

Registered number: 07762809

CONFLICT ARMAMENT RESEARCH LTD.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021



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CONFLICT ARMAMENT RESEARCH LTD.

COMPANY INFORMATION

Directors James Bevan
Seema Rajapaksa
Jonah Max Rosenfield leff
Marcus James Wilson

Registered number 07762809

Registered office 10 Queen Street Place
London
EC4R 1AG

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CONFLICT ARMAMENT RESEARCH LTD.

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CONFLICT ARMAMENT RESEARCH LTD.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group 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 for the Group's financial statements 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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:

James Bevan
Seema Rajapaksa
Jonah Max Rosenfield Ieff
Marcus James Wilson

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

CONFLICT ARMAMENT RESEARCH LTD.

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

Auditors

The auditors, Haysmacintyre 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 17 December 2021 and signed on its behalf.



James Bevan
Director
17 December 2021

CONFLICT ARMAMENT RESEARCH LTD.

INDEPENDENT AUDITORS' 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 subsidiary (the 'Group') for the year ended 31 March 2021, which comprise , the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity and the related notes, 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 2021 and of the Group's loss 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



CONFLICT ARMAMENT RESEARCH LTD.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONFLICT ARMAMENT RESEARCH LTD. (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group Strategic Report.

CONFLICT ARMAMENT RESEARCH LTD.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONFLICT ARMAMENT RESEARCH LTD. (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

CONFLICT ARMAMENT RESEARCH LTD.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONFLICT ARMAMENT RESEARCH LTD.
(CONTINUED)

Steve Harper

Steven Harper (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

17 December 2021

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CONFLICT ARMAMENT RESEARCH LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Commercial 2021 £	Projects 2021 £	Total 2021 £	Commercial 2020 £	Projects 2020 £	Total 2020 £
Turnover		103,821	4,594,647	4,698,468	699,137	5,497,878	6,197,015
Direct costs		(16,465)	(4,553,065)	(4,569,530)	(86,959)	(3,665,822)	(3,752,781)
Gross profit		87,356	41,582	128,938	612,178	1,832,056	2,444,234
Administrative expenses		(20,000)	(491,065)	(511,065)	(524,963)	(1,707,218)	(2,232,181)
Operating profit		67,356	(449,483)	(382,127)	87,215	124,838	212,053
Interest receivable and similar income		-	-	-	13,432	-	13,432
Profit before taxation		67,356	(449,483)	(382,127)	100,647	124,838	225,485
Tax on profit	5	(12,798)	-	(12,798)	(20,608)	-	(20,608)
Profit/(loss) for the financial year		54,558	(449,483)	(394,925)	80,039	124,838	204,877
Currency translation differences				(3,756)			4,538
Other comprehensive income for the year				(3,756)			4,538
Total comprehensive income for the year				(398,681)			209,415
Profit/(loss) for the year attributable to:							
Owners of the parent Company		54,558	(449,483)	(394,925)	80,039	124,838	204,877
		54,558	(449,483)	(394,925)	80,039	124,838	204,877

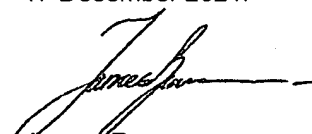
CONFLICT ARMAMENT RESEARCH LTD.
REGISTERED NUMBER: 07762809

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets			296,090		205,047
			<u>296,090</u>		<u>205,047</u>
Current assets					
Debtors: amounts falling due within one year	8	1,334,604		1,309,723	
Cash at bank and in hand	9	1,047,678		2,542,410	
		<u>2,382,282</u>		<u>3,852,133</u>	
Creditors: amounts falling due within one year		<u>(1,878,783)</u>		<u>(2,858,919)</u>	
Net current assets			<u>503,499</u>		<u>993,214</u>
Total assets less current liabilities			<u>799,589</u>		<u>1,198,261</u>
Net assets			<u><u>799,589</u></u>		<u><u>1,198,261</u></u>
Capital and reserves					
Called up share capital			1		1
Profit and loss account			799,588		1,198,260
			<u><u>799,589</u></u>		<u><u>1,198,261</u></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 17 December 2021.


James Bevan
Director
17 December 2021

The notes on form part of these financial statements.

CONFLICT ARMAMENT RESEARCH LTD.
REGISTERED NUMBER: 07762809

COMPANY BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	6		257,332		205,047
Investments	7		14,113		14,113
			<u>271,445</u>		<u>219,160</u>
Current assets					
Debtors: amounts falling due within one year	8	1,469,656		905,902	
Cash at bank and in hand	9	388,717		1,934,981	
		<u>1,858,373</u>		<u>2,840,883</u>	
Creditors: amounts falling due within one year		<u>(1,301,466)</u>		<u>(2,024,187)</u>	
Net current assets			<u>556,907</u>		<u>816,696</u>
Total assets less current liabilities			<u>828,352</u>		<u>1,035,856</u>
Net assets excluding pension asset			<u>828,352</u>		<u>1,035,856</u>
Net assets			<u>828,352</u>		<u>1,035,856</u>
Capital and reserves					
Called up share capital	11		1		1
Profit and loss account brought forward		1,035,855		1,011,166	
Loss/(profit) for the year		(207,504)		34,689	
Other changes in the profit and loss account		-		(10,000)	
		<u></u>		<u></u>	
Profit and loss account carried forward			<u>828,351</u>		<u>1,035,855</u>
			<u>828,352</u>		<u>1,035,856</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies 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 17 December 2021.

James Bevan
Director

The notes on pages 12 to 23 form part of these financial statements.

CONFLICT ARMAMENT RESEARCH LTD.

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

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 April 2019	1	998,845	998,846	998,846
Comprehensive income for the year				
Profit for the year	-	209,415	209,415	209,415
Total comprehensive income for the year	-	209,415	209,415	209,415
Dividends: Equity capital	-	(10,000)	(10,000)	(10,000)
Total transactions with owners	-	(10,000)	(10,000)	(10,000)
At 1 April 2020	1	1,198,260	1,198,261	1,198,261
Comprehensive income for the year				
Loss for the year	-	(398,672)	(398,672)	(398,672)
Total comprehensive income for the year	-	(398,672)	(398,672)	(398,672)
Total transactions with owners	-	-	-	-
At 31 March 2021	1	799,588	799,589	799,589

The notes on pages 12 to 23 form part of these financial statements.

CONFLICT ARMAMENT RESEARCH LTD.

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

	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			
Dividends: Equity capital	-	(10,000)	(10,000)
Total transactions with owners	-	(10,000)	(10,000)
At 1 April 2020	1	1,035,855	1,035,856
Comprehensive income for the year			
Loss for the year	-	(207,504)	(207,504)
	-	(207,504)	(207,504)
Total comprehensive income for the year			
Total transactions with owners	-	-	-
At 31 March 2021	1	828,351	828,352

The notes on pages 12 to 23 form part of these financial statements.



CONFLICT ARMAMENT RESEARCH LTD.

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

1. General information

Conflict Armament Research Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The principal activity of the Company is that of investigative research, analysis and the providing of policy advice on weapon trafficking and armed conflict.

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 Group management to exercise judgement in applying the Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

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 ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being

2.3 Going concern

The directors of the Company continue to assess the impact of COVID-19. The situation continues to evolve rapidly and the Company has put in place 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 the directors do 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 2021

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.

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 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

CONFLICT ARMAMENT RESEARCH LTD.

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

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.

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.

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.

CONFLICT ARMAMENT RESEARCH LTD.

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

2. Accounting policies (continued)

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.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



CONFLICT ARMAMENT RESEARCH LTD.

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

2. Accounting policies (continued)

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, loans to related parties and investments in ordinary shares.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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CONFLICT ARMAMENT RESEARCH LTD.

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

2. Accounting policies (continued)

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. Auditors' remuneration

Fees payable to the Group's auditor for the audit of the Group's annual financial statements totalled £11,250 (2020 - £12,865).

4. Employees

The average monthly number of employees, including directors, during the year was 19 (2020 - 20).

5. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	12,789	20,608
	<u>12,789</u>	<u>20,608</u>
Total current tax	<u>12,789</u>	<u>20,608</u>



CONFLICT ARMAMENT RESEARCH LTD.

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

5. Taxation (continued)

Factors affecting tax charge for the year

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

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	<u>(194,715)</u>	<u>225,485</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(36,995)	42,842
Effects of:		
Income not taxable	(834,451)	(790,774)
Expenses not deductible for tax purposes	884,235	748,478
Deferred tax not recognised	-	8,147
Adjustment to tax charge in respect of previous periods	-	894
Fixed asset differences	-	10,063
Remeasurement of deferred tax for changes in tax rates	-	958
Total tax charge for the year	<u>12,789</u>	<u>20,608</u>

CONFLICT ARMAMENT RESEARCH LTD.

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

6. Tangible fixed assets

Group

	Office equipment £
Cost or valuation	
At 1 April 2020	327,209
Additions	170,687
At 31 March 2021	<u>497,896</u>
Depreciation	
At 1 April 2020	122,162
Charge for the year on owned assets	79,644
At 31 March 2021	<u>201,806</u>
Net book value	
At 31 March 2021	<u><u>296,090</u></u>
At 31 March 2020	<u><u>205,047</u></u>

CONFLICT ARMAMENT RESEARCH LTD.

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

6. Tangible fixed assets (continued)

Company

	Office equipment £
Cost or valuation	
At 1 April 2020	327,209
Additions	130,614
At 31 March 2021	<u>457,823</u>
Depreciation	
At 1 April 2020	122,162
Charge for the year on owned assets	78,329
At 31 March 2021	<u>200,491</u>
Net book value	
At 31 March 2021	<u>257,332</u>
At 31 March 2020	<u>205,047</u>

7. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	14,113
At 31 March 2021	<u>14,113</u>



CONFLICT ARMAMENT RESEARCH LTD.

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

7. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Conflict Armament Research - Support BV	Kleemburg No. 1 Box, 9050, Gentbrugge, Belgium	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Conflict Armament Research - Support BV	26,855	(18,448)

CONFLICT ARMAMENT RESEARCH LTD.

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

8. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	1,014,708	828,631	947,709	736,552
Other debtors	39,830	22,489	39,434	21,717
Prepayments and accrued income	280,066	458,537	482,513	147,567
Deferred taxation	-	66	-	66
	<u>1,334,604</u>	<u>1,309,723</u>	<u>1,469,656</u>	<u>905,902</u>

9. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	1,047,678	2,542,410	388,717	1,934,981
	<u>1,047,678</u>	<u>2,542,410</u>	<u>388,717</u>	<u>1,934,981</u>

10. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	189,933	266,554	190,901	248,742
Corporation tax	12,789	21,177	12,789	21,177
Other taxation and social security	36,720	59,768	36,720	56,448
Other creditors	10,905	40,044	26,734	-
Accruals and deferred income	1,628,436	2,471,376	1,034,322	1,697,820
	<u>1,878,783</u>	<u>2,858,919</u>	<u>1,301,466</u>	<u>2,024,187</u>

11. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1 (2020 - 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 2021

12. 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 £22,201 (2020: £25,315). Contributions totalling £6,973 (2020 - £6,714) were payable to the fund at the Balance Sheet date and are included in creditors.

13. Commitments under operating leases

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	41,400	49,800	41,400	49,800
	41,400	49,800	41,400	49,800

14. 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.

At the balance sheet date the amount owed to J Leff was £nil (2020: £447).

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 £90,159 (2020: £43,949) by Conflict Armament Research - Support. During the year, the Company recharged expenses of £192,923 (2020: £770,819) to Conflict Armament Research - Support.

15. Controlling party

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

