targeting key industries, entities, and individuals in Russia. These U.K. government measures, among other items, restrict transactions involving various Russian banks and financial institutions and impose enhanced export controls limiting transfers of various goods, software, and technologies to Russia, including broadened export controls specifically targeting Russia's aerospace sector. Governments of various other jurisdictions in which RTX operates, including Canada, the U.S., the European Union and others, have implemented similar measures. These sanctions and export controls, as well as responses from Russia, have adversely affected and could continue to adversely affect RTX and/or RTX's supply chain, business partners or customers; however, RTX Management does not believe this matter will have a material adverse effect on financial results.

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.

The registered office of Raytheon Technologies Corporation is located at 1000 Wilson Blvd., Arlington, VA, 22209, United States of America. Copies of the Raytheon Technologies Corporation group financial statements are publicly available and can be obtained from www.rtx.com.