

Conflict Armament Research Ltd.

Directors' Report and Financial Statements

Year Ended

31 March 2020

Company Number 07762809

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Conflict Armament Research Ltd.

Company Information

Directors	J Bevan S Rajapaksa J Rosenfield Leff M Wilson
Registered number	07762809
Registered office	10 Queen Street Place London EC4R 1AG
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU



Conflict Armament Research Ltd.

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Conflict Armament Research Ltd.

Directors' Report For the Year Ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Principal activity

The principal activity of the Company is that of investigative research, analysis and the providing of policy advice on weapon trafficking and armed conflict.

Directors

The directors who served during the year were:

J Bevan
S Rajapaksa
J Rosenfield Leff
M Wilson

Going concern

The directors of the Company are currently assessing the impact of COVID-19. The situation is evolving rapidly, and the Company has put in measures to reduce the impact of this on its employees, customers, and operations. The directors are continually reviewing plans and forecasts and believe that the going concern basis is appropriate in both the short and medium term. On this basis, CAR does not foresee circumstances that would cast significant doubt over the Company's ability to continue as a going concern. In the opinion of the directors, the going concern basis of accounting is appropriate.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable 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). 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 Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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. They 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.

Conflict Armament Research Ltd.

Directors' Report (continued) For the Year Ended 31 March 2020

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *6 March 2021* and signed on its behalf.


J Bevan
Director

Conflict Armament Research Ltd.

Independent Auditor's Report to the Members of Conflict Armament Research Ltd.

Opinion

We have audited the financial statements of Conflict Armament Research Ltd. ("the parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, and notes to the financial statements, 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, including Financial Reporting Standard 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 state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's profit for the year 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 Group and the parent 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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 Group or the parent 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.

Conflict Armament Research Ltd.

Independent Auditor's Report to the Members of Conflict Armament Research Ltd. (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.



Conflict Armament Research Ltd.

Independent Auditor's Report to the Members of Conflict Armament Research Ltd. (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 Group's and the Parent 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 Group or the Parent 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.

A further description of our responsibilities for the audit of the financial statements is located at 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 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, for our audit work, for this report, or for the opinions we have formed.

BDO LP

Stephen Corral (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 11/03/2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Conflict Armament Research Ltd.

Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2020

	Note	Commercial 2020 £	Projects 2020 £	Total 2020 £	Commercial 2019 £	Projects 2019 £	As restated Total 2019 £
Turnover	4	699,137	5,497,878	6,197,015	2,525,422	2,510,201	5,035,623
Direct costs		(86,959)	(3,665,822)	(3,752,781)	(853,229)	(2,289,798)	(3,143,027)
Gross profit		612,178	1,832,056	2,444,234	1,672,193	220,403	1,892,596
Administrative expenses		(524,963)	(1,707,218)	(2,232,181)	(727,794)	-	(727,794)
Operating profit	6	87,215	124,838	212,053	944,399	220,403	1,164,802
Interest receivable and similar income		13,432	-	13,432	-	-	-
Profit before taxation		100,647	124,838	225,485	944,399	220,403	1,164,802
Tax on profit	8	(20,608)	-	(20,608)	(210,900)	-	(210,900)
Profit for the financial year		80,039	124,838	204,877	733,499	220,403	953,902
Currency translation differences				4,538			(24,386)
Other comprehensive income for the year				4,538			(24,386)
Total comprehensive income for the year				209,415			929,516
Profit for the year attributable to:							
Owners of the parent Company		80,039	124,838	204,877	733,499	220,403	953,902
		80,039	124,838	204,877	733,499	220,403	953,902

The above results relate to continuing operations.

The notes on pages 11 to 23 form part of these financial statements.

Conflict Armament Research Ltd.

Registered number:07762809

Consolidated Balance Sheet As at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	10	205,047	173,871
Current assets			
Debtors: amounts falling due within one year	12	1,309,723	817,057
Cash at bank and in hand		2,542,410	2,004,485
		<u>3,852,133</u>	<u>2,821,542</u>
Creditors: amounts falling due within one year	13	(2,858,919)	(1,996,567)
Net current assets		<u>993,214</u>	<u>824,975</u>
Total assets less current liabilities		<u>1,198,261</u>	<u>998,846</u>
Net assets		<u>1,198,261</u>	<u>998,846</u>
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account	16	1,198,260	998,845
		<u>1,198,261</u>	<u>998,846</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 March 2021


J. Bevan
Director

The notes on pages 11 to 23 form part of these financial statements.

Conflict Armament Research Ltd.

Registered number:07762809

Company Balance Sheet As at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	10	205,047	173,871
Investments	11	14,113	14,113
		<u>219,160</u>	<u>187,984</u>
Current assets			
Debtors: amounts falling due within one year	12	905,902	971,966
Cash at bank and in hand		1,934,981	963,171
		<u>2,840,883</u>	<u>1,935,137</u>
Creditors: amounts falling due within one year	13	(2,024,187)	(1,111,954)
Net current assets		<u>816,696</u>	<u>823,183</u>
Total assets less current liabilities		<u>1,035,856</u>	<u>1,011,167</u>
Net assets		<u>1,035,856</u>	<u>1,011,167</u>
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account brought forward		1,011,166	69,329
Profit for the year		34,689	941,837
Other changes in the profit and loss account		(10,000)	-
		<u>1,035,855</u>	<u>1,011,166</u>
Total equity		<u>1,035,856</u>	<u>1,011,167</u>

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting its own Statement of Comprehensive Income. The Company profit for the financial year is £34,689 (2019 - £941,837).

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *6 March 2021*

J Bevan
Director

The notes on pages 11 to 23 form part of these financial statements.

Conflict Armament Research Ltd.

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	1	998,845	998,846
Comprehensive income for the year			
Profit for the year	-	204,877	204,877
Currency translation differences	-	4,538	4,538
Total comprehensive income for the year	-	209,415	209,415
Contributions by and distributions to owners			
Equity dividends	-	(10,000)	(10,000)
Total transactions with owners	-	(10,000)	(10,000)
At 31 March 2020	1	1,198,260	1,198,261

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	1	69,329	69,330
Comprehensive income for the year			
Profit for the year (as restated)	-	953,902	953,902
Currency translation differences (as restated)	-	(24,386)	(24,386)
Total comprehensive income for the year	-	929,516	929,516
At 31 March 2019	1	998,845	998,846

The notes on pages 11 to 23 form part of these financial statements.

Conflict Armament Research Ltd.

Company Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	1	1,011,166	1,011,167
Comprehensive income for the year			
Profit for the year	-	34,689	34,689
	-	34,689	34,689
Total comprehensive income for the year			
Contributions by and distributions to owners			
Equity dividends	-	(10,000)	(10,000)
	-	(10,000)	(10,000)
Total transactions with owners			
At 31 March 2020	1	1,035,855	1,035,856

Company Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	1	69,329	69,330
Comprehensive income for the year			
Profit for the year	-	941,837	941,837
	-	941,837	941,837
Total comprehensive income for the year			
At 31 March 2019	1	1,011,166	1,011,167

The notes on pages 11 to 23 form part of these financial statements.

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

1. General information

Conflict Armament Research Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act.

The registered office and number are as stated on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries as set out in note 11, ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

2.3 Going concern

The directors of the Company are currently assessing the impact of COVID-19. The situation is evolving rapidly, and the Company has put in measures to reduce the impact of this on its employees, customers, and operations. The directors are continually reviewing plans and forecasts and believe that the going concern basis is appropriate in both the short and medium term. On this basis, CAR does not foresee circumstances that would cast significant doubt over the Company's ability to continue as a going concern. In the opinion of the directors, the going concern basis of accounting is appropriate.

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within administrative expenses.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Where a grant is received in advance of a related condition being met it is deferred and recognised as a liability.

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	20% Straight line on cost
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment.

At each reporting date, debtors are assessed for any bad debts. Provisions for bad debts are recognised immediately in profit and loss.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short term creditors are measured at the transaction price.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, and loans to/from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in the case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.16 Financial instruments (continued)

for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Management do not consider there to be any material accounting estimates or judgements that need disclosure in these financial statements.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company. A split between projects and commercial activity is shown in the Statement of Comprehensive Income.

A geographic analysis of turnover by country of origin is as follows:

	2020 £	2019 £
United Kingdom	2,530,273	3,032,810
Rest of Europe	3,545,384	1,874,173
Rest of the world	121,358	128,640
	<u>6,197,015</u>	<u>5,035,623</u>

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

5. Prior year adjustment

A prior year adjustment has been reflected in the Statement of Comprehensive Income to reclassify £24,386 out of administrative expenses to other comprehensive income (currency translation differences) to correct for an error in the prior year regarding foreign exchange differences arising on consolidation of the Company's subsidiary undertaking.

6. Operating profit

The operating profit is stated after charging/(crediting):

	2020	As restated 2019
	£	£
Depreciation of tangible fixed assets	54,836	42,554
Fees payable to the Company's auditor for the audit of the Group's annual financial statements	12,865	12,190
Exchange differences	7,299	(7,508)

7. Employees

The average monthly number of employees, including directors, during the year was 4 (2019 - 14).

8. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	19,780	189,860
Adjustments in respect of previous periods	894	17,179
Total current tax	20,674	207,039
Deferred tax		
Origination and reversal of timing differences	(66)	(3,861)
Adjustment to tax charge in respect of previous periods – deferred tax	-	7,722
Total deferred tax	(66)	3,861
Taxation on profit on ordinary activities	20,608	210,900

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

8. Taxation (continued)

Factors affecting tax charge for the year

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

	2020 £	2019 £
Profit on ordinary activities before tax	<u>225,485</u>	<u>1,164,802</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	42,842	221,312
Effects of:		
Income not taxable	(790,774)	(6,521)
Expenses not deductible for tax purposes	748,478	-
Deferred tax not recognised	8,147	-
Remeasurement of deferred tax for changed in tax rates	958	-
Adjustment to tax charge in respect of previous periods	894	-
Fixed asset differences	10,063	(3,891)
Total tax charge for the year	<u>20,608</u>	<u>210,900</u>

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

9. Dividends

	2020 £	2019 £
Interim dividend paid (£10,000 per share)	<u>10,000</u>	<u>-</u>

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

10. Tangible fixed assets

Group and Company

	Office equipment £
Cost or valuation	
At 1 April 2019	242,624
Additions	93,402
Disposals	(8,817)
At 31 March 2020	<u>327,209</u>
Depreciation	
At 1 April 2019	68,753
Charge for the year	54,836
Released on disposals	(1,427)
At 31 March 2020	<u>122,162</u>
Net book value	
At 31 March 2020	<u><u>205,047</u></u>
At 31 March 2019	<u><u>173,871</u></u>

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

11. Fixed asset investments

Company

Investments
in subsidiary
companies
£

Cost or valuation

At 1 April 2019 and 31 March 2020

14,113

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Conflict Armament Research - Support	Kleemburg No.1 Box, 9050, Gentbrugge, Belgium	Promoting weapons and ammunition management	Ordinary	100%

12. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	828,631	543,186	736,552	543,186
Amounts owed by subsidiary undertakings	-	-	-	154,909
Other debtors	22,489	14,499	21,717	14,499
Prepayments and accrued income	458,537	259,372	147,567	259,372
Deferred taxation	66	-	66	-
	<u>1,309,723</u>	<u>817,057</u>	<u>905,902</u>	<u>971,966</u>

At the year end, the debtor balance due from a national Government of £1,356,631 (2019 - £Nil) has been provided for as a bad debt because it is deemed to be irrecoverable.

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

13. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	266,554	171,102	248,742	171,102
Corporation tax	21,177	211,440	21,177	211,440
Other taxation and social security	59,768	52,678	56,448	52,678
Deferred income	2,409,029	1,406,127	1,645,524	521,514
Accruals	62,347	55,220	52,296	55,220
Other creditors	40,044	100,000	-	100,000
	<u>2,858,919</u>	<u>1,996,567</u>	<u>2,024,187</u>	<u>1,111,954</u>

Within deferred income is a balance relating to projects of £1,529,331 (2019 - £139,182).

14. Deferred taxation

Group and Company

	2020 £
At beginning of year	-
Credited to profit or loss	66
At end of year	<u>66</u>

The deferred tax asset is made up as follows:

	Group 2020 £	Company 2020 £
Fixed asset timing differences	(2,546)	(2,546)
Short term timing differences	2,612	2,612
	<u>66</u>	<u>66</u>

15. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

16. Reserves

The Company's reserves are as follows:

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

17. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £25,315 (2019 - £10,848). Contributions totalling £6,714 (2019 - £5,316) were payable to the fund at the Balance Sheet date and are included in creditors.

18. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	<u>49,800</u>	<u>43,324</u>	<u>49,800</u>	<u>43,324</u>

Conflict Armament Research Ltd.

Notes to the Financial Statements For the Year Ended 31 March 2020

19. Related party transactions

The Company has taken exemption under FRS 102 section 33.1A from disclosing transactions with Group companies, on the grounds that they are wholly owned subsidiaries.

J Bevan
Director

At the Balance Sheet date the amount owed to J Bevan was £Nil (2019 - £62)

M Wilson
Director

At the Balance Sheet date the amount owed to M Wilson was £Nil (2019 - £42)

J Leff
Director

At the Balance Sheet date the amount owed to J Leff was £447 (2019 - £122)

Conflict Armament Research - Support

The directors are also directors of Conflict Armament Research - Support (company number 10435055) a company limited by guarantee in the United Kingdom. At the year end the Company was owed £43,949 by Conflict Armament Research - Support (2019 - £18,196 owed to). During the year, the Company recharged expenses of £770,819 (2019 - £81,804 to Conflict Armament Research - Support. During the year the Company was recharged expenses of £Nil (2019 - £100,000) by Conflict Armament Research - Support.

20. Controlling party

By virtue of owning 100% of the shares, the Company was controlled by J Bevan throughout both years.