

**Pratt & Whitney Canada (UK) Limited**

**Annual Report  
for the year ended 30 November 2019**

Registered number: 3324641



# Pratt & Whitney Canada (UK) Limited

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## **Pratt & Whitney Canada (UK) Limited**

### **Strategic Report**

The directors present their Strategic Report for the company for the year ended 30 November 2019.

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

### **Review of business**

The business continues to operate from the facility in Luton, UK focusing on aircraft engine repair services. The company performance in the year was 20% below the original budgeted expectations of the directors with regards to sales. This was largely due to a difference in the mix of engine types received from customers for repair, rather than overall volume of engines serviced, compared to the mix on which the budget was based. This also resulted in 2019 actual sales being 25% lower than 2018.

The company's revenue for the financial year was \$17,250,000 (2018: \$23,190,000) with profit for the financial year of \$981,000 (2018: \$1,828,000) lower than the prior year, and lower than the budget of \$1,874,000. As well as the difference in the mix of engine models repaired and work-scopes, the lower sales contributed to the lower return on sales compared to prior years and budget.

Year-end net assets were \$14,709,000 (2018: \$13,728,000) higher than the prior year due to a decrease in intercompany payables.

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from other engine repair businesses, and external factors (e.g. a global health pandemic, such as COVID-19) which may lead to customers reducing the amount of flying hours on their aircraft, with a close correlation to the reduction in volume of engine repairs required. The company mitigates against this risk to some extent by diversifying across all Pratt & Whitney Canada engine models, which support diverse market segments.

The company's operations expose it to a variety of financial risks as detailed in the Directors' Report.

### **Key performance indicators**

The principal key performance indicators of the business are the availability of resources to accept work from engine operators as they arise and on time delivery. The market has remained stable however due to product mix there have been 23 instances where work has been declined due to lack of available resources for specific engine models (2018: 38 instances). In house work on time delivery was 90% (2018: 98%) and the mobile repair team on time delivery was 90% (2018: 99%), both against a target of 95% (2018: 95%). The main causes for decline in on time delivery was parts shortages and available slots for engine tests.

## **Pratt & Whitney Canada (UK) Limited**

### **Strategic Report (continued)**

#### **Future Developments**

The external commercial environment is expected to remain competitive in 2020. The strategy is to increase engine capabilities (PW300) and to expand remote repair capabilities in the European market. The Africa region repair capabilities are under review to assess the most suitable operating model and organisation to suit the local market environment, as PWC continues to develop capabilities and customer reach in this region. In order to take advantage of further growth opportunities a full review of technicians' skill sets will be performed to ensure the Company can meet the demands of the market.

#### **COVID-19**

The impact of COVID-19 has been considered in the Director's Report

#### **Approval**

This report was approved by the Board and signed on its behalf by:

*Nicole Nelson*

N Nelson  
Director  
18 November 2020

Unit 13 Bilton Court, Bilton Way, Luton, Bedfordshire, LU1 1LX

## **Pratt & Whitney Canada (UK) Limited**

### **Directors' Report**

The directors present their report and audited financial statements of the company for the year ended 30 November 2019.

#### **Future Developments**

Future developments have been discussed in the Strategic Report.

#### **Dividends**

The company's profit for the financial year was \$981,000 (2018: \$1,828,000). The directors do not propose a dividend for the year (2018: \$nil).

#### **Financial risk management objectives and policies**

The company's operations expose it to a variety of financial risks as detailed below.

##### **Price risk**

The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

##### **Credit risk**

Credit risk is not considered significant as the sales of the company are either to Pratt & Whitney Canada Customer Service Centre Europe GmbH (CSC) or to other group companies, mainly Pratt & Whitney Canada Corp. CSC is a joint venture established by Pratt & Whitney Canada Corp and Motoren-und Turbinen-Union GmbH, which acts as an intermediary between the company and the engine operators. As part of the joint venture agreement, CSC take all the credit risk and pay invoices within the 30 day term.

##### **Exchange rate risk**

Movements in the US Dollars (USD)/GBP exchange rate have an impact on the financial results. Risk is mitigated by natural hedging whereby revenue and inventory purchases are in USD acting as a natural hedge. Foreign exchange losses for the financial year were \$87,000 (2018: \$148,000).

#### **Directors**

The directors, who served throughout the year and up to the date of signing the financial statements were as follows:

N Nelson  
J Blondeau Termination of appointment on 30 July 2019  
C McClung Appointment of Director on 30 July 2019

Ms N Nelson is a resident in Canada.  
Mr C McClung and Mr J Blondeau are residents in USA.

## **Pratt & Whitney Canada (UK) Limited**

### **Research and Development**

The company's business is the repair of aircraft engines and no research and development is carried out by the company. Research and Development is carried out by the parent company, Pratt and Whitney.

### **Going concern**

In light of the principal risks and uncertainties faced by the company the directors have carried out a review of going concern, as shown in Note 1. The directors remain confident on the basis of the future projections that they have adequate resources to continue in operation for the foreseeable future. The company has received a Letter of Support from its ultimate parent company, Raytheon Technologies Corporation, confirming support to enable the company to meet its liabilities when they fall due for a period of at least 12 months from the date of approval of the financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements

### **COVID-19**

The Company is impacted by public health crises such as the global pandemic associated with COVID-19. The COVID-19 pandemic has significantly increased global economic and demand uncertainty. Public and private sector policies and initiatives worldwide to reduce the transmission of COVID-19, such as the imposition of travel restrictions and the adoption of remote working, have impacted the Company business, operations and the aerospace sector as a whole. The Company, and its ultimate parent company, Raytheon Technologies (formerly United Technologies Corporation) are working to protect its employees, maintain business continuity and sustain its operations, including ensuring the safety and protection of its employees working in our offices, manufacturing and service facilities worldwide. The COVID-19 pandemic may also impact the Company's supply chains, including the ability of suppliers and vendors to provide their products and services. COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, and creating volatility and unpredictability in financial and capital markets, foreign currency exchange rates, and interest rates. The financial impact of the COVID-19 pandemic cannot be reasonably estimated at this time but may materially affect the Company's financial condition, results of operations and cash flows. The extent of such impact depends on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the scope, severity and duration of the COVID-19 pandemic and actions to contain its spread or treat its impact, among others.

### **Post balance sheet events**

#### *Merger with Raytheon*

On 9 June 2019, United Technologies Corporation entered into a merger agreement with the Raytheon Company to combine its aerospace businesses with Raytheon to form a merged company Raytheon Technologies Corporation. The merger was completed 3 April 2020. The merger did not have a significant impact to the company.

The Company has evaluated events occurring subsequent to 30 November 2019 for potential recognition or disclosure in the financial statements and concluded there were no subsequent events that required recognition or disclosure other than the merger and impact of Covid-19 (non-adjusting post balance sheet event), further discussed in Going Concern note.

## **Pratt & Whitney Canada (UK) Limited**

### **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.

### **Disclosure of information to auditors**

Each of the persons who are directors at the date of approval of this report confirms that:

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

### **Independent Auditors**

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place 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:

*Nicole Nelson*

N Nelson  
Director  
18 November 2020  
Unit 13, Bilton Court, Bilton Way, Luton, Bedfordshire, LU1 1LX

## **Pratt & Whitney Canada (UK) Limited**

### **Independent auditors' report to the members of Pratt & Whitney Canada (UK) Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Pratt & Whitney Canada (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 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 statement of financial position as at 30 November 2019; the statement of comprehensive income, 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**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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



## **Pratt & Whitney Canada (UK) Limited**

### **Independent auditors' report to the members of Pratt & Whitney Canada (UK) 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 30 November 2019 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 set out on page 5, 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.

## **Pratt & Whitney Canada (UK) Limited**

### **Independent auditors' report to the members of Pratt & Whitney Canada (UK) 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.

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](http://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 received 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.

*Katherine Birch-Evans*

Katherine Birch-Evans (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
18 November 2020

**Pratt & Whitney Canada (UK) Limited**

**Statement of comprehensive income  
For the year ended 30 November 2019**

	<i>Note</i>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Revenue	<b>3</b>	<b>17,250</b>	23,190
Cost of sales		<b>(15,548)</b>	(20,573)
<b>Gross profit</b>		<b>1,702</b>	2,617
Administrative expenses		<b>(1,179)</b>	(1,213)
Other operating income	<b>4</b>	<b>428</b>	433
<b>Profit before interest</b>		<b>951</b>	1,837
Finance income	<b>5</b>	<b>77</b>	49
Finance cost		<b>(2)</b>	-
<b>Profit before income tax</b>	<b>6</b>	<b>1,026</b>	1,886
Income tax expense	<b>9</b>	<b>(45)</b>	(58)
<b>Profit for the financial year</b>		<b>981</b>	1,828
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>981</b>	1,828

**Pratt & Whitney Canada (UK) Limited**  
**Registered number: 3324641**

**Statement of financial position**  
**At 30 November 2019**

	<i>Note</i>	2019 \$'000	2018 \$'000
<b>Fixed assets</b>			
Property, plant and equipment	<b>10</b>	833	812
Trade and other receivables	<b>12</b>	138	136
Right-of-use assets	<b>16</b>	449	-
Deferred tax asset	<b>14</b>	198	235
		<b>1,618</b>	<b>1,183</b>
<b>Current assets</b>			
Inventories	<b>11</b>	2,919	1,567
Trade and other receivables:			
- due within one year	<b>12</b>	13,125	15,895
Deferred tax asset			
- due within one year	<b>14</b>	82	90
		<b>(2,882)</b>	<b>(5,007)</b>
<b>Net current assets</b>		<b>13,244</b>	<b>12,545</b>
<b>Total assets less current liabilities</b>		<b>14,862</b>	<b>13,728</b>
Creditors: Amounts falling due after more than one year	<b>16</b>	(153)	-
<b>Net assets</b>		<b>14,709</b>	<b>13,728</b>
<b>Equity</b>			
Called up share capital	<b>15</b>	2	2
Share premium account		37,334	37,334
Accumulated losses		(22,627)	(23,608)
<b>Total Shareholders' funds</b>		<b>14,709</b>	<b>13,728</b>

The notes on pages 12 to 29 form part of these financial statements

The financial statements on pages 9 to 29 were approved by the board of directors on 18 November 2020 and were signed on its behalf by:

*Nicole Nelson*

N Nelson  
Director

**Pratt & Whitney Canada (UK) Limited**

**Statement of changes in equity  
For the year ended 30 November 2019**

	Ordinary shares \$'000	Share premium \$'000	Accumulated Losses \$'000	Total \$'000
<b>Balance at 1 December 2017</b>	2	37,334	(25,436)	11,900
Total comprehensive income for the year	-	-	1,828	1,828
<b>Balance at 30 November 2018</b>	2	37,334	(23,608)	13,728
Total comprehensive income for the year	-	-	981	981
<b>Balance at 30 November 2019</b>	2	37,334	(22,627)	14,709

## **Pratt & Whitney Canada (UK) Limited**

### **Notes to the financial statements For the year ended 30 November 2019**

#### **1. Accounting policies**

Pratt & Whitney Canada (UK) Limited provide aircraft repair services for customers in Europe, Middle East and Africa.

The company is a private limited company and is incorporated and domiciled in England, UK. The address of its registered office is Unit 13 Bilton Court, Bilton Way, Luton, Bedfordshire, LU1 1LX, England.

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 preparation**

The financial statements of Pratt & Whitney Canada (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The financial statements have been prepared on the historical cost basis.

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

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - o 10(d), (statement of cash flows),
  - o 38B-D (additional comparative information),
  - o 111 (cash flow statement information), and
  - o 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Where required, equivalent disclosures are given in the group financial statements of Raytheon Technologies Corporation (formerly United Technologies Corporation) which are available to the public and can be obtained as set out in note 20.

The directors remain confident on the basis of the future projections that they have adequate resources to continue in operation for the foreseeable future. The company has received a Letter of Support from its ultimate parent company, Raytheon Technologies Corporation, confirming support to enable the company to meet its liabilities when they fall due for a period of at least 12 months from the date of approval of the financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements

## **Pratt & Whitney Canada (UK) Limited**

### **Notes to the financial statements For the year ended 30 November 2019**

#### **1. Accounting Policies (continued)**

##### **New standards, amendments and interpretations adopted**

The following pronouncements, issued by the International Accounting Standard Board ("IASB"), are effective as of 1 December 2018

- IFRS 15, Revenue from contracts with customers ("IFRS 15"), deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The adoption of this new standard has no material impact on the amounts recognised in the prior period and is not expected to significantly affect to the current revenue recognition policies of the Company.
- IFRS 9, Financial Instruments ("IFRS 9") deals with the classification, measurement and impairment of financial instruments, as well as hedge accounting. IFRS 9 replaces the multiple classification and measurement models for financial assets in IAS 39 with a single model that has three classification categories: amortised cost, fair value through OCI, and fair value through profit or loss.

Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and whether the contractual characteristics of the financial assets represent solely payments of principal and interest. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. The classification and measurement of financial liabilities under IFRS 9 remains the same as in IAS 39 except where an entity has chosen to measure a financial liability at fair value through profit or loss. For such liabilities, changes in fair value related to changes in own credit risk are presented separately in OCI.

- The impairment rules of IFRS 9 introduce an expected credit losses model that replaces the incurred loss impairment model used in IAS 39. Such new impairment model will generally result in earlier recognition of losses compared to IAS 39. The hedging rules of IFRS 9 better align hedge accounting with an entity's risk management strategies. Also, some of the prohibitions and rules in IAS 39 are removed or changed, making hedge accounting easier or less costly to achieve for many hedges. The adoption of this new standard has no material impact on the amounts recognised in the prior period and is not expected to significantly affect to the current policies of the Company.
- IFRS 16 is a new accounting standard that is effective for the year starting 1 January 2019 but was early adopted by the company for the year starting 1 December 2018 and has had a material impact on the company's financial statements – see note 16.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective as of 1 December 2018 that have had a material impact on the company's financial statements.

## **Pratt & Whitney Canada (UK) Limited**

### **Notes to the financial statements For the year ended 30 November 2019**

#### **1. Accounting Policies (continued)**

##### **Property, plant and equipment**

Leasehold buildings, fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset, less any residual value, on a straight-line basis over its expected useful life, as follows:

Leasehold buildings	Over lease term
Plant and machinery	7 - 12 years
Office and computer equipment	3 - 10 years

##### **Impairment of tangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using standard cost. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### **Cash**

The company participates in a cash pool arrangement with a related party and all cash balances are swept into the head cash pool account on a daily basis.



## **Pratt & Whitney Canada (UK) Limited**

### **Notes to the financial statements For the year ended 30 November 2019**

#### **1. Accounting Policies (continued)**

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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.

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 income statement, 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 offset 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 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.

## **Pratt & Whitney Canada (UK) Limited**

### **Notes to the financial statements For the year ended 30 November 2019**

#### **1. Accounting Policies (continued)**

##### **Sales of services**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this when the services have been rendered to the customer.

##### **Over time revenue recognition**

Performance obligations are satisfied over-time if the customers receive the benefits as we perform work, if the customer controls the asset being worked on, or if the product being produced for the customer has no alternative use and we have a contractual right to payment. Revenue is recognised on an over time basis using the cost incurred to represent work performed which corresponds with and best depicts transfer of control to the customer when an engine is at 'Cycle 3'. In order for revenue to be recognised at Cycle 3, all parts required to rebuild the engine should have been received and the only work required to complete the contract is to assemble the engine.

During the year there were 8 engines where revenue was recognized at Cycle 3 with 1 engine being at Cycle 3 at year end. The revenue value of this engine was \$7,000 and therefore the adoption of IFRS 15 has no material effect on the accounts.

A joint venture company operates as an intermediary between the Company and its ultimate customers as detailed within note 18.

##### **Finance income**

Finance 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.

##### **Pension costs**

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Foreign currency**

The financial statements are presented in US Dollars, 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 profit or loss in the period in which they arise.

## **Pratt & Whitney Canada (UK) Limited**

### **Notes to the financial statements For the year ended 30 November 2019**

#### **1. Accounting Policies (continued)**

##### **Leases**

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

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

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 December 2018, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company (Note 16).

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

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

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

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

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

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

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

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

## **Pratt & Whitney Canada (UK) Limited**

### **Notes to the financial statements For the year ended 30 November 2019**

#### **1. Accounting Policies (continued)**

##### **Leases (continued)**

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

##### **Trade and other receivables**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified due from customers for services performed in the ordinary course of business, including amounts owed from group undertakings and joint ventures.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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

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

##### **Trade and other creditors**

Trade creditors and other creditors that have fixed or determinable payments that are not quoted in an active market are classified as payables, including amounts owed to group undertakings and joint ventures. They are initially recognised at fair value and subsequently at amortised cost.

## **Pratt & Whitney Canada (UK) Limited**

### **Notes to the financial statements For the year ended 30 November 2019**

#### **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.

#### **Inventory provision**

The only significant estimate made by the directors is in relation to the inventory provision. When calculating the inventory provision, management considers the condition of inventory as well as applying assumptions around future usage based on previous historical usage.

As at 30 November 2019, inventory provision amounted to \$260,285 (2018 - \$243,540).

#### **Lease accounting**

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

- To determine the incremental borrowing rate, the company;
- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments to specific to the lease, e.g. term, currency and security.

The company used incremental borrowing rates specific to each lease and the rates range between 2.98% - 3.37% translating to an average rate of 3.18%. A 100-basis point increase/(decrease) in the rate would cause the lease liabilities to (reduce)/increase by \$17,000 and a corresponding (decrease)/increase in the right-of-use assets by the same amount.

## Pratt & Whitney Canada (UK) Limited

### Notes to the financial statements For the year ended 30 November 2019

#### 3. Revenue

All revenue is attributable to the Company's principal activity, the repair and maintenance of aircraft engines.

The geographical location of customers is set out below.

	2019 \$'000	2018 \$'000
<b>Revenue:</b>		
Continental Europe	9,947	11,184
North America	7,050	11,837
Rest of the World	253	169
	<u>17,250</u>	<u>23,190</u>

#### 4. Other operating income

	2019 \$'000	2018 \$'000
Other operating income	<u>428</u>	<u>433</u>

Other operating income includes amounts charged to other group companies for administration services provided and depreciation of tooling.

#### 5. Finance income

	2019 \$'000	2018 \$'000
Interest income	<u>77</u>	<u>49</u>

## Pratt & Whitney Canada (UK) Limited

### Notes to the financial statements For the year ended 30 November 2019

#### 6. Profit before income tax

Profit before tax is stated after charging:

	2019 \$'000	2018 \$'000
Net foreign exchange losses	87	148
Depreciation of property, plant and equipment	257	227
Operating lease charges	20	181
Staff costs (see note 7)	1,945	1,901
Value of inventory recognised as an expense during the year	13,268	16,797
Audit fees payable to the Company's auditors	36	36

#### 7. Staff costs

The average monthly number of employees (including executive directors) was:

	2019 Number	2018 Number
Engineers	14	13
Administration	10	10
	24	23

Their aggregate remuneration comprised:

	2019 \$'000	2018 \$'000
Wages and salaries	1,695	1,637
Social security costs	182	190
Other pension costs (see note 17)	68	74
	1,945	1,901

#### 8. Directors' remuneration and transactions

During the year three (2018: three) of the directors were employees of another group company and their emoluments and contributions to pension schemes on their behalf are paid by another group company. Their service to the company is of a non-executive nature and their remuneration, including pension benefits, is deemed to be wholly attributable to their service to the other group company. Accordingly, they received no remuneration for their service as a director of the company during the year.

**Pratt & Whitney Canada (UK) Limited**

**Notes to the financial statements  
For the year ended 30 November 2019**

**9. Income tax expense**

**Income tax expense included in profit or loss:**

	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Current tax</b>		
UK corporation tax on profits for the year	-	-
Adjustments in respect of prior years	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>45</b>	58
<b>Total deferred tax (see note 14)</b>	<b>45</b>	58
<b>Total income tax expense</b>	<b>45</b>	58

Tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for the year ended 30 November 2019 of 19% (2018: 19%). The differences are explained below.

	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Profit before income tax</b>	<b>1,026</b>	1,886
Income tax on profit at standard UK corporation tax rate of 19% (2018: 19%)	<b>195</b>	358
Remeasurement of deferred tax - change in tax rate	<b>(8)</b>	(11)
Group relief received	<b>(142)</b>	(289)
<b>Total income tax expense</b>	<b>45</b>	58



## Pratt & Whitney Canada (UK) Limited

### Notes to the financial statements For the year ended 30 November 2019

#### 9. Income tax expense (continued)

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 26 October 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2019 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these statements.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. The cancellation has been subsequently enacted following Finance Bill 2020.

#### 10. Property, plant and equipment

	Leasehold Improvements \$'000	Plant and machinery \$'000	Office and Computer Equipment \$'000	Total \$'000
<b>Cost</b>				
At 1 December 2017	424	3,194	37	3,655
Additions	-	451	-	451
Disposals	-	(126)	-	(126)
At 30 November 2018	424	3,519	37	3,980
Additions	-	278	-	278
Disposals	-	(43)	-	(43)
At 30 November 2019	424	3,754	37	4,215
<b>Accumulated depreciation</b>				
At 1 December 2017	351	2,681	35	3,067
Depreciation	25	202	-	227
Disposals	-	(126)	-	(126)
At 30 November 2018	376	2,757	35	3,168
Depreciation	25	231	1	257
Disposals	-	(43)	-	(43)
At 30 November 2019	401	2,945	36	3,382
<b>Net book amount</b>				
At 30 November 2019	23	809	1	833
At 30 November 2018	48	762	2	812

## Pratt & Whitney Canada (UK) Limited

### Notes to the financial statements For the year ended 30 November 2019

#### 11. Inventories

	2019 \$'000	2018 \$'000
Work in progress	1,869	764
Finished goods and goods for resale	1,051	803
	<u>2,920</u>	<u>1,567</u>

Inventories are stated after provisions for impairment of stock \$260,000 (2018: \$243,000).

#### 12. Trade and other receivables

##### Amounts falling due within one year:

	2019 \$'000	2018 \$'000
Amounts owed by group undertakings	12,914	15,725
Other receivables	137	102
Prepayments and accrued income	74	68
	<u>13,125</u>	<u>15,895</u>

Amounts owed by group undertakings, including amounts to joint ventures of the Pratt & Whitney Canada group, are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

##### Amounts falling due after more than one year:

	2019 \$'000	2018 \$'000
Other receivables	138	136
	<u>138</u>	<u>136</u>

Other receivables are deposits on lease agreements refundable at the end of the lease term.

**Pratt & Whitney Canada (UK) Limited**

**Notes to the financial statements  
For the year ended 30 November 2019**

**13. Creditors – amounts falling due within one year**

	2019 \$'000	2018 \$'000
Trade creditors	70	55
Amounts owed to group undertakings	1,920	4,484
Taxation and social security	119	130
Lease liability	309	-
Accruals and deferred income	464	338
	<b>2,882</b>	<b>5,007</b>

Amounts owed by group undertakings, including amounts to joint ventures of the Pratt & Whitney Canada group, are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**14. Deferred tax asset**

The analysis of deferred tax assets is as follows:

	2019 \$'000	2018 \$'000
Deferred tax assets due within 12 months	82	90
Deferred tax assets due after 12 months	198	235
Deferred tax asset	<b>280</b>	<b>325</b>

	Accelerated capital allowances \$'000	Total \$'000
At 1 December 2017	383	383
Charged to profit or loss	(58)	(58)
At 30 November 2018	325	325
Charged to profit or loss	(45)	(45)
At 30 November 2019	<b>280</b>	<b>280</b>

## Pratt & Whitney Canada (UK) Limited

### Notes to the financial statements For the year ended 30 November 2019

#### 15. Called up share capital

##### Ordinary shares

	2019 \$'000	2018 \$'000
<b>Authorised</b>		
10,000,000 ordinary shares of £1 each (2018: 10,000,000)	<b>16,161</b>	16,161

	2019 \$'000	2018 \$'000
<b>Allotted and fully-paid</b>		
1,002 ordinary shares of £1 each (2018: 1,002)	<b>2</b>	2

#### 16. Leases and capital commitments

##### Leases

The company has lease contracts for offices and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

(i) *Amounts recognised in the statement of financial position*

	2019 \$'000	1 December 2018 \$'000
<b>Right-of-use assets</b>		
Buildings	<b>263</b>	248
Vehicles	<b>186</b>	280
	<b>449</b>	528
<b>Lease liabilities</b>		
Current	<b>309</b>	271
Non-current	<b>153</b>	257
	<b>462</b>	528

Additions to the right-of-use assets during the 2019 financial year were \$245,496.

## Pratt & Whitney Canada (UK) Limited

### Notes to the financial statements For the year ended 30 November 2019

(ii) Amounts recognised in the statement of financial position

	2019 \$'000	2018 \$'000
<b>Depreciation of right-of-use assets</b>		
Buildings	206	-
Vehicles	118	-
	<b>324</b>	-
Interest expense	(2)	-
Expense relating to short-term leases	-	-
Expense relation to leases of low value assets that are not shown above as short term	20	-

Future minimum lease payments as at 30 November 2019 are as follows:

	2019 \$'000	2018 \$'000
Not later than one year	298	258
Later than one year and not later than five years	180	247
Later than five years	7	-
Total gross payments	485	505
Impact of finance expenses	(23)	-
Carrying amount of liability	462	505

The company initially applied IFRS 16 at 1 December 2018, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application. Thus, the comparative future minimum lease payments presented are based on IAS 17 while the current year are based on IFRS 16.

The total cash outflow for leases in 2019 was \$150,152 (2018: \$181,111).

Capital commitments are as follows:

	2019 \$'000	2018 \$'000
Contracts for future capital expenditure not provided in the financial statements	131	162

## **Pratt & Whitney Canada (UK) Limited**

### **Notes to the financial statements For the year ended 30 November 2019**

#### **17. Retirement benefit schemes**

##### **Defined contribution schemes**

The total cost charged to the statement of comprehensive income of \$68,000 (2018: \$74,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. Pension contributions outstanding at 30 November 2019 are nil (2018: nil).

#### **18. Controlling party**

The company's immediate parent undertaking is Hamilton Sundstrand International Holdings (Luxembourg) S.a.r.l. as the balance sheet date.

The company's ultimate parent undertaking and controlling party is Raytheon Technologies Corporation (formerly United Technologies Corporation), a company incorporated in the United States of America.

Raytheon Technologies Corporation (formerly United Technologies Corporation) is the smallest and largest group to consolidate these financial statements. Copies of the group financial statements are publicly available and can be obtained from [www.utc.com](http://www.utc.com)

#### **19. Changes in accounting policies**

The company has early adopted IFRS 16 Leases retrospectively from 1 December 2018 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 December 2018.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 December 2018. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 December 2018 was 3.18%.

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 December 2018;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date on initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

## **Pratt & Whitney Canada (UK) Limited**

### **Notes to the financial statements For the year ended 30 November 2019**

#### **20. Events after the end of the reporting period**

##### *Merger with Raytheon*

On 9 June 2019, United Technologies Corporation entered into a merger agreement with the Raytheon Company to combine its aerospace businesses with Raytheon to form a merged company Raytheon Technologies Corporation (formerly United Technologies Corporation). The merger was completed 3 April 2020. The merger did not have a significant impact to the company.

##### *COVID-19*

The Company is impacted by public health crises such as the global pandemic associated with COVID-19. The COVID-19 pandemic has significantly increased global economic and demand uncertainty. Public and private sector policies and initiatives worldwide to reduce the transmission of COVID-19, such as the imposition of travel restrictions and the adoption of remote working, have impacted the Company business, operations and the aerospace sector as a whole. The Company, and its ultimate parent company, Raytheon Technologies (RTX) (formerly United Technologies Corporation) are working to protect its employees, maintain business continuity and sustain its operations, including ensuring the safety and protection of its employees working in our offices, manufacturing and service facilities worldwide. The COVID-19 pandemic may also impact the Company's supply chains, including the ability of suppliers and vendors to provide their products and services. COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, and creating volatility and unpredictability in financial and capital markets, foreign currency exchange rates, and interest rates. The financial impact of the COVID-19 pandemic cannot be reasonably estimated at this time but may materially affect the Company's financial condition, results of operations and cash flows. The extent of such impact depends on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the scope, severity and duration of the COVID-19 pandemic and actions to contain its spread or treat its impact, among others.