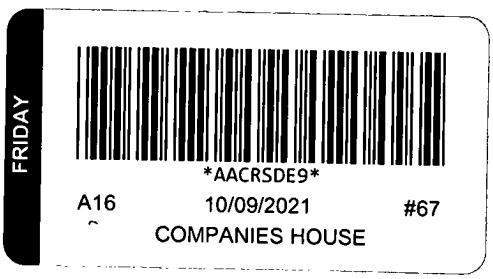
REGISTERED NUMBER: 01067795 (England and Wales)

Strategic Report, Report of the Directors and Financial Statements for the Year Ended 31 December 2020 for AVL United Kingdom Ltd



Contents of the Financial Statements for the year ended 31 December 2020

	Page
Company Information	1
Strategic Report	2
Report of the Directors	7
Report of the Independent Auditors	9
Income Statement	13
Other Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17

Company Information
for the year ended 31 December 2020

DIRECTORS:	H O List A Ciriello
SECRETARY:	S M Sweeney
REGISTERED OFFICE:	Avon House Hartlebury Trading Estate Hartlebury Worcestershire DY10 4JB
REGISTERED NUMBER:	01067795 (England and Wales)
SENIOR STATUTORY AUDITOR:	Stuart Banks FCA
AUDITORS:	Banks Sheridan (Statutory Auditor) Datum House Electra Way Crewe Cheshire CW1 6ZF
BANKERS:	NatWest Northwich Branch The Bull Ring Northwich Cheshire CW9 5BN

Strategic Report
for the year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

The principal activities of the company in the year under review were those of design, supply, commissioning and service of test facilities for vehicle propulsion systems (i.e. powertrains including internal combustion engines, electric, hydrogen fuel cell and hybrid) using AVL specialist instrumentation.

FAIR REVIEW OF BUSINESS

Although the company's core business remains consistent, customers are facing major changes in the products they are developing due to governmental and public pressure to provide alternative propulsion solutions such as battery-electric, hybrid-electric and fuel cell-electric. This is underpinned by the UK government's decision to bring forward a ban on the sale of new petrol and diesel cars to 2035. The company wholeheartedly supports this major change in the motor industry to drive global reduction of carbon dioxide and pollutant emission. Our testing product portfolio already includes new products and services directly tailored to this need. The staff skills profile and recruiting procedures are being acted on in a proactive manner to support this. The company has a healthy order book and is in a strong financial position going into 2021. We are actively involved in discussion with customers on their plans and requirements for 2021 and beyond. The company has been working on significant projects for its larger customers and continues to develop its links within the UK automotive industry and academic/research institutions.

The key financial performance indicators during the year and at year end are as follows:

	31 December 2020	31 December 2019
Revenue	£80.40m	£64.89m
Gross Profit Margin	6.21%	10.04%
EBITDA	0.69m	0.44m
Order intake	£48.32m	£66.40m

Revenue has increased to £80.40m, a 23.8% increase on the previous year. This is mainly due to a increase in project income and in conjunction with a change in sales mix has seen the gross profit margin reduce to 6.21% (2019: 10.04%).

Due to the impact of COVID-19 average staff headcount has fallen to 182 (2019: 190). This has resulted in a reduction in staff costs of 3.34% as the company reacts and positions itself to changes in certain areas as our customers look to the future. The company will continue to invest in and develop its team and has a strategy of only recruiting the highest calibre of staff.

Our group vision & mission is to provide leading technology and superior service to our customers for mobility in a better world.

Our guiding principles are clean, affordable and connected intelligence.

The aim of our business strategy is to focus and align the whole organisation and all our activities towards our future challenges.

Strategic areas for future growth include:

1. Propulsion Solutions and Integration in Vehicle

The company's products and services are increasingly tailored to support the innovation and development of optimal propulsion systems integrated into the vehicle. We enable delivery of the powertrain including balanced attributes related to the complete end-user driving experience, environmental impact and safety. We are also expanding our portfolio to include testing of emerging technologies such as Battery Electric Vehicles (BEV), Advanced Driver-Assistance Systems (ADAS), Autonomous Driving and zero emission technologies. Our solutions are increasingly involving virtual (simulated) prototypes with representative driver behaviour and environment.

2. Automated Driving and Mobility

AVL has a strong focus on delivering automated driving technology with safety, improved driver and passenger experience and energy efficiency. This is supported by the ongoing development of the software tools and data solutions necessary to capture the behaviour of the vehicle and environment. Examples of this are:

- AVL DRIVE for ADAS - Enables development engineers to objectively assess, analyse and optimize driver and passenger perceived safety and driving comfort.
- ADAS benchmark database - AVL has compiled a database of AVL DRIVE for ADAS results to allow automotive OEMs objective comparison of their products versus competitors.
- The AVL DRIVINGCUBE™ - Provides safe, efficient testing of ADAS vehicles by coupling a rolling road test rig with a virtual environment. This allows representative, real-world driving scenarios to be presented to the ADAS functions before the vehicle is released for road testing.

3. Integrated and Open Development Platform
AVL is pioneering a new software concept allowing the seamless integration of vehicle simulation tools with testing hardware. The aim is to link real and virtual testing. This will enable our customers to prototype and test innovative new powertrain configurations over a wider range of conditions in less time. Benefits include:
- Improved product development effectiveness, productivity and quality.
- Fully integrated real and virtual design verification.
- Seamless integration of different software tools.
- Intelligent use of multiple data sources.

4. Production Orientation
AVL is expanding products and services to support the whole product life cycle. Our product strategy is to digitally link design, validation, production and in-use phases. The aim is to deliver robust, industrialised solutions for series production.

5. Global Execution and Support
Many of our customers are global organisations. In response to this we continue to expand our global account services and optimise the mix of local (UK) and global supply for maximum value. Whilst we communicate as 'one AVL' to our global customers we also provide the flexibility to engage and accommodate local market requirements. We also enable our customers to optimise their global operation. An example of this is providing the technology for remote operation of testing equipment from different geographical locations.

6. Customer Orientation and Efficiency
Customer success is key to our continued business. Our strategy is continually evolving to meet new industry demands including reduced time to market, reduction of physical prototypes and electric and hydrogen technologies. We have a track record in the UK of developing new business tools that connect the customer organisation, processes and tools to optimise productivity and facilitate change. Consequently, AVL is uniquely positioned to partner with our automotive OEM customers as they manage the transition from conventional internal combustion engines to zero emission propulsion solutions.

7. Partnership with UK Academic Research Organisations
To accelerate advancement of powertrain technology, AVL is actively promoting partnerships with UK academic institutions when it makes strategic sense to do so. This is clearly demonstrated by the 2019 announcement of a research agreement between AVL and The Institute for Advanced Automotive Propulsion Systems (IAAPS) at the University of Bath. AVL has also been selected as the primary testing equipment supplier to IAAPS. Throughout 2020 substantial progress has been made towards the delivery of the facility. The following is an abridged excerpt of an IAAPS website newsfeed, dated 30/11/2020):

Significant milestone reached on new IAAPS R&I facility as AVL start installation of high-spec test equipment

- The arrival of bedplates to the new IAAPS £70 m research facility at the Bristol and Bath Science Park has marked the start of the next significant phase in development of this ground-breaking new facility. AVL have started installing the specialist equipment that will create one of the UK's top three independent automotive propulsion research centres. The new IAAPS facility will build on existing automotive propulsion expertise at the University of Bath to become a global centre of excellence, delivering transformational research and innovation and supporting the automotive industries in meeting future air quality standards.

- The first parts of the IAAPS 750 kW powertrain cell were delivered to site in mid-September by the AVL team and the bedplates were then moved into their final position inside the research facility. The specialist AVL team will now work with IAAPS colleagues over the coming months to populate the building with cutting edge powertrain research equipment.

Strategic Report
for the year ended 31 December 2020

- In total, IAAPS will house 17 cells to enable deep insights into the complex nature of transitioning to future ultra-low and zero emission vehicles. The new facilities will enable research to be conducted into more and full electrification propulsion, hybrid configurations, energy storage and battery management as well as next generation fuels and high-efficiency combustion engines. Digital engineering will play a critical role in the research taking place in the facility, which has been designed to enable the integration of both physical and virtual test assets.

- The equipment will allow current research areas to be strengthened and new areas to be opened with a specific focus on whole vehicle assessments, particularly under real-world driving conditions. IAAPS will continue to align with the industry to find sustainable and affordable solutions to future developments in low and zero emission vehicles.

- The opening of this state-of-the-art facility, scheduled for summer 2021, will build on over 40 years automotive propulsion research at the University of Bath. The approach of the IAAPS team has consistently been to align with industry partners to solve the challenges of this constantly evolving and highly regulated landscape, applying academic rigour and lab-based precision to real-world driving scenarios. IAAPS research aims to bridge the gap between the precision and repeatability of lab-based testing and the real-world, on-road environment, delivering insights that provide long term, sustainable solutions to the future direction of the automotive industry.

- In addition to the fit-out of the new research facility, expert teams at IAAPS and AVL will also collaborate on research projects which aim to advance knowledge in integrated simulation environments. As the automotive industry looks to shift automotive testing and design into more virtual and simulated environments, experts at IAAPS and AVL will collaborate to explore new experimental verification techniques and develop more advanced hardware-in-the loop and driver-in-the-loop simulations. Collaborative research activities will include preliminary driver behaviour investigations, initially using a virtual vehicle and powertrain and will build the capability and understanding needed to integrate simulation to the IAAPS physical assets. It is also envisaged that research into test facility repeatability and accuracy within a single facility, across local complete test fields and physically distributed test fields, will be another key outcome.

- Furthermore, and in order to address the skills shortage in the digital engineering arena, AVL are sponsoring six PhDs based around digital engineering themes within the AAPS Centre for Doctoral Training 2019 cohort. These will involve digital tool sets and model development with subsequent integration into the AVL Integrated Open Development Platform (IODP). The expanded digital capability will support this current activity and it is anticipated that future cohorts of PhD students will make use of it in AVL sponsored research. The CDT's transdisciplinary approach provides students with the opportunity to explore future technological, economic, societal and behavioural developments in the essential shift to more sustainable mobility.

- The new IAAPS facility is scheduled to open in summer 2021.

The company continually monitors developments and aims to follow best practice.

The company has built an excellent team of employees on whom its success has been built. The directors would like to take this opportunity to thank all the team for their dedication and support during the year.

The business would not function without the engagement and commitment of its people and much effort is put into ensuring our team members are both protected and consulted as the company organisation continues to expand and develop. The company is keen to attract and retain quality team members.

Strategic Report
for the year ended 31 December 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The risks associated with the United Kingdom's decision to leave the European Union will continue to be monitored. The AVL group is an inward investor into the UK industry and this will remain the situation post BREXIT.

The main risks associated with BREXIT as identified by the directors are:
1) Uncertainty relating to future confidence/growth of the automotive industry in the UK.
2) The ability to recruit and retain skilled labour and engineers from the EU.
3) Any reduction in the automotive industry's appetite to conduct research and development work in United Kingdom.
4) Volatility of currency exchange rates.
5) Free trade and market access to products and services within UK and European Union.

CORONAVIRUS

The coronavirus pandemic (COVID-19) has had a profound impact on communities and businesses worldwide. The Automotive industry has seen dramatic reductions in sales around the globe with dealerships closed, production lines stopped and development programs delayed. In order to mitigate the impact of COVID-19 on the business the company still works on all customer projects, where the customers have requested continuation of the project work. Project execution is now done by utilising "work from home"-arrangements as far as possible. In cases where the physical presence of the work force is mandatory onsite, the company has increased the health & safety requirements in line with the UK Government's recommendations and the respective customer's guidelines to ensure that both AVL United Kingdom's employees and the customers' employees are protected. With regards to mitigating the financial impact of COVID-19 due to project interruptions, delays and/or cancellations the company uses some of the financial support for businesses during coronavirus offered by the UK Government like for example deferred VAT payments and the Coronavirus Job Retention Scheme (CJRS)

There is already some evidence of investment reduction in the UK automotive industry with an associated risk of reduced future revenue. To help mitigate this risk AVL United Kingdom Limited has targeted future customers which are outside of the traditional automotive manufacturing sector and are championing new automotive propulsion technologies. In addition, new automotive legislation and technologies are driving rapid development of new testing technologies in which AVL continues to lead the market with new product.

SECTION 172(1) STATEMENT

The board of directors of AVL United Kingdom Ltd consider that both individually and together that they have acted in the way they consider, in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and the matters set out in s 172(1)(a-f) of the Act) in the decisions taken in the year ended 31 December 2020.

ENGAGEMENT WITH EMPLOYEES

Our employees are fundamental to the delivery of our plans. We aim to be a responsible employer in our approach, to the health, safety and well-being of our employees and this has been paramount importance during the recent COVID-19 situation.

The company operates a framework for employee information and consultation. Regular meetings are held between management and employees to allow a free flow of information and ideas.

AVL United Kingdom Ltd is an equal opportunity employer and have appropriate policies for considering applications by disabled persons and for dealing with those circumstances where a member of staff becomes disabled.

Strategic Report
for the year ended 31 December 2020

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Our success can only be measured by that of our customers. A true understanding of a customer and their needs, combined with experience and a global view, allows us to create innovative solutions. These are expertly conceived, uniquely tailored and efficiently carried out resulting in 'a shared success.'

Our business model prioritises quality and delivery with the very best in customer service.

We have built and will maintain a reputation for transparency and fair dealing with customers and suppliers

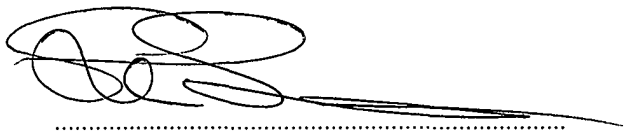
We are regularly reviewing the company's operations with a view to reducing the impact on the environment.
Modern mobility represents progress only when its goal, its form and its requirements respect nature. Our work at AVL reflects a deep understanding of the responsibility we share for our society, for mankind and for the world's achievements. We want to ensure that our world is one we can live in for now and in the future.

Furthermore, our industry has to meet environmental and political challenges for better air quality, and we must continue to improve the performance of traditional powertrains, as well as accelerate powertrain electrification and fuel cells. At AVL we are committed to helping OEMs develop zero-impact emission mobility solutions. Testing and validation are key to achieving this and to ensuring the highest quality results.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

AVL United Kingdom Limited is an evolving organisation and one that has ethics, integrity and high standards of corporate governance as key priorities. The Board understands its responsibility in managing the business for the long-term benefit of its stakeholders.

ON BEHALF OF THE BOARD:



.....

S M Sweeney - Secretary

Date: 16 March 2021

Report of the Directors
for the year ended 31 December 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

DIVIDENDS
The total distribution of dividends for the year ended 31 December 2020 is £nil.

FUTURE DEVELOPMENTS
The directors will ensure that the company continues to navigate the many challenges posed by the Coronavirus pandemic. Thereafter the company will be well positioned to take advantage of any trading or other business opportunities that may be available.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

H O List
A Ciriello

EXPOSURE TO CASH FLOW, LIQUIDITY, CREDIT AND PRICE RISK
Liquidity and cashflow risk
The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company is in a strong financial position and has agreed facilities to allow it to meet its financial obligations through operating cash flows.

Credit risk
The company may offer credit terms to its customers which allow payment of the debt after delivery of goods. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and effective credit control procedures.

Price risk
Price risk arises because of the volatile nature of purchase prices for goods, materials and services. This risk is mitigated by the fact that the company's main supplier is the ultimate holding company. This allows the effect of price risk to be managed on a group wide basis.

STREAMLINED ENERGY AND CARBON REPORTING
This report has been based upon the period January 2020 to end December 2020 and covers the whole organisation. No reporting of changes from the previous year is required as this is the first mandatory year of reporting.

2020 UK Government conversion factors for company reporting have been used.
Scope 1 & 2 emissions to including our main energy sources as listed below.

AVL United Kingdom Limited	**Tonnes CO2e**
Scope 1 Emissions - Emissions from activities for which the company own or control including combustion of fuel & operation of facilities. Emissions from staff mileage and delivery vehicles.	267
Scope 2 Emissions - Emission from purchase of electricity & heat for own use.	101
Total Scope 1 & 2 emission TCo2e	**368**
Total Energy consumption to calculate above kWH	**1,592,144**
Energy Intensity Ratio to calculate above TCo2e/£M Income	4.6

Report of the Directors
for the year ended 31 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Banks Sheridan, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

.....

S M Sweeney - Secretary

Date: 16 March 2021

Report of the Independent Auditors to the Members of AVL United Kingdom Ltd

Opinion

We have audited the financial statements of AVL United Kingdom Ltd (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, 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 company's affairs as at 31 December 2020 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page eight, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

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. Based on our understanding of company, and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and 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 manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:
- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 Report of the Auditors.

Report of the Independent Auditors to the Members of AVL United Kingdom Ltd

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 a Report of the Auditors 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.

Stuart Banks FCA (Senior Statutory Auditor)
for and on behalf of Banks Sheridan (Statutory Auditor)
Datum House
Electra Way
Crewe
Cheshire
CW1 6ZF

Date: 16/3/2021

Income Statement
for the year ended 31 December 2020

	Notes	2020 £	2019 £
TURNOVER	2	80,397,477	64,892,383
Cost of sales		(75,402,152)	(58,375,842)
GROSS PROFIT		4,995,325	6,516,541
Administrative expenses		(5,769,755)	(6,625,545)
		(774,430)	(109,004)
Other operating income	3	755,525	133,478
OPERATING (LOSS)/PROFIT	5	(18,905)	24,474
Interest receivable and similar income	6	401,642	210,043
PROFIT BEFORE TAXATION		382,737	234,517
Tax on profit	7	(93,177)	(53,225)
PROFIT FOR THE FINANCIAL YEAR		289,560	181,292

The notes form part of these financial statements

Other Comprehensive Income
for the year ended 31 December 2020

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		289,560	181,292
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		289,560	181,292

The notes form part of these financial statements

Statement of Financial Position
31 December 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	9	5,139	9,208
Tangible assets	10	923,400	721,649
		928,539	730,857
CURRENT ASSETS			
Stocks	11	561,398	664,260
Debtors	12	30,451,693	41,305,742
Cash at bank and in hand		375,068	374,393
		31,388,159	42,344,395
CREDITORS			
Amounts falling due within one year	13	(24,059,309)	(34,787,034)
NET CURRENT ASSETS		7,328,850	7,557,361
TOTAL ASSETS LESS CURRENT LIABILITIES		8,257,389	8,288,218
PROVISIONS FOR LIABILITIES	16	(1,446,670)	(1,767,059)
NET ASSETS		6,810,719	6,521,159
CAPITAL AND RESERVES			
Called up share capital	17	4,180,000	4,180,000
Share premium	18	11,248	11,248
Retained earnings	18	2,619,471	2,329,911
SHAREHOLDERS' FUNDS	22	6,810,719	6,521,159

The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2021 and were signed on its behalf by:

A Ciriello - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	4,180,000	2,148,619	11,248	6,339,867
Changes in equity				
Total comprehensive income	-	181,292	-	181,292
Balance at 31 December 2019	4,180,000	2,329,911	11,248	6,521,159
Changes in equity				
Total comprehensive income	-	289,560	-	289,560
Balance at 31 December 2020	4,180,000	2,619,471	11,248	6,810,719

The notes form part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2020

1. ACCOUNTING POLICIES

General information
AVL United Kingdom Limited ('The Company') is part of a group headed up by an Austrian parent company. The company is primarily engaged in the design, supply, commissioning and service support of engine test facilities using AVL specialist instrumentation.

STATUTORY INFORMATION

The company is a private company limited by shares and is incorporated in England. The address of the registered office is Avon House, Hartlebury Trading Estate, Hartlebury, Worcestershire, DY10 4JB.

Statement of compliance
The financial statements of AVL United Kingdom Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies
The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation
The financial statements are prepared on the going concern basis under the historical cost convention and comply with the Financial Reporting Standards of The Financial Reporting Council and Companies Act 2006.

Going concern
The directors are not aware of any uncertainties regarding the company's ability to continue as a going concern and after reviewing the company's orderbook and forecasts, the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

The above statements regarding going concern are given notwithstanding the COVID-19 pandemic. Further disclosures regarding COVID-19 pandemic are given in note 21.

Revenue recognition
Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue comprises the fair value of consideration received and receivable exclusive of value added tax and after discounts and rebates.

Revenue from the sale of standard products is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point the customer has signed for the delivery of the goods.

Revenue from the provision of project services and service contracts is recognised by reference to the stage of completion of a project. The stage of completion of a project is measured by comparing the costs incurred to date to the total estimated project costs. Revenue is only recognised to the extent of recoverable expenses when the outcome of a project cannot be estimated reliably. When it is expected that total project costs will exceed the total project revenue the expected loss is recognised as an expense immediately through a provision for future losses.

Cash Flow Exemption
The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":
- the requirements of Section 7 Statement of Cash Flows.

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

1. ACCOUNTING POLICIES - continued

Tangible fixed assets
Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at the following annual rates so as to write off their cost less residual amounts over their estimated useful economic lives. Assets not carried at fair value are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Leasehold property improvements	-	at varying rates on cost
Office and computer equipment	-	at varying rates on cost
Motor vehicles	-	25% on cost

The residual values and useful lives of assets are reviewed and adjusted if appropriate at the end of each reporting period.

Intangible assets
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives as follows:

Computer software	-	at varying rates on cost

Amortisation is charged to administrative expenses in the Income Statement.

Government grants
Government grants are recognised on an accruals basis and are shown within other operating income.

Stocks
Stocks are stated at the lower of cost and selling price less costs to complete and sell. Cost includes all costs of purchase and also other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out basis.

Provision is made for damaged, obsolete and slow-moving stock where appropriate.

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

1. ACCOUNTING POLICIES - continued

Taxation

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

Current tax is based on taxable profit for the year. Taxable profit differs from the profit shown in the income statement because it excludes certain items of non-taxable income or expenses. Adjustments are also made for items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period end date.

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

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in the periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or using other future taxable profits.

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

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

The financial statements are prepared in pound sterling which is the financial currency of the company.

Foreign currency transactions are initially recorded by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency at the balance sheet are translated using the closing rate. Foreign currency 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 the Income Statement.

Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments paid under operating leases are charged to the profit and loss on a straight line basis over the period of the lease.

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

1. ACCOUNTING POLICIES - continued

Employee benefits
The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

(i) Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans
The company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown as accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Trade and other receivables within one year
Trade and other receivables including amounts owing from group companies, with no stated interest rate are recorded at transaction price.

Trade and other creditors
Trade and other creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, demand and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash.

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

1. ACCOUNTING POLICIES - continued

Impairment of assets
Assets not measured at fair value are reviewed for any indications that the asset maybe impaired at each balance sheet date. If such indications exists the recoverable amount of the asset or the assets cash generating unit is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the Income Statement.

Any losses arising from impairment are recognised in the Income Statement in other administrative expenses.

Financial instruments
The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price and are subsequently carried at amortised cost, using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

(ii) Financial liabilities
Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price and subsequently carried at amortised cost, using the effective interest rate method, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Dilapidation costs
A provision is made to cover the expected costs of making good property dilapidations on leasehold properties where such work is required by the terms of the lease agreement.

Provisions for liabilities
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Key accounting judgements and estimates
The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

(i) Costs to completion on projects and service contracts
Expected future costs to completion and contingency provisions are calculated on a project by project basis based on the current status of the project and the latest available project appraisals.

(ii) Warranty provision
A provision is included to cover the labour and third party costs element of any warranty work outstanding at the end of the reporting period. This provision requires management's best estimate of the likely costs to be incurred. Such estimates are established using historical information on the average cost of warranty claims as a percentage of turnover.

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2020	2019
	£	£
Projects	67,561,107	50,475,943
Standard products	4,947,046	5,646,273
Service	7,561,214	8,629,222
AST	328,110	140,945
	80,397,477	64,892,383

During the year the company made sales to overseas companies of £2,245,649 (2019: £7,249,884).

3. OTHER OPERATING INCOME

	2020	2019
	£	£
Rents received	-	1,895
Management charges received from group companies	26,397	117,709
Research and development expenditure credit	31,571	13,874
Government grants re furlough	697,557	-
	755,525	133,478

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	9,244,951	9,591,720
Social security costs	1,176,834	1,208,493
Other pension costs	500,261	499,586
	10,922,046	11,299,799

The average number of employees during the year was as follows:

	2020	2019
Management	7	9
Projects	55	58
Service and maintenance	74	78
Sales and administration	46	45
	182	190

The company operates a defined contribution pension scheme for the benefit of employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments are recognised as an expense during the year and amounted to £500,261 (2019: £499,586).

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

4. EMPLOYEES AND DIRECTORS - continued

	2020	2019
	£	£
Directors' remuneration	290,361	311,730
Directors' pension contributions to money purchase schemes	36,160	33,064

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	290,361	311,730
Pension contributions to money purchase schemes	36,160	33,064

5. OPERATING (LOSS)/PROFIT

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

	2020	2019
	£	£
Hire of plant and machinery	25,750	-
Rent	241,625	208,345
Depreciation - owned assets	310,811	206,866
Computer software amortisation	4,069	5,760
Auditors remuneration	36,000	39,000
Foreign exchange differences	(424,664)	383,677
Motor vehicle leasing	479,924	424,599
Fees payable to the company's auditor for other services	14,800	14,525

AUDITORS' REMUNERATION

	2020	2019
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	36,000	39,000

Fees payable to the company's auditor for other services:

- Audit of holding company	2,000	2,000
- Taxation compliance	1,750	1,575
- Accountancy and assurance	2,715	3,750
- Payroll	7,200	7,200
- Other	1,135	-
	14,800	14,525

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Deposit account interest	4,071	4,102
Interest receivable from group companies	395,488	205,941
Corporation tax interest received	2,083	-
	401,642	210,043

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	26,838	(46,880)
Adjustment relating to prior years	52,878	2,254
Total current tax	79,716	(44,626)
Deferred tax:		
Deferred tax	51,597	97,851
Adjustment relating to prior years	(38,136)	-
Total deferred tax	13,461	97,851
Tax on profit	93,177	53,225

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	382,737	234,517
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	72,720	44,558
Effects of:		
Expenses not deductible for tax purposes	11,714	9,049
Adjustments to tax charge in respect of previous periods	14,741	2,254
Income not subject to taxation	(5,998)	(2,636)
Total tax charge	93,177	53,225

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

8. RESEARCH AND DEVELOPMENT

Current legislation allows UK companies to elect for the Research and Development Expenditure Credit (RDEC) on qualifying expenditure. In 2020 as a result of this election, £31,571 of RDEC has been recognised as other income.

9. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 January 2020 and 31 December 2020	715,358
AMORTISATION	
At 1 January 2020	706,150
Amortisation for year	4,069
At 31 December 2020	710,219
NET BOOK VALUE	
At 31 December 2020	5,139
At 31 December 2019	9,208

10. TANGIBLE FIXED ASSETS

	Leasehold property improvements £	Plant and machinery £	Office and computer equipment £	Motor vehicles £	Totals £
COST					
At 1 January 2020	184,106	734,201	747,748	55,056	1,721,111
Additions	34,004	447,849	14,417	16,326	512,596
Disposals	-	-	(92,294)	-	(92,294)
At 31 December 2020	218,110	1,182,050	669,871	71,382	2,141,413
DEPRECIATION					
At 1 January 2020	9,241	466,820	483,390	40,011	999,462
Charge for year	43,611	158,181	101,821	7,198	310,811
Eliminated on disposal	-	-	(92,260)	-	(92,260)
At 31 December 2020	52,852	625,001	492,951	47,209	1,218,013
NET BOOK VALUE					
At 31 December 2020	165,258	557,049	176,920	24,173	923,400
At 31 December 2019	174,865	267,381	264,358	15,045	721,649

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

11. STOCKS

	2020	2019
	£	£
Stocks	117,081	167,489
Project work-in-progress	444,317	496,771
	561,398	664,260

The replacement value of stocks excluding work-in-progress is in the region of £302,000 (2019: £396,000).

Stocks are stated after impairment of £185,354 (2019: £229,217).

12. DEBTORS

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	18,266,979	14,317,579
Amounts recoverable on projects	6,581,174	5,486,887
Other debtors	803	16,387
Amounts due from group companies	480,514	4,856,110
AVL List GmbH loan	4,759,720	16,206,965
Amounts due from holding company	1,000	1,000
Tax	16,917	93,083
Prepayments and accrued income	335,300	304,984
	30,442,407	41,282,995
Amounts falling due after more than one year:		
Deferred tax asset	9,286	22,747
Aggregate amounts	30,451,693	41,305,742

The AVL List GmbH loan is unsecured and has no fixed date of repayment and is repayable on demand. Interest has been charged at a rate of 1% above 3 month LIBOR rate.

Amounts owed by group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The deferred tax asset due after more than one year consists of the tax effect of the following timing differences in respect of:

	2020	2019
	£	£
Other short term timing differences	50,049	16,915
Excess of depreciation over tax allowances of fixed assets	(40,763)	5,832
	9,286	22,747

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	1,868,878	2,372,820
Social security and other taxes	480,742	443,551
VAT	4,599,246	1,933,168
Other payables	156,387	72,794
Amounts due to group companies	7,375,067	12,453,099
Payments on account	8,975,290	16,909,245
Accruals	603,699	602,357
	24,059,309	34,787,034

Amounts owed to group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	438,391	552,239
Between one and five years	543,095	808,253
	981,486	1,360,492

15. FINANCIAL INSTRUMENTS

The carrying amounts of the company's financial instruments are as follows;

	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost	23,901,001	35,865,518
Financial liabilities measured at amortised cost	(24,059,309)	(34,787,034)

16. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Other provisions		
Warranty provision	1,194,000	1,352,367
Provision for foreseeable losses	38,014	169,727
Provision for dilapidations	140,000	140,000
Provision for leave pay	74,656	104,965
	1,446,670	1,767,059

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

16. PROVISIONS FOR LIABILITIES - continued

	Other provisions £
Balance at 1 January 2020	1,767,059
Utilised in the year	(888,936)
New provision in the year	568,547
Balance at 31 December 2020	1,446,670

The warranty and foreseeable loss provisions are made in accordance with the company's accounting policies disclosed in note 2. The majority of the warranty provision and all the loss provision is expected to be utilised in the next financial year.

A provision of £140,000 (2019: £140,000) has been recognised for the future cost of making good dilapidations. This expenditure is expected to be incurred when the leases expire in 2029.

The leave pay provision of £74,656 represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
4,180,000	Ordinary	£1	4,180,000	4,180,000

Ordinary shares are classified as equity.

18. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2020	2,329,911	11,248	2,341,159
Profit for the year	289,560		289,560
At 31 December 2020	2,619,471	11,248	2,630,719

Retained earnings represent cumulative profits and losses net of dividends and other adjustments.

The share premium account represents the premium arising on the issue of shares, net of income costs.

Dividends and other distributions to the company's shareholders are recognised as liabilities in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the Statements of Changes in Equity.

19. ULTIMATE PARENT COMPANY

The share capital is owned by AVL UK Holdings Limited, a company registered in England and Wales. The ultimate holding company is AVL List Capital and Consulting GmbH, a company registered in Austria.

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2020

20. RELATED PARTY DISCLOSURES

No related party disclosures are given in respect of transactions with group companies as the company is included in the consolidated financial statements of AVL List Capital and Consulting GmbH. A copy of these financial statements are available from AVL List GmbH, Hans-List-Platz 1, 8020 Graz Austria. There are no related parties other than group companies.

21. POST BALANCE SHEET EVENTS

The effects of the COVID-19 pandemic started in mid-March 2020 and continue to the date of the signing of these financial statements.The company has adapted its operations to overcome the many challenges that have arisen as a result, including the need to protect its employees. The company has used the Coronavirus Job Retention Scheme for furloughed employees.

The company remains in a sound financial position at the date these financial statements were signed, notwithstanding the effects of COVID-19.. Consequently, the directors do not consider any additional disclosure regarding going concern is required in the accounting policies disclosed on page 17.

The company also put in place successful plans for the UK's exit from the EU on 1 January 2021.

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2020 £	2019 £
Profit for the financial year	289,560	181,292
Net addition to shareholders' funds	289,560	181,292
Opening shareholders' funds	6,521,159	6,339,867
Closing shareholders' funds	6,810,719	6,521,159