

CHEMRING PRIME CONTRACTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2021



CHEMRING PRIME CONTRACTS LIMITED

COMPANY INFORMATION

Directors	A P Davies S L Ellard A G Lewis M Ord
Company Secretary	S L Ellard
Registered number	2983472
Registered office	Roke Manor Old Salisbury Lane Romsey Hampshire United Kingdom SO51 0ZN
Independent auditor	KPMG LLP Statutory Auditor Gateway House Tollgate Eastleigh United Kingdom SO53 3TG

CHEMRING PRIME CONTRACTS LIMITED

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CHEMRING PRIME CONTRACTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2021

The directors present their report and the audited financial statements for the year ended 31 October 2021.

Principal activity

The company's principal activity was the marketing and export sale of pyrotechnics and munitions. The company has now ceased operations and the directors are not seeking any further sales orders.

Results and dividends

The company's business has now been wound down, no revenue has been generated in the current or prior years and no further sales orders are being sought. Operating loss for the year was £1,000 (2020: £4,000). This represented overheads incurred on the wind down of the business.

The loss for the year, after taxation, amounted to £1,000 (2020: loss £20,000).

An interim dividend of £265,000 was paid during the year (2020: £nil). The directors do not recommend the payment of a final dividend.

Principal risks and uncertainties

The company is a wholly owned subsidiary of Chemring Group PLC ("the Group"). The Group Board is responsible for the Group's systems of internal control and its risk management systems. The Group Board has constituted a Risk Management Committee, which meets quarterly, to review the key risks associated with the business, including the most significant health and safety risks identified at each site, and the risk control procedures implemented. Brief details of the principal risks and uncertainties currently facing the company are set out below. Further details can be found in the consolidated financial statements of Chemring Group PLC.

Going concern

The company has now ceased operations and the directors are not seeking any further sales orders. As the directors no longer intend to pursue the company's activity, these financial statements have been prepared on a non-going concern basis. No adjustments to asset or liability carrying values arose from this decision.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

A P Davies
S L Ellard
A G Lewis
M Ord

CHEMRING PRIME CONTRACTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021**

Disclosure of information to auditor

Each of the persons who is a director 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'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's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

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

This report was approved by the Board on 28 January 2022 and signed on its behalf.



**S L Ellard
Company Secretary**

CHEMRING PRIME CONTRACTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in Note 1.3, the directors do not believe that it is appropriate to prepare these statements on a going concern basis).

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEMRING PRIME CONTRACTS LIMITED

Opinion

We have audited the financial statements of Chemring Prime Contracts Limited ("the company") for the year ended 31 October 2021 which comprise the income statement, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1. These financial statements have not been prepared on the going concern basis for the reason set out in note 1.3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to Chemring's high-level policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEMRING PRIME CONTRACTS LIMITED

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEMRING PRIME CONTRACTS LIMITED

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Matthew Gillett (Senior statutory auditor)
for and on behalf of KPMG LLP

Statutory Auditor
Chartered Accountants

Gateway House
Tollgate
Eastleigh
United Kingdom

SO53 3TG

Date: 28 January 2022

CHEMRING PRIME CONTRACTS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2021**

	Note	2021 £000	2020 £000
Administrative expenses		(1)	(4)
Operating loss	2	(1)	(4)
Tax on loss	5	-	(16)
Loss for the financial year		(1)	(20)

All results for the year derive from discontinued operations.

There were no recognised gains and losses other than those included in the income statement, therefore no statement of other comprehensive income has been presented.


CHEMRING PRIME CONTRACTS LIMITED
REGISTERED NUMBER:2983472

BALANCE SHEET
AS AT 31 OCTOBER 2021

	Note	2021 £000	2020 £000
Current assets			
Debtors: amounts falling due within one year	7	1	-
Cash at bank and in hand		-	460
		<u>1</u>	<u>460</u>
Creditors: amounts falling due within one year	8	-	(193)
Net current assets		<u>1</u>	<u>267</u>
Total assets less current liabilities		<u>1</u>	<u>267</u>
Net assets		<u>1</u>	<u>267</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		-	266
		<u>1</u>	<u>267</u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 January 2022.


A G Lewis
 Director

The notes on pages 10 to 14 form part of these financial statements.

CHEMRING PRIME CONTRACTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2021**

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 November 2019	1	286	287
Loss for the year	-	(20)	(20)
	<hr/>	<hr/>	<hr/>
At 1 November 2020	1	266	267
Loss for the year	-	(1)	(1)
Dividends	-	(265)	(265)
	<hr/>	<hr/>	<hr/>
At 31 October 2021	1	-	1
	<hr/>	<hr/>	<hr/>

The notes on pages 10 to 14 form part of these financial statements.

See note 6 for details on dividends.

CHEMRING PRIME CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

Chemring Prime Contracts Limited is a private company limited by shares incorporated and registered in England and Wales. Its registered office address is included on the company information page.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

1.3 Going concern

The company has now ceased operations and the directors are not seeking any further sales orders. As the directors no longer intend to pursue the company's activity, these financial statements have been prepared on a non-going concern basis. No adjustments to asset or liability carrying values arose from this decision.

1.4 Deferred tax

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

CHEMRING PRIME CONTRACTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

1. Accounting policies (continued)

1.5 Current tax

Current tax, including UK corporation tax and foreign tax, is provided for 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.

1.6 Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

1.7 Financial liabilities

Trade and other payables

Trade and other payables are not interest bearing and are stated at their nominal value.

1.8 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.

2. Operating loss

The operating loss is stated after charging:

	2021	2020
	£000	£000
Exchange differences	-	2

During the year, no director received any emoluments (2020: £nil).

3. Auditor's remuneration

	2021	2020
	£000	£000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	5	4

Audit fees for 2021 will be borne by the parent company.

The auditor did not provide any non-audit services during the year.

CHEMRING PRIME CONTRACTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

4. Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2020: £nil).

The emoluments of A G Lewis, S L Ellard, A P Davies and M Ord were borne by Chemring Group PLC. Their services as directors of this company were considered insignificant in the context of their overall services to the Group and therefore no allocation of remuneration to this subsidiary was made. Details of their total remuneration are publicly available in the financial statements of Chemring Group PLC.

5. Taxation

	2021 £000	2020 £000
Deferred tax		
Origination and reversal of timing differences	-	16
Total deferred tax	-	16
Taxation on loss on ordinary activities	-	16

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 : 19%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before tax	(1)	(4)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	-	(1)
Effects of:		
Adjustments to tax charge in respect of prior periods	-	17
Total tax charge for the year	-	16

CHEMRING PRIME CONTRACTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

6. Dividends

	2021 £000	2020 £000
Interim dividend of £264.14 per share	265	-
	265	-

7. Trade and other receivables

	2021 £000	2020 £000
Amounts owed by parent company	1	-
	1	-

8. Trade and other payables

	2021 £000	2020 £000
Accruals and deferred income	-	193
	-	193

CHEMRING PRIME CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

9. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
1,000 (2020: 1,000) ordinary shares of £1.00 each	<u>1</u>	<u>1</u>

10. Ultimate parent undertaking and controlling party

In the opinion of the directors the company's ultimate parent company and controlling party is Chemring Group PLC, a company incorporated in England and Wales. Copies of the Group financial statements of Chemring Group PLC are available at the Group website (www.chemring.com) or by contacting the registered office, the address of which is listed on the company information page at the start of these financial statements. Chemring Group PLC is the largest and smallest group of which the company is a member and for which consolidated financial statements are prepared.