

Company Registration No. 12550041 (England and Wales)

**L3HARRIS TECHNOLOGIES CTS HOLDINGS
LIMITED**

**REPORT AND FINANCIAL STATEMENTS
FOR THE 38 WEEK PERIOD ENDED
1 JANUARY 2021**



L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

COMPANY INFORMATION

Director	Ms K A Schumacher
Secretary	Baker & McKenzie LLP
Company number	12550041
Registered office	100 New Bridge Street London EC4V 6JA United Kingdom
Auditor	Ernst & Young LLP Apex Plaza Forbury Road Reading RG1 1YE

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

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L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

The director presents the strategic report for the 38 week period ended 1 January 2021.

Fair review of the business

The company is an investment company and the only transactions relate to those entered into with fellow group companies.

Principal risks and uncertainties

As a holding company, the results of the company are subject to a number of risks. The principal risks and uncertainties affecting the company is related to its investments. The company is exposed to the risk of deterioration in business performance in its group undertakings which may have an adverse effect on the company value of the company's investments.

Financial risk management

The company makes little use of financial instruments so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities and financial position of the company.

Section 172(1) statement

The board of directors, individually and collectively, continue to act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, in accordance with the duties detailed in section 172(1) (a) to (f) of the Companies Act 2006, as detailed below. Please note that this section only covers the company, and not its subsidiaries, on account of the fact that the directors do not make decisions in respect of those undertakings. The decision making for those entities is the responsibility of their own directors, assisted by the ultimate parent undertaking.

S172(1) (A) "The likely consequences of any decision in the long term"

The directors, in conjunction with relevant teams from the company's ultimate parent undertaking and external advisers, ensure any business decisions affecting the long-term success of the company are appropriately considered and approved.

S172(1) (B) "The interests of the company's employees"

This section is not applicable, as the company does not have any employees.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

The company's only significant business relationships are with other companies in the L3Harris group.

S172(1) (D) "The impact of the company's operations on the community and the environment"

As a holding company throughout the period of account, the company's operations do not have an impact on the community or the environment.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

As noted in section A above, the directors work with the L3Harris Corporation, and external advisers, before enacting any significant transactions, and high standards of conduct will be followed.

S172(1) (F) "The need to act fairly as between members of the company"

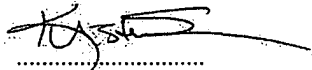
This section is not applicable; the company has a single member, being another group undertaking within the L3Harris Corporation.

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

On behalf of the board



.....
Ms K A Schumacher
Director

Date: 23 MAR 2022
.....

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

DIRECTOR'S REPORT

FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

The director presents her annual report and financial statements for the 38 week period ended 1 January 2021.

Principal activities

The company was incorporated on 7 April 2020. The principal activity is that of an investment holding company.

Results and dividends

The results for the 38 week period are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

The director who held office during the 38 week period and up to the date of signature of the financial statements was as follows:

Mr T A Taylor	(Appointed 7 April 2020 and resigned 2 September 2021)
Mr S T Mikuen	(Appointed 7 April 2020 and resigned 21 July 2021)
Ms K A Schumacher	(Appointed 21 July 2021)

Auditor

Ernst & Young LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon reporting

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

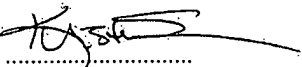
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that she ought to have taken as a director in order to make herself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

Subsequent to the year end the company transferred/settled its trade, assets and liabilities to a fellow subsidiary company on 24 September 2021 and became inactive. This is due to a project initiated by the company's ultimate parent undertaking to simplify the group structure by eliminating subsidiaries that are no longer required. As required by accounting standards, the financial statements have therefore been prepared on a basis other than going concern. All assets and liabilities have been disclosed as current. As the company is a non-trading entity with limited activity during the year and at the balance sheet date, the preparation on a basis other than going concern has not resulted in any further accounting treatment changes.

On behalf of the board



.....
Ms K A Schumacher
Director

Date: 23 MAR 2022

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not 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 company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

Opinion

We have audited the financial statements of L3Harris Technologies CTS Holdings Limited (the 'company') for the period ended 1 January 2021 which comprise the Profit and Loss Account, the Balance Sheet, and the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 1 January 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw attention to note 1 of the financial statements, which explains that the directors intend to place the company into liquidation within the next 12 months and therefore do not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of director

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006, Bribery Act 2010, Money Laundering regulations and relevant tax compliance regulations in the United Kingdom.
- We understood how L3Harris Technologies CTS Holdings Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation or completion of the following procedures:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED (CONTINUED)

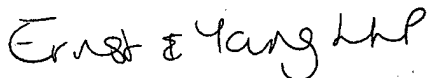
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Review of all minutes of board meetings held during the period and through to the most recent meeting held prior to the approval of these financial statements;
- Review of accounting policies and completion of a disclosure checklist to assess compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Company law requirements;
- Review of any relevant correspondence with local tax authorities; and
- Review of any relevant correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by holding a discussion within the audit team which included identification of related parties, understanding the company's business, the control environment and assessing the inherent risk for relevant assertions at the significant account level. We also held discussions with management and those charged with governance to gain an understanding of those areas of the financial statements which are susceptible to fraud, as identified by management. Following these procedures, we identified a risk of management override of control. We then considered the controls that the company established to address the risks identified or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level of controls and policies that the company applies.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of senior members of the management team regarding their knowledge of any instances of non-compliance with laws and regulations that could impact the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Kate Allen (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Chartered Accountants
Apex Plaza
Forbury Road
Reading
RG1 1YE

.....
24 March 2022

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

	Notes	38 weeks ended 1 January 2021 \$
Turnover		-
Interest receivable and similar income	3	3,510,746
Interest payable and similar expenses	6	(127,812)
Other gains and losses	7	(96,203,203)
Loss before taxation		<u>(92,820,269)</u>
Tax on loss	8	(11,268)
Loss for the financial 38 week period		<u><u>(92,831,537)</u></u>

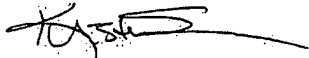
The notes on pages 11 to 18 form part of these financial statements.

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 1 JANUARY 2021**

	Notes	1 January 2021	
		\$	\$
Current assets			
Debtors	11	145,956,706	
Investments	9	126,308,800	
		<u>272,265,506</u>	
Creditors: amounts falling due within one year	12	(142,485,042)	
Net current assets			<u><u>129,780,464</u></u>
Capital and reserves			
Called up share capital	13		2,000
Share premium account	14		222,610,001
Profit and loss reserves	14		(92,831,537)
Total equity			<u><u>129,780,464</u></u>

The notes on pages 11 to 18 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on23 MAR 2022 and are signed on its behalf by:



.....
Ms K'A Schumacher
Director

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

	Notes	Share capital \$	Share premium account \$	Profit and loss reserves \$	Total \$
Period ended 1 January 2021:					
Loss and total comprehensive income for the period		-	-	(92,831,537)	(92,831,537)
Issue of share capital	13	2,000	222,610,001	-	222,612,001
Balance at 1 January 2021		<u>2,000</u>	<u>222,610,001</u>	<u>(92,831,537)</u>	<u>129,780,464</u>

The notes on pages 11 to 18 form part of these financial statements.

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

1 Accounting policies

Company information

L3Harris Technologies CTS Holdings Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 100 New Bridge Street, London, United Kingdom, EC4V 6JA.

The company's principal activities and nature of its operations are disclosed in the Director's Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

The financial statements of the company are consolidated in the financial statements of L3 Harris Technologies Inc. These consolidated financial statements are available from its registered office, 1025 West NASA Boulevard, Melbourne, Florida, 32919, USA.

Going concern

Subsequent to the year end the company transferred/settled its trade, assets and liabilities to a fellow subsidiary company on 24 September 2021 and became inactive. This is due to a project initiated by the company's ultimate parent undertaking to simplify the group structure by eliminating subsidiaries that are no longer required. As required by accounting standards, the financial statements have therefore been prepared on a basis other than going concern. All assets and liabilities have been disclosed as current. As the company is a non-trading entity with limited activity during the year and at the balance sheet date, the preparation on a basis other than going concern has not resulted in any further accounting treatment changes.

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

1 Accounting policies (Continued)

Reporting period

The financial statements cover the period from incorporation on 7 April 2020 to 1 January 2021 to align with other group companies.

Investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including amounts owed by group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount 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 company makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance of doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

The company applies an overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction to determine the carrying value of investment. The nature, facts and circumstance of the investment drives the valuation methodology.

The directors have considered whether any other critical estimates or judgements have been made in the preparation of these financial statements and they believe there are none to note.

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

3 Interest receivable and similar income	1 January 2021
	\$
Interest income	
Interest receivable from group companies	187,118
Income from fixed asset investments	
Income from shares in group undertakings	3,323,628
Total income	<u>3,510,746</u>
4 Employees	
During the period the company had no employees.	
The directors did not receive any remuneration for qualifying services. Their services as a director of this entity are incidental to their main employment.	
5 Auditor's remuneration	1 January 2021
	\$
Fees payable to the company's auditor and its associates:	
For audit services	
Audit of the financial statements of the company	11,200
	<u>11,200</u>
6 Interest payable and similar expenses	1 January 2021
	\$
Interest payable to group undertakings	127,812
	<u>127,812</u>
7 Other gains and losses	1 January 2021
	\$
Gain on special distribution	65,507,711
Impairment of investment	(161,710,914)
	<u>(96,203,203)</u>

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

8 Taxation

	1 January 2021 \$
Current tax	
UK corporation tax on profits for the current period	11,268

The total tax charge for the 38 week period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	1 January 2021 \$
Loss before taxation	(92,820,269)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(17,635,851)
Tax effect of income not taxable in determining taxable profit	(631,489)
Gains not taxable	(12,446,465)
Effect of impairments of investments	30,725,073
Taxation charge for the period	11,268

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. In March 2020 the Chancellor announced that the tax rate would remain at 19%, and this rate has been used to measure deferred tax assets and liabilities where applicable. Subsequent to the period end, in March 2021, the Chancellor announced that the corporation tax rate would increase to 25% in the year 2023, however, this rate had not been substantively enacted at the reporting date and it has not been used in the measurement of deferred tax.

9 Investments

	Notes	1 January 2021 \$
Investments in subsidiaries	10	126,308,800

On 18 December 2020 the company acquired 100% of the share capital in L-3 Communications Link Simulation and Training (Overseas) Limited.

On 25 December 2020 the company acquired 100% of the share capital in L3Harris Unlimited.

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

9 Investments (Continued)

Movements in investments

	Shares in group undertakings \$
Cost or valuation	
At 7 April 2020	-
Additions	288,019,714
At 1 January 2021	<u>288,019,714</u>
Impairment	
At 7 April 2020	-
Impairment losses	161,710,914
At 1 January 2021	<u>161,710,914</u>
Carrying amount	
At 1 January 2021	<u><u>126,308,800</u></u>

10 Subsidiaries

Details of the company's subsidiaries at 1 January 2021 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
L-3 Communications Link Simulation and Training UK (Overseas) Limited	1)	Holding company	Ordinary	100.00	-
L3 Commercial Training Solution Limited	1)	Civil aircraft simulation	Ordinary	-	100.00
L3Harris Unlimited	1)	Holding company	Ordinary	100.00	-

Registered office addresses (all UK unless otherwise indicated):

1 100, New Bridge Street, London, EC4V 6JA

11 Debtors

	1 January 2021 \$
Amounts falling due within one year:	
Amounts owed by group undertakings	<u><u>145,956,706</u></u>

The interest rate at the period end is 3.580%. The amounts are revolving and payable on demand with no security attached.

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

12 Creditors: amounts falling due within one year

	1 January 2021 \$
Amounts owed to group undertakings	142,473,774
Corporation tax	11,268
	<u>142,485,042</u>

Included in amounts owed to group undertakings is \$142,473,776 which is interest bearing. The interest rate at the period end is 2.483%. The amounts are revolving and payable on demand with no security attached.

13 Share capital

	1 January 2021 Number	1 January 2021 \$
Ordinary share capital Issued and fully paid		
Ordinary shares of \$1 each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

The Ordinary shares are entitled to one vote in any circumstance. Each share is equally entitled to a distribution of dividends and capital distribution.

On incorporation the company issued 1 Ordinary \$1 share at par for cash consideration.

On 9 December 2020 the company issued 999 Ordinary \$1 share for total consideration of \$206,206 being the transfer of all shares in L3 Commercial Training Solutions Limited, a subsidiary company.

On 25 December 2020 the company issued 1,000 Ordinary \$1 shares for total consideration of \$16,612 being the transfer of all shares in L3Harris Unlimited, a subsidiary company.

14 Reserves

Share premium

The share premium comprises amounts subscribed for share capital in excess of their nominal value.

Profit and loss reserves

This reserve represents retained earnings and accumulated losses.

15 Events after the reporting date

On 4 January 2021 the company cancelled 1,999 Ordinary \$1 shares.

On 21 January 2021 the company distributed its shares in L3 Harris Unlimited, a subsidiary company and its respective subsidiaries, to L3 Harris Technologies CMAS LLC, the immediate parent company.

On 24 September 2021 the company transferred/settled its trade, assets and liabilities to a fellow subsidiary company and ceased trading.

L3HARRIS TECHNOLOGIES CTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 38 WEEK PERIOD ENDED 1 JANUARY 2021

16 Ultimate controlling party

The company's immediate parent undertaking is L3Harris Technologies CMAS Holdings, LLC a company registered in the United States of America (registered office: 251 Little Falls Drive, Wilmington, DE 19808).

The company's ultimate parent undertaking and controlling party, and the parent undertaking of the smallest and largest group for which group financial statements are drawn up and of which the company is a member, is L3Harris Technologies, Inc, incorporated in Delaware, USA. Copies of the financial statements of L3Harris Technologies, Inc can be obtained from 1025 West NASA Boulevard, Melbourne, Florida, 32919, USA or viewed on Harris Corporations' website at www.harris.com.