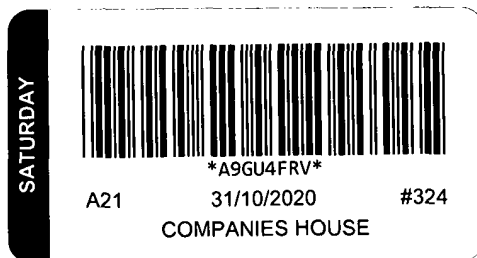


Kaysail Limited
Annual Report
for the year ended 30 November 2019

Registered number: **05265655**



Kaysail Limited

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Kaysail Limited

Strategic Report

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

Review of business and future activities

The directors are satisfied with the results for the year. The directors expect the company to continue to hold loans with entities within the Carrier Global Corporation group for the foreseeable future.

On April 3, 2020, United Technologies Corporation ("UTC") separated into three independent, publicly traded companies; UTC, Otis Worldwide Corporation and Carrier Global Corporation (the "Separation"). As a result of the Separation, the ultimate parent of Kaysail Limited changed from UTC to Carrier Global Corporation. On April 3, 2020, UTC became Raytheon Technologies Corporation.

As of the date of Financial Statements, the Company was not monitoring the evolution of the Covid-19 outbreak, as this was not known about. In the first weeks of 2020, this initially impacted economic activity only in China, but subsequently it spread to other countries, including the United Kingdom. The government has imposed restrictions on movement and person-to-person contact. The consequences on the economic front, of this and the outbreak itself, are currently difficult to quantify and evaluate. The Covid-19 outbreak was therefore considered by the Directors to be an event that does not entail adjustment to the balances represented within the financial statements.

It is noted by the Directors that the Covid-19 outbreak could also have a significant repercussion on future growth, having an impact on the prospects in the general economy and the financial markets. As of today, there is significant uncertainty and estimates are subject to change as the economic and financial effects of Covid-19 are known with more certainty. In addition, the duration of the Government's restrictions is not known and cannot be reasonably estimated. Additionally, the relatively short time that has elapsed between the start of the Covid-19 outbreak and today's date has not yet allowed the Directors to fully measure the effect that will inevitably occur in the coming months.

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.

Principal risks and uncertainties

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.

Liquidity risk

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

Credit Risk

The company requires appropriate credit analysis on potential borrowers before any lending arrangements are entered into. The amount of exposure to any individual counterparty is subject to a limit which is reassessed periodically

Interest rate cash flow risk

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

Kaysail Limited

Strategic Report

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 12 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:



E Leigh
Director
22 October 2020

Ash House
Littleton Road
Ashford
TW15 1TZ

Kaysail Limited

Directors' Report

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

Principal activities

The principal activity of the company is to hold loans and deposits with entities within the Carrier Global Corporation group.

Results and dividends

The profit for the financial year is set out in the statement of comprehensive income on page 8.

The directors do not recommend the payment of a dividend (2018: \$nil).

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 and up to the date of signing the financial statements are given below:

P Moran	(resigned 5 May 2020)
C Idczak	
J Laurence	
P Ross	(resigned 3 February 2020)
G Sergeant	(appointed 3 February 2020 and resigned 5 May 2020)
B Van der Merwe	(appointed 5 May 2020)
E Leigh	(appointed 5 May 2020)

Directors' indemnity

The directors have the benefit of an indemnity provided on a group wide basis via Carrier Global Corporation which is a qualifying third party indemnity provision. An indemnity was in force throughout the last financial year and also at the date of approval of the financial statements. The indemnity was provided by United Technologies Corporation until 3 April 2020.

Future developments

These are included in the strategic report.

Financial risk management

These are included in the strategic report.

Kaysail 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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

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

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



E Leigh
Director
22 October 2020

Ash House
Littleton Road
Ashford
TW15 1TZ

Independent auditors' report to the members of Carrier Finance UK Limited (formerly United Technologies Finance (U.K.) Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Carrier Finance UK Limited (formerly United Technologies Finance (U.K.) 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 balance sheet as at 30 November 2019; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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.

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 on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Carrier Finance UK Limited (formerly United Technologies Finance (U.K.) Limited) (continued)

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 in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Independent auditors' report to the members of Carrier Finance UK Limited (formerly United Technologies Finance (U.K.) Limited) (continued)

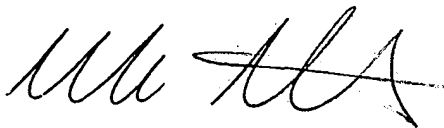
Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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.



Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
26 October 2020

Kaysail Limited

Statement of Comprehensive Income

For the year ended 30 November 2019

	<i>Note</i>	2019 \$'000	2018 \$'000
Administrative expenses		(40)	(35)
Operating loss		(40)	(35)
Loss before finance charges		(40)	(35)
Finance income	3	12,349	6,343
Finance costs	4	(7,770)	(2,173)
Profit before taxation		4,539	4,135
Tax on profit	8	—	(18)
Profit for the financial year		4,539	4,117
Other comprehensive income		—	—
Total comprehensive income for the year		4,539	4,117

All results are derived from continuing operations.

Kaysail Limited

Balance Sheet

As at 30 November 2019

Registered number: 05265655

	<i>Note</i>	2019 \$'000	2018 \$'000
Current assets			
Debtors			
- due within one year	9	148,778	401,422
Cash at bank and in hand		14,292	24,105
		163,070	425,527
Creditors: Amounts falling due within one year	10	(41,160)	(308,155)
Net current assets		121,910	117,372
Total assets less current liabilities		121,910	117,372
Net assets		121,910	117,372
Equity			
Called up share capital	11	3,714	3,714
Other reserves		16,411	16,411
Retained earnings		101,785	97,247
Total shareholders' funds		121,910	117,372

The notes on pages 11 to 21 form part of these financial statements.

The financial statements on pages 8 to 21 were approved by the board of directors on 22 October 2020 and were signed on its behalf by:



E Leigh
Director

Kaysail Limited

Statement of changes in equity

For the year ended 30 November 2019

	Called up share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Total shareholders' funds \$'000
Balance as at 1 December 2017	3,714	16,411	93,130	113,255
Profit for the financial year	—	—	4,117	4,117
Total comprehensive income for the year	—	—	4,117	4,117
Balance at 30 November 2018	3,714	16,411	97,247	117,372
Profit for the financial year	—	—	4,539	4,539
Total comprehensive income for the year	—	—	4,539	4,539
Balance at 30 November 2019	3,714	16,411	101,785	121,910

Kaysail Limited

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies

Kaysail Limited ('the company') is a former investment holding company which has previously disposed of all of its investments. Its current principal activity is to hold loans and deposits with entities within the Carrier Global 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 Ash House, Littleton Road, Ashford, TW15 1TZ.

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

Basis of accounting

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements are therefore prepared in accordance with the Companies Act 2006 as applicable to companies using FRS101.

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.

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 United Technologies Corporation.

Adoption of new and revised Standards

No new accounting standards, or amendments to accounting standards, or IFRS 1C interpretations that are effective for the year ended 30 November 2019 have had a material impact on the company.

Kaysail Limited

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The company's principal activity is to provide loan funding to other Group entities. Activity and future development of the company depends on performance of the wider Group.

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

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.

Taxation

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

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

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

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.

Kaysail Limited

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

Current tax and deferred tax for the year

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

Interest income

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

Foreign currency

The financial statements are presented in 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 the income statement in the period in which they arise except for:

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

Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in the profit or loss within finance costs.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

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.

Kaysail Limited

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

Financial Assets

The company classifies its financial assets in the following categories:

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

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

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

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

(ai) Financial assets at amortised cost

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

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

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

(aii) Financial assets at fair value through profit or loss

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

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

- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Kaysail Limited

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

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

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

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Intercompany receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset carrying amount and the present value of estimated future cash flows, discounted at the financial asset original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.:

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Kaysail Limited

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Kaysail Limited

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investment in subsidiaries

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

Investment in associated undertakings

Investments in associated undertakings are held at cost less accumulated impairment losses.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

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.

Provisions are discounted where the impact of discounting is material.

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.

Kaysail Limited

Notes to the financial statements

For the year ended 30 November 2019

1. Accounting Policies (continued)

Critical judgements in applying the company's accounting policies

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

Key sources of estimation uncertainty

Recoverability of Intercompany receivable

The company assesses on a forward-looking basis the expected credit loss associated with its intercompany receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. Finance Income

	2019 \$'000	2018 \$'000
Interest receivable:		
Other loans and receivables	12,349	6,343
	<u>12,349</u>	<u>6,343</u>

4. Finance Costs

	2019 \$'000	2018 \$'000
Interest	(328)	(86)
Interest payable to group companies	(7,442)	(2,087)
	<u>(7,770)</u>	<u>(2,173)</u>

5. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statements were borne by Carrier UK Investments Limited (formerly Goodrich Aftermarket Services Limited) on behalf of the company £2,770 (2018: £2,770).

Fees payable to PricewaterhouseCoopers LLP for non-audit services to the company were £nil (2018: £nil).

Kaysail Limited

Notes to the financial statements

For the year ended 30 November 2019

6. Staff Costs

The company had no employees during the year (2018: none).

7. Directors' Remuneration and Transactions

None of the Directors received remuneration in respect of their services to the company during the year (2018: none). Directors remuneration is paid by Chubb Group Limited which is an intermediate parent company.

8. Tax on Profit

Tax expense included in profit or loss:

	2019	2018
	\$'000	\$'000
Current tax		
UK corporation tax on profits for the year	—	—
Foreign tax suffered		18
Total current tax	—	18
Total tax on profit	—	18

The charge for the year can be reconciled to the profit in the statement of comprehensive income as follows:

	2019	2018
	\$'000	\$'000
Profit before taxation	4,539	4,135
Tax on profit at standard UK corporation tax rate of 19% (2018: 19%)	862	786
Effects of:		
Overseas withholding tax suffered	—	18
UK Group relief claimed	(862)	(786)
Total tax charge for year	—	18

Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantially enacted by the balance sheet date, deferred tax balances as at 30 November 2019 continue to be measured at 17%.

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For the year ended 30 November 2019

9. Debtors: Amounts falling due within one year

	2019	2018
	\$'000	\$'000
Amounts owed by group undertakings	148,778	401,418
VAT	—	4
	148,778	401,422

Amounts owed by group undertakings are unsecured, bear interest based on USD LIBOR rate plus a margin and are considered by management to be repayable on demand.

10. Creditors: Amounts Falling due Within One Year

	2019	2018
	\$'000	\$'000
Trade creditors	—	22
Amounts owed to group undertakings	41,157	308,133
Accruals and deferred income	3	—
	41,160	308,155

Amounts owed to group undertakings are unsecured, bear interest based on USD LIBOR rate plus a margin and are considered by management to be repayable on demand.

11. Called Up Share Capital

Ordinary shares

	2019	2018
	\$'000	\$'000
Allotted, called-up and fully-paid		
236,000,003 (2018: 236,000,003) ordinary shares of £0.01 (2018: £0.01) each	3,714	3,714

Kaysail Limited

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For the year ended 30 November 2019

12. Subsequent Events

On April 3, 2020, United Technologies Corporation ("UTC") separated into three independent, publicly traded companies; UTC, Otis Worldwide Corporation and Carrier Global Corporation (the "Separation"). As a result of the Separation, the ultimate parent of Kaysail Limited changed from UTC to Carrier Global Corporation. On April 3, 2020, UTC became Raytheon Technologies Corporation.

As of the date of Financial Statements, the Company was not monitoring the evolution of the Covid-19 outbreak, as this was not known about. In the first weeks of 2020, this initially impacted economic activity only in China, but subsequently it spread to other countries, including the United Kingdom. The government has imposed restrictions on movement and person-to-person contact. The consequences on the economic front, of this and the outbreak itself, are currently difficult to quantify and evaluate. The Covid-19 outbreak was therefore considered by the Directors to be an event that does not entail adjustment to the balances represented within the financial statements.

It is noted by the Directors that the Covid-19 outbreak could also have a significant repercussion on future growth, having an impact on the prospects in the general economy and the financial markets. As of today, there is significant uncertainty and estimates are subject to change as the economic and financial effects of Covid-19 are known with more certainty. In addition, the duration of the Government's restrictions is not known and cannot be reasonably estimated. Additionally, the relatively short time that has elapsed between the start of the Covid-19 outbreak and today's date has not yet allowed the Directors to fully measure the effect that will inevitably occur in the coming months.

13. Controlling Party

The company's immediate parent undertaking is Goodrich Inertial Limited.

The company's ultimate parent undertaking and controlling party throughout the year and at the balance sheet date was United Technologies Corporation, a company incorporated in the United States of America.

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

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