

Registered number: 01658222

ANTHONY BEST DYNAMICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 August 2018

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ANTHONY BEST DYNAMICS LIMITED

COMPANY INFORMATION

DIRECTORS

A Best
N Best
A G Middleton – Resigned 15th August 2018
T J Rogers – Resigned 28th February 2018
A W Rumble
S J Neads
M J Hubbard
R A L Hart
C P Martin
A J Pick – Appointed 1st February 2018
A J Simms – Appointed 1st February 2018
J M Routh- Appointed 1st October 2018

COMPANY SECRETARY

R A L Hart

COMPANY NUMBER

01658222

REGISTERED OFFICE

Middleton Drive
Bradford on Avon
Wiltshire
BA15 1GB

INDEPENDENT AUDITOR

Crowe U.K. LLP
Chartered Accountants
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

ANTHONY BEST DYNAMICS LIMITED

STRATEGIC REPORT
for the year ended 31 August 2018

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for the year ended 31 August 2018

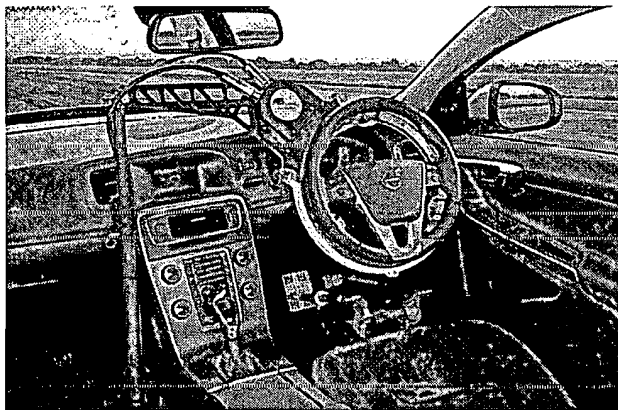
Strategic report for the year ended 31 August 2018

The Directors present the Strategic Report of Anthony Best Dynamics Ltd for the year ended 31 August 2018.

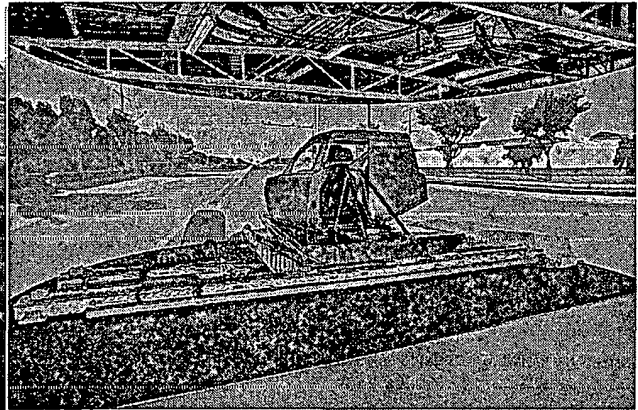
Our Business – Providing testing solutions to the global automotive market

The Company supplies advanced testing equipment to the global automotive industry, for both R&D and production quality control. The Company's products help the automotive industry to design vehicles that are better and safer for all road users by providing engineering solutions and testing machinery to test and develop the following:

- Driving safety systems - often referred to as Advanced Driver Assistance Systems (ADAS). These include systems such as Automatic Emergency Braking (AEB) and Lane Keeping Assist (LKA)
- Autonomous Vehicle driving technology - Evaluating and testing the technologies that will enable future driverless vehicles to become viable and commonplace.
- Suspension, Chassis, Brake and Steering systems – for Compliance, Dynamics, and Durability.



Track testing – Driving robots



Advanced Vehicle Driving Simulator(aVDS)



Track testing – ADAS LaunchPad target carrier.



Track testing - ADAS Guided Soft Target

ANTHONY BEST DYNAMICS LIMITED

STRATEGIC REPORT for the year ended 31 August 2018

Overview of the customer base

Our customers are typically automotive companies and associated industries engaged in R&D for the development of the technology for the areas shown above, they include:

- **Major Automotive OEMs** - Large multinational automotive car companies with central and regional facilities serving both global and local research and testing needs. All of the top 25 car companies routinely use the Company's equipment for the development of their products.
- **Smaller Regional OEMs** - Notably China that has a very large emerging indigenous car and truck market, requiring solutions that are appropriate for its particular technical demands for that region.
- **New technology entrants** – There are a significant number of new technology companies entering the automotive sector. They may be developing their own vehicles or developing technologies to be supplied to existing OEMs.
- **Tier One suppliers** - providing the technology and products to the OEMs to package into their vehicles such as steering and braking systems.
- **Testing houses** - Especially Euro NCAP laboratories who are Verifying and Homologating ADAS systems for the OEMs.
- **Design consultancies** - providing lead technical inputs to the OEMs and Tier One suppliers.

Market Drivers

The Company invests in new product development and services and support to meet the following four key market drivers:

1. Increases in global spending on automotive R&D

R&D spending in the automotive industry continues to be very diverse in nature, not least to keep pace with ever-growing demands for new technologies as the industry deals with new challenges in the market. Many traditional car manufacturers are now starting to consider themselves to be "mobility providers." We believe it is likely that vehicle autonomy will be a key feature of future mobility technology.

The top automotive OEMs have been consistently among the largest R&D spenders for many years. Volkswagen, Toyota, GM, Ford, Daimler and Honda all feature in the top 20 Global R&D spenders of 2017. In addition, new entrants to the automotive markets are also spending considerable sums of money as well as the plethora of smaller and younger automotive manufacturers in China.

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Rank in 2017	Rank in 2016	Change	Company	Geography	Industry	R&D spending (US\$ Billions)	Revenue (US\$ Billions)	R&D Intensity
1	3	+2	Amazon.com, Inc.	North America	Software and Internet	16.1	136.0	11.8%
2	4	+2	Alphabet Inc.	North America	Software and Internet	13.9	90.3	15.5%
3	5	+2	Intel Corporation	North America	Computing and Electronics	12.7	59.4	21.5%
4	2	-2	Samsung Electronics Co., Ltd.	South Korea	Computing and Electronics	12.7	167.7	7.6%
5	1	-4	Volkswagen AG	Europe	Auto	12.1	229.4	5.3%
6	6	NA	Microsoft Corporation	North America	Software and Internet	12.0	85.3	14.1%
7	7	NA	Roche Holding AG	Europe	Healthcare	11.4	51.8	21.9%
8	14	+6	Merck & Co., Inc.	North America	Healthcare	10.1	39.8	25.4%
9	11	+2	Apple Inc.	North America	Computing and Electronics	10.0	215.6	4.7%
10	8	-2	Novartis AG	Europe	Healthcare	9.6	49.4	19.4%
11	10	-1	Toyota Motor Corporation	Japan	Auto	9.3	247.5	3.8%
12	9	-3	Johnson & Johnson	North America	Healthcare	9.1	71.9	12.7%
13	13	NA	General Motors Company	North America	Auto	8.1	166.4	4.9%
14	12	-2	Pfizer Inc.	North America	Healthcare	7.9	52.8	14.9%
15	15	NA	Ford Motor Company	North America	Auto	7.3	151.8	4.8%
16	16	NA	Daimler AG	Europe	Auto	6.9	161.8	4.2%
17	20	+3	Oracle Corporation	North America	Software and Internet	6.8	37.7	18.1%
18	17	-1	Cisco Systems, Inc.	North America	Computing and Electronics	6.3	49.2	12.8%
19	23	+4	Honda Motor Co., Ltd.	New Japan	Auto	6.2	125.6	4.9%
20	27	+7	Facebook, Inc.	New North America	Software and Internet	5.9	27.6	21.4%
Total						194.5	2217.0	8.8%

Companies in red have been among the top 20 R&D spenders every year since 2005
Source: Bloomberg data, Capital IQ data, 2017 Global Innovation 1000 study

Table 1. Automotive OEMs continue to outspend most industries globally on R&D

2. Increasing role of computer aided design in new product development

The auto industry is constantly looking for more efficient ways to design new vehicles to shorten development times and reduce cost. Greater use of computer aided design and modelling has emphasised the need for more accurate and reliable vehicle data on which mathematical car models can be based. The Company's track testing products allow customers to undertake testing for both vehicle dynamics and ADAS applications. The track test systems provide repeatable, accurate and reliable vehicle data on which mathematical vehicle models can be based.

Realtime vehicle models developed with the assistance of ABD's track testing systems can also be used on ABD's driver-in-the-loop vehicle driving simulator to enable human drivers to evaluate vehicle features in a virtual environment.

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for the year ended 31 August 2018

3. The advancement of new ADAS technologies and standards

Pressure from Euro NCAP and NHTSA has challenged vehicle manufacturers across the World to offer the best possible technology, protecting not only car occupants of all ages but also increasingly addressing the safety of other more vulnerable road users.

“Euro NCAP expects AEB technology to continue to evolve in the years ahead and has identified three priority areas where the rating scheme will be updated to reflect the progress in the industry”

Euro NCAP 2025 Roadmap

Euro NCAP has announced its strategic Roadmap to 2025 which details that testing will rely on vehicle

targets like the Guided Soft Target and other ADAS carriers developed by the Company. They are also proposing a move into a more scenario-based rating scheme, which will include wider use of simulation to provide a broader and more robust assessment. An assessment of automated driving has been proposed, this would fall outside of the main star rating scheme. The report

discussed how a driver-initiated in-lane steering support could be initiated earlier in the roadmap than the more complex Autonomous Emergency Steering, expected in 2022.

“Euro NCAP has clearly recognised that primary safety has an increasingly important role to play. As the rate of development in this area accelerates, the safety rating is expected to include more and more ADAS and crash avoidance technologies, introduced by vehicle manufacturers.”

Euro NCAP 2025 Roadmap

Further developments in Autonomous Emergency Braking (expected in 2020) have been proposed to address cross-junction, head-on and reversing accidents.

4. Drive towards autonomous vehicles and the demand for new testing technology

Original-equipment manufacturers (OEMs) and their suppliers now see ADAS and autonomous vehicle features as a key product differentiator.

Evolution of technologies that enable today's ADAS technology will be used to create fully autonomous vehicles in future. We believe that this is now a major focus of research and development, both at OEMs and by new technology entrants to the automotive sector.

There remains some confusion in the industry as to what level of automation is desired and indeed the technology that will be required. The International and national legal framework on this matter is in its infancy.

Our Products and Solutions

The Company provides its customers with the testing tools for generating accurate and repeatable data at all stages of their vehicle development cycle, providing testing solutions that shorten the customer's development time and introduction of new models to the market. The Company is able to deliver testing solutions through extensive inhouse technical competencies in the areas of mechanical and electronic design, real-time and HMI (human machine interface) software design and control algorithm development.

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The Company has close working relationships with key customers which helps ABD to understand future automotive testing requirements and shape its future product and solutions offerings to the market. The Company also perceives that increasingly complicated vehicle testing will require automotive manufacturers to seek more assistance with undertaking tests and this provides additional opportunities to offer services and increase customer contact.

Our two main business product areas are *Laboratory Testing* and *Track Testing*. However, many key customers see AB Dynamics as being capable of providing a suite of solutions to assist in their new product development (as shown below).

Laboratory Testing - Suspension Parameter Measurement Machine (SPMM)

Sales of the Suspension Parameter Measurement Machine ("SPMM") have been broadly flat this year. There is a steady worldwide demand for machines that can measure the suspension properties of road vehicles. Whilst the product is sold into a mature market, we continue to receive sales from new customers in emerging markets and see an increasing demand from customers who are looking to replace aging machines and/or increase testing capacity.

ABD continues to invest in strategically developing the capabilities of the SPMM to improve its performance as well as reduce manufacturing cost.

Laboratory Testing - Advanced Vehicle Driving Simulator (aVDS)

The Company has entered the market for designing, supplying, and supporting vehicle driving simulators. The aVDS is a 'next generation' vehicle driving simulator that is being developed by AB Dynamics in partnership with Williams Advanced Engineering. The system provides automotive OEMs and Tier 1 suppliers with the ability to reduce the cost and time of development of new vehicle systems.

The aVDS is designed to integrate seamlessly with the Company's portfolio of vehicle development tools that include our SPMM used for the measurement of vehicle kinematics and compliance characteristics and our ADAS test systems, used also for track based validation of a vehicle's active safety measures.

The aVDS provides a fully immersive and realistic environment that enables the test driver to 'drive' mathematically modelled vehicles in the virtual world.

The Company received its first order for the aVDS in 2018 and expects sales to develop sustainably over the coming years. The aVDS is believed to be strategically important to the future revenue stream of the Company. There is strong competition in the area of driving simulation and ABD will need to invest to ensure that the aVDS is commercially successful.

Track testing – Driving Robots and ADAS platforms

Track testing now represents approximately 90% of our revenue and continues to be the most strategically important part of our business. The Company continues to develop its track testing product portfolio offering a wide range of driving robots to meet customers requirements. The Company has also recently expanded the range of ADAS platforms with the introduction of LaunchPad.

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The LaunchPad is a highly manoeuvrable, compact powered platform that has been designed to carry Vulnerable Road User ('VRU') targets for ADAS development and autonomous vehicle testing. With a maximum speed of 50kph and full path following capability, The LaunchPad is a significant addition to our sophisticated and comprehensive suite of track testing products that allows for complex testing scenarios with multiple moving objects. We remain the only supplier offering a full suite of interactive track testing products.

The Company is also strategically developing its software offering to meet the future testing requirements. The Company anticipates that the testing of autonomous technology will become more complicated and our software offering needs to be developed to meet the future needs of our customers.

Some manufacturers now have vehicles that can be controlled electronically without the need for robotic actuators. ABD's Flex-0 electronic vehicle controller allows customers to control these vehicles from ABD's software suite that allows the motion of multiple vehicles and ADAS platforms to be synchronised. Whilst vehicles continue to have steering wheels and pedals, ABD expects sales of physical robot actuators to continue as there will always be a need to measure vehicles and control them in the same way as a human driver.

Areas of Investment:

Investment in customer support

As mentioned in previous Annual Reports, to maintain and build on the Company's reputation for good customer service and to reflect the fact that more systems are out in the field than ever before, additional customer technical support teams are required. The Company is looking to establish more international regional technical and sales support hubs as well as growing the support team at its UK headquarters. The Company wishes to commit to its customers and long-term future by continuing to carry out significant investment this area.

The ADAS platform products typically have a higher requirement for replacement parts. Our customers expect replacement parts to be available at short notice. We are investing in inventories of spare parts to be stored at regional offices as well as processes to manage the delivery of spare parts to customers.

Investment in new products

The Company is further expanding its product range to offer innovative testing solutions for customers. The Company year-on-year spend on R&D continues to grow and seeks to develop and introduce new and novel ranges of ADAS testing products, as well as upgrading existing products to meet the new demands for sophisticated testing regimes which are now being employed by its customers seeking to develop better and safer future vehicles.

Investment in facilities, infrastructure, and inventory

The Company has invested in and continues to expand its manufacturing and R&D facilities to meet expected future demand. The facilities also need to reflect the image that the Company wishes to portray to its customers as a designer and manufacturer of high quality test equipment. In the next 12 months, the Company hopes to begin the construction of a new 3,000m² facility designed with the flexibility to be adapted to future unknown requirements should the need arise.

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The World is facing a shortage of electronic components and other items that are typically used in robotics and process automation. The Company has taken the decision to increase inventory of raw materials to reduce the risk of being unable to supply products to customers.

Investment in People

The Company recruits high calibre personnel across all roles within the Company. ABD offers attractive remuneration packages to staff which have proved to be successful to ensure that our staff are motivated. The Company also operates a profit related bonus scheme so that staff share in the financial success of the business. Staff turnover is extremely low and customers benefit through engineering staff having extensive current and historic product knowledge as well as customer specific knowledge. The quality of support offered to customers is of paramount importance to customer retention.

The Company ensures that staff pass through a rigorous interview process prior to being offered a role at the Company. We recruit from local universities with a high proportion of graduate engineering staff coming from the University of Bath. The Company recently passed the threshold of 150 direct employees.

We have also expanded our apprenticeship program for school leavers to ensure that we have sufficient numbers of technically competent technicians to meet future requirements.

Continued improvements in supply chain and product fulfilment

The Company has generated improvements in supply chain and product fulfilment following a reorganisation of the mechanical and electrical production units, resulting in better utilisation of resources, shortening delivery times and increasing units delivered. The Company is also investing in creating business management software systems that are able to cope with the particularly complex needs of the business.

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STRATEGIC REPORT for the year ended 31 August 2018

Principal risks and uncertainties facing the business

Principal risks and uncertainties

Set out below are certain risk factors which could have an impact on the Company's long term performance. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the Company.

1. Risks relating to the business and operations of the Company

The Company is reliant on key executives and personnel

The Company's business, development and prospects are dependent upon the continued services and performance of its Directors and other key personnel. The experience and commercial relationships of the Company's personnel help provide the Company with a competitive advantage. The Directors believe that the loss of services of any existing key executives, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Company. However, several members of staff have worked for the Company for over 20 years and the Company continues to recruit and develop intelligent and motivated individuals. In addition, key man insurance exists for all key personnel in the Company, save for Anthony Best.

The Company may not successfully manage its growth

Expansion of the business of the Company may place additional demands on the Company's management, administrative and technological resources and marketing capabilities, and may require additional capital expenditure. If the Company is unable to manage any such expansion effectively, then this may adversely impact the business, development, financial condition, results of operations, prospects, profits, cash flow and reputation of the Company.

The Company's growth and future success will be dependent to some extent on the successful completion of such expansion strategies proposed to be undertaken by the Company and the sufficiency of demand for the Company's products. The execution of the Company's expansion strategies may also place a strain on its managerial, operational and financial reserves. Should the Company fail to implement such expansion strategies, or should there be insufficient demand for the Company's products and services, the Company's business operations, financial performance and prospects may be adversely affected.

Potential requirement for further investment

The Company may require additional capital in the future for expansion, its activities and/or business development, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities, material dilution to the existing shareholdings may result. The level and timing of future expenditure will depend on a number of factors, many of which are outside of the Company's control. If the Company is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such expansion, activities and/or business development which could adversely impact upon the Company, its business, development, financial condition, operating results or prospects.

ANTHONY BEST DYNAMICS LIMITED

STRATEGIC REPORT for the year ended 31 August 2018

Litigation

Legal proceedings, with or without merit, may arise from time to time in the course of the Company's business, including in connection with intellectual property rights. The Directors cannot preclude litigation being brought against the Company and any litigation brought against the Company could have a material adverse effect on the financial condition, results or operations of the Company. The Company's business may be materially adversely affected if the Company and/or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

Internal controls

Future growth and prospects for the Company will depend on its management's ability to manage the business of the Company and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is reliant on overseas sales representatives, agents and distributors

The Company has appointed a number of sales representatives, agents and distributors for certain of its products in overseas jurisdictions, including the US, Canada, India, Japan, Malaysia, Mexico, Germany, China and Taiwan. However, for the majority of these individuals, there are no formal written terms of engagement. Terms concerning, *inter alia*, notice and termination are therefore uncertain, meaning that there are potential issues regarding the Company's ability to sell and distribute in certain jurisdictions should such sales representatives, agents and distributors cease to work with the Company at short notice. In addition, provisions as to termination payments and/or compensation are also uncertain, meaning the Company is at risk of being liable to pay uncapped compensation to these individuals, either under the Commercial Agents (Council Directive) Regulations 1993 or local law equivalent, as well as possible common law damages if statutory minimum notice periods are not complied with.

Uninsured liabilities

The Company may be subject to substantial liability claims due to the technical nature of its business and products or for acts or omissions of its sales representatives, agents or distributors. The Company can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Company may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage.

Competitors

While the Directors are unaware of any single competitor that provides the range of products and services offered by the Company, there are a number of competitors for each of the Company's product categories. The acquisition of market share by any of these competitors may have a material adverse impact on the Company's revenues and profitability.

Limited IP protection

The Company does not have a formal policy on intellectual property. While the Directors believe that the barriers to entry in its market are high, the ability of a competitor to develop similar products to those manufactured by the Company may have a material adverse impact on the Company's revenues and profitability.

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2. Risks relating to the market in which the Company operates

Research & development budgets of global automotive corporations can get squeezed or significantly reduced

The global automotive market is highly competitive and continues its recovery from the significant downturn in 2008. Competition is expected to intensify further in light of continuing globalisation in the industry, possibly resulting in industry reorganisation. Factors affecting competition include product quality and features, safety, reliability, fuel economy, the amount of time required for innovation and development, pricing, customer service and financing terms. Increased competition may lead to lower vehicle unit sales, which may result in downward pressure on research and development budgets. Furthermore, adverse issues arising in the automotive industry or in the global economy may significantly reduce the level of these research and development budgets.

The Company's ability to respond adequately to changes in the automotive industry and to maintain its position as a leading technology supplier will be fundamental to its future success in existing and new markets and to maintain its market share. There can be no assurance that the Company will be able to compete successfully in the future.

Key suppliers

Over the past 30 years, the Company has built up a reliable supplier base for its externally sourced components. At present, a significant proportion of these components are supplied by certain key suppliers. While the Company uses its design capabilities to dual source components, there remains a risk of material impact in the short term if one of its key suppliers were to fail.

In certain instances, the Company has taken out an insurance policy to protect its profits should a key supplier be unable to supply for whatever reason.

Exposure to exchange rate fluctuations

The Company is exposed to exchange rate fluctuations, principally the GBP, the US\$, the Euro and, to a lesser extent, the Japanese Yen and Chinese RMB. Changes in foreign currency exchange rates may affect the Company's pricing of products sold and materials purchased in foreign currencies.

The Directors believe that its use of certain derivative financial instruments, including foreign currency forward contracts used to mitigate the impact of commitments denominated in foreign currencies, reduces the Company's exposure to this risk.

Exposure to economic cycle

Market conditions may affect the value of the Company's share price regardless of operating performance. The Company could be affected by unforeseen events outside of its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Company could be affected adversely by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Company may operate. Deterioration in the economic climate could result in a delay or cancellation of clients' projects.

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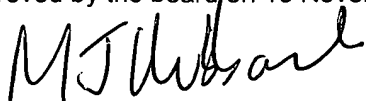
Force majeure events

There is a risk that the markets in which the Company currently operates could be affected by events such as war, civil war, riot or armed conflict, acts of terrorism, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which are outside of the Directors' control and generally not covered by insurance. Such events could have a variety of materially adverse consequences for the Company, including risks and costs related to decline in revenues or reputational damage, and injury or loss of life, as well as litigation related thereto.

Laws and regulations

The Company is subject to the laws of the United Kingdom. Existing and future legislation and regulation could cause additional expense, capital expenditure and restrictions and delays in the activities of the Company, the extent of which cannot be predicted. No assurance can be given that new laws, rules and regulations will not be enacted, or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Company's activities or services. In addition, the Company may have to defend itself against legal proceedings which could have an adverse effect on trading performance and, in turn, future profits. The Company also exports its products overseas and therefore its exports may be subject to existing and future overseas legislation and regulation and similar risks therefore also applying in relation to such overseas existing and future legislation and regulation.

Approved by the board on 13 November 2018



Matthew Hubbard
Director

ANTHONY BEST DYNAMICS LIMITED

DIRECTORS' REPORT for the year ended 31 August 2018

The Directors present their report and the financial statements for the year ended 31 August 2018.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 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 judgments 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; and
- 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.

RESULTS

The profit for the year, after taxation, amounted to £7,771,625 (2017 - £4,160,204).

RESEARCH AND DEVELOPMENT

The Company continues to invest in research and development associated with the design and manufacture of test equipment for vehicle suspension, steering, noise and vibration. Costs attributed to this process have been charged to the consolidated statement of comprehensive income to the extent that they do not meet all of the criteria for capitalisation as set out in FRS102.

Research and development costs expensed is separately identified and disclosed in Note 4.

FUTURE DEVELOPMENTS

Please see the Strategic Report for details of future developments.

ANTHONY BEST DYNAMICS LIMITED

**DIRECTORS' REPORT
for the year ended 31 August 2018**

DIRECTORS

The Directors who served during the year were:

A Best
N Best
A G Middleton – Resigned 15th August 2018
T J Rogers – Resigned 28th February 2018
A W Rumble
S J Neads
M J Hubbard
R A L Hart
C P Martin
AJ Pick – Appointed 1st February 2018
AJ Simms – Appointed 1st February 2018

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Since 5 December 2006 a qualifying third-party indemnity provision has been in force for the benefit of all Directors of the Company.

PROVISION OF INFORMATION TO AUDITOR

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

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

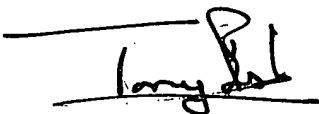
AUDITOR

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

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

This report was approved by the board on 13 November 2018 and signed on its behalf.



A Best
Director

ANTHONY BEST DYNAMICS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTHONY BEST DYNAMICS LIMITED

Opinion

We have audited the financial statements of Anthony Best Dynamics Limited for the year ended 31 August 2018, which comprise a statement of 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 August 2018 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 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.

Use of our report

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

ANTHONY BEST DYNAMICS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTHONY BEST DYNAMICS LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report 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 and 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, 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 Directors' responsibilities statement on page 13, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

ANTHONY BEST DYNAMICS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTHONY BEST DYNAMICS LIMITED

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 Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



John Glasby
(Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

13 November 2018

ANTHONY BEST DYNAMICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 August 2018

		2018	2017
	Note	£	£
TURNOVER	3	37,051,145	24,255,801
Cost of sales		<u>(24,497,241)</u>	<u>(16,418,466)</u>
GROSS PROFIT		12,553,904	7,837,335
Administrative expenses		<u>(3,527,565)</u>	<u>(1,723,996)</u>
OPERATING PROFIT BEFORE SHARE BASED PAYMENTS COSTS	4	9,026,339	6,113,339
Share based payment costs		<u>(659,168)</u>	<u>(1,464,817)</u>
OPERATING PROFIT		8,367,171	4,648,522
Interest receivable	8	<u>63,167</u>	<u>65,257</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,430,338	4,713,779
Tax on profit on ordinary activities	9	<u>(658,713)</u>	<u>(553,575)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>7,771,625</u></u>	<u><u>4,160,204</u></u>

All amounts relate to continuing operations.

There was no other comprehensive income for 2018 (2017: Nil).

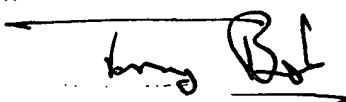
The notes on pages 21 to 31 form part of these financial statements.

ANTHONY BEST DYNAMICS LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 August 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	10		13,650,255		10,464,904
Investments	21		22,046		-
Deferred tax assets	14		454,582		148,140
			<u>14,126,883</u>		<u>10,613,044</u>
CURRENT ASSETS					
Stocks	11	6,903,374		4,959,435	
Debtors	12	10,726,246		10,299,958	
Cash at bank		<u>15,911,682</u>		<u>9,619,345</u>	
		33,541,302		24,878,738	
CREDITORS: amounts falling due within one year	13	<u>(21,629,368)</u>		<u>(16,972,798)</u>	
NET CURRENT ASSETS			11,911,934		7,905,940
TOTAL ASSETS LESS CURRENT LIABILITIES			26,038,817		18,518,984
PROVISIONS FOR LIABILITIES					
Deferred tax	14		<u>(339,040)</u>		-
NET ASSETS			<u>25,699,777</u>		<u>18,518,984</u>
CAPITAL AND RESERVES					
Share based payment reserve			2,457,274		1,798,106
Called up share capital	15		134,000		134,000
Share premium account			43,000		43,000
Capital redemption reserve			62,500		62,500
Profit and loss account			<u>23,003,003</u>		<u>16,481,378</u>
SHAREHOLDERS' FUNDS			<u>25,699,777</u>		<u>18,518,984</u>

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


A Best
 Director

COMPANY REGISTRATION NUMBER: 01658222

The notes on pages 21 to 31 form part of these financial statements.

ANTHONY BEST DYNAMICS LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share based payment reserve £	Share capital £	Share premium £	Capital redemption reserve £	Retained profits £	Total equity £
Balance at 1 September 2016	333,289	134,000	43,000	62,500	13,321,174	13,893,963
Share based payment expense	1,464,817	-	-	-	-	1,464,817
Profit after taxation and total comprehensive income for the financial year	-	-	-	-	4,160,204	4,223,054
Dividend paid	-	-	-	-	(1,000,000)	(1,000,000)
Balance at 31 August 2017	1,798,106	134,000	43,000	62,500	16,481,378	18,518,984
Balance at 1 September 2017	1,798,106	134,000	43,000	62,500	16,481,378	18,518,984
Share based payment expense	659,168	-	-	-	-	659,168
Profit after taxation and total comprehensive income for the financial year	-	-	-	-	7,771,625	7,771,625
Dividend paid	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 31 August 2018	2,457,274	134,000	43,000	62,500	23,003,003	25,699,777

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2018

1. GENERAL INFORMATION AND ACCOUNTING POLICIES

1. GENERAL INFORMATION

Anthony Best Dynamics Limited is a private limited Company incorporated and registered in England and Wales (registered number 01658222). The address of its registered office is Middleton Drive, Bradford on Avon, Wiltshire BA15 1GB.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Company itself is a subsidiary entity and is exempt from the requirement to prepare Company accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual entity.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the management to exercise judgement in applying the Company's accounting policies. (See note 2.14)

The following principal accounting policies have been applied:

2.2 REDUCED DISCLOSURE EXEMPTIONS

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objections to, the use of exemptions by the Company's immediate parent. (See note 20).

The Company has taken advantage of the following exemptions:

No statement of cash flows has been presented, as the wholly owned subsidiary is included in the consolidated financial statements of the Company.

Disclosures in respect of the Company's financial instruments have not been presented as equivalent disclosures are included in the consolidated financial statements of the Company in which the entity is consolidated.

Related party transactions have not been disclosed with other wholly owned members of the Company.

2.3 GOING CONCERN

The Company has cash resources and has no requirement for external funding. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting is appropriate in preparing the annual financial statements.

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2018

2.4 REVENUE

Revenue from the sales of goods is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Company defers recognition of revenue until the right to return has lapsed.

2.5 CONSTRUCTION CONTRACTS

Revenues on construction contracts are recognised according to the percentage of completion method (see note 2.14 for further information). Revenue is recognised on a pro-rata basis according to the work performed and the degree of completion of the contract. Where the value of the work performed on a contract exceeds the aggregate of payments received on account from customers, the resulting balance is included in debtors as amounts recoverable on construction contracts. Where the aggregate of payments received on account from customers exceeds the value of work performed on a contract, the resulting balance is included in current liabilities.

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	10% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% straight line
Bought out software	-	10-20% straight line
In house software	-	33.3% straight line
General equipment	-	10% straight line
Proprietorial equipment	-	20% straight line
Test equipment	-	10-20% straight line
Buildings	-	2% straight line

Assets under construction are not depreciated until they are ready for use.

2.7 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.8 OPERATING LEASES

Rentals under operating leases are charged to the Profit and loss account on a straight-line basis over the lease term.

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2018

2.9 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

2.10 RESEARCH AND DEVELOPMENT

Research and development expenditure is written off in the year in which it is incurred.

2.11 FINANCIAL INSTRUMENTS

Basic financial instruments that are payable or receivable within one year are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

The only non-basic financial instruments are derivatives which are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognising any resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

2.12 DEFERRED TAXATION

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

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

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

2.13 EMPLOYEE BENEFITS

Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

Defined contribution plans

The Company's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2018

2.14 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as stated below:

Assessment of the percentage of completion of construction projects

Where the outcome of a construction contract can be estimated reliably, the Company recognises revenue and costs by reference to the stage of completion of the contract activity at the statement of financial position, based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, rectification claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent it is probable that contract costs incurred will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The above estimates are made internally by the Company and any changes of these estimates will result in a corresponding change on revenue and profit. The Company's accounting approach reflects a sound judgement as potential losses on contract are being considered and reflected with its probability immediately upon occurrence, while contract revenue which cannot be estimated reliably is realised only after confirmed by written agreement.

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2018

3. TURNOVER

The whole of the turnover is attributable to the principal activities of the Company.

A geographical analysis of turnover is as follows:

	2018 £	2017 £
United Kingdom	616,964	1,166,119
Rest of European Union	12,432,861	8,794,251
Rest of world	24,001,320	14,295,431
	<u>37,051,145</u>	<u>24,255,801</u>

Revenues are derived from the following:

	2018 £	2017 £
Revenue from sale of goods	33,304,089	20,451,812
Revenue from construction contracts	3,747,056	3,803,989
	<u>37,051,145</u>	<u>24,255,801</u>

4. OPERATING PROFIT

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

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the Company	462,994	266,856
Operating lease rentals:		
- other operating leases	164,761	157,065
Gain on foreign exchange	(149,721)	(404,835)
Pension costs	348,772	282,503
Research and development	<u>478,458</u>	<u>375,016</u>

5. AUDITOR'S REMUNERATION

	2018 £	2017 £
Fees payable to the Company's auditor in respect of:		
Auditor's remuneration – audit fees	18,010	17,485
Taxation compliance services	7,750	8,800
	<u>25,760</u>	<u>26,285</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2018

6. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	7,474,519	6,224,083
Social security costs	653,591	534,380
Pension costs	348,772	282,503
	<u>8,476,882</u>	<u>7,040,966</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2018	2017 No.
Directors & Commercial	9	10
Engineers & Technicians	94	72
Administration	<u>25</u>	<u>15</u>
	<u>128</u>	<u>97</u>

7. DIRECTORS' REMUNERATION

	2018 £	2017 £
Emoluments	<u>1,052,002</u>	<u>926,563</u>
Company pension contributions to defined contribution pension schemes	<u>63,630</u>	<u>55,648</u>
Share based payment charge	<u>228,983</u>	<u>508,851</u>

During the year retirement benefits were accruing to 7 Directors (2017 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £178,818 (2017 - £210,487) and pension contributions of £7,675 (2017 - £9,802).

8. INTEREST RECEIVABLE

	2018 £	2017 £
Other interest receivable	<u>63,167</u>	<u>65,257</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2018

9. TAXATION

	2018 £	2017 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	736,881	392,779
Adjustments in respect of prior periods	<u>(110,766)</u>	<u>88,489</u>
TOTAL CURRENT TAX	<u>626,115</u>	<u>481,268</u>
DEFERRED TAX		
Origination and reversal of timing differences	147,787	18,861
Related to share-based payments on exercised options	(115,189)	(339,393)
Adjustments in respect of prior periods	<u>-</u>	<u>53,446</u>
TOTAL DEFERRED TAX	<u>32,598</u>	<u>72,307</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>658,713</u>	<u>553,575</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2017 – *the same as*) the standard rate of corporation tax in the UK of 19.00% (2017 – 19.58%) as set out below

	2018 £	2017 £
Profit on ordinary activities before tax	<u>8,430,338</u>	<u>4,792,341</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 – 19.58%)	1,601,764	938,340
EFFECTS OF:		
Expenses not deductible for tax purposes	41,123	363,532
Company Relieved Expenses	(91,916)	(62,720)
Capital allowances for year in excess of depreciation	(105,830)	(60,150)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(118,179)	(95,461)
Adjustments to tax charge in respect of prior periods	(110,766)	88,489
Share Scheme Deduction	(285,509)	(339,393)
Patent Box Relief	<u>(271,974)</u>	<u>(279,062)</u>
TAX CHARGE FOR THE YEAR (see note above)	<u>658,713</u>	<u>553,575</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2018

10. TANGIBLE FIXED ASSETS

	Test Equipment £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Other fixed assets £	Land & Buildings £	Total £
COST							
At 1 September 2017	1,812,842	443,345	164,120	722,613	120,278	8,315,406	11,578,604
Additions	365,279	51,657	79,207	281,548	105,908	3,282,427	4,195,180
Transfers	-	-	-	259,970	-	(259,970)	-
Disposals	-	(15,931)	(31,851)	(18,575)	-	(496,702)	(563,059)
At 31 August 2018	2,178,121	479,071	211,476	1,245,556	226,186	10,841,161	15,210,725
DEPRECIATION							
At 1 September 2017	245,074	221,770	72,522	350,492	61,061	162,781	1,113,700
Charge for the year	33,546	35,636	30,205	117,059	30,289	216,259	462,994
On disposals	-	(6,097)	(27,456)	(11,825)	-	-	(45,378)
At 31 August 2018	278,620	251,309	75,271	455,726	91,350	379,040	1,531,316
NET BOOK VALUE							
At 31 August 2018	<u>1,899,501</u>	<u>227,762</u>	<u>136,205</u>	<u>789,830</u>	<u>134,836</u>	<u>10,462,121</u>	<u>13,650,255</u>
At 31 August 2017	<u>1,567,768</u>	<u>221,575</u>	<u>91,598</u>	<u>372,121</u>	<u>59,217</u>	<u>8,152,625</u>	<u>10,464,904</u>

Included within land and buildings is property under the course of construction with a total net book value of £163,944 (2017: £7,959,947). Depreciation will not be charged until the property is ready for use. Costs associated with the development of the advanced vehicle dynamic simulator, which is under construction, are included within test equipment and have a total net book value of £1,650,024 (2017: £1,368,108). Depreciation will not be charged until it is ready for use.

11. STOCKS

	2018 £	2017 £
Stock	3,623,976	2,988,564
Work in progress	<u>3,279,398</u>	<u>1,970,871</u>
	<u>6,903,374</u>	<u>4,959,435</u>

The value of inventories (being materials used and consumables) recognised as an expense was £15,492,323 (2017: £9,753,366).

12. DEBTORS

	2018 £	2017 £
Trade debtors	6,489,393	7,115,351
Other debtors	1,056,398	868,806
Prepayments and accrued income	874,232	640,293
Amounts due from related parties	117,453	-
Amounts recoverable on construction contracts	<u>2,188,770</u>	<u>1,675,508</u>
	<u>10,726,246</u>	<u>10,299,958</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2018

**13. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Payments received on account	710,334	516,163
Trade creditors	2,416,963	1,532,313
Social security and other taxes	153,943	114,660
Other creditors	6,764,533	5,093,256
Corporation Tax	69,507	-
Amounts owed by group undertakings	<u>11,514,088</u>	<u>9,716,406</u>
	<u>21,629,368</u>	<u>16,972,798</u>

14. DEFERRED TAXATION

	2018 £	2017 £
At 1 September 2017	(148,140)	118,946
Adjustments in respect of prior periods	-	53,446
(Credit)/charge for year	<u>(32,598)</u>	<u>(320,532)</u>
At 31 August 2018	<u>(115,542)</u>	<u>(148,140)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	339,040	191,253
Deferred tax on share options	<u>(454,582)</u>	<u>(339,393)</u>
	<u>(115,542)</u>	<u>(148,140)</u>
The deferred tax balance is analysed as follows:	£	£
Deferred tax asset	(454,582)	(148,140)
Deferred tax liability	<u>339,040</u>	<u>-</u>
	<u>(115,542)</u>	<u>(148,140)</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2018

15. SHARE CAPITAL

	2018 £	2017 £
ALLOTTED, CALLED UP AND FULLY PAID		
134,000 Ordinary shares of £1 each	<u>134,000</u>	<u>134,000</u>

16. SHARE OPTIONS AND WARRANTS

The share option schemes were established to reward and incentivise the executive management team and staff for delivering share price growth. The share option schemes are administered by the Remuneration Committee.

The share option scheme adopted by the Company during the year ending 31 August 2018 is equity settled and a charge of £659,168 (2017: £1,464,817) has been charged to the profit or loss relating to these options.

These fair values were calculated using Black Scholes option pricing model. The inputs into the model were as follows:

Stock price	395p
Exercise price	395p
Interest rate	1%
Volatility	40%
Time to maturity	10 years

The expected volatility was determined with reference to recent trading performance.

One third of the options will vest on each of the first, second and third anniversary of the grant date subject to the employees remaining employed by the Company.

Details of the share options outstanding at the year-end are as follows:

	Number 31 August 2018	WAEP (pence) 31 August 2018	Number 31 August 2017	WAEP (pence) 31 August 2017
Outstanding as at 1 September	1,337,122	395.00	1,337,122	395.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Exercised during the year	(424,588)	395.00	-	-
Options outstanding at 31 August	912,534	395.00	1,337,122	395.00
Exercisable at 31 August	<u>912,534</u>	<u>395.00</u>	<u>445,731</u>	<u>395.00</u>

The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 7.8 years.

Warrants

There are no warrants outstanding at 31 August 2018.

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2018

17. DIVIDENDS

	2018 £	2017 £
Dividends paid to Parent Company	<u>1,250,000</u>	<u>1,000,000</u>

18. OPERATING LEASE COMMITMENTS

The Company had total commitments at the end of each financial year in respect of non-cancellable operating leases of:

	2018 £	2017 £
Property leases		
Payable within one year	127,747	143,079
Payable within 2-5 years	<u>41,795</u>	<u>170,233</u>
	<u>170,542</u>	<u>313,312</u>

19. RELATED PARTY TRANSACTIONS

The Company rents its premises from the Best Middleton Trust, which is considered to be a related party by virtue of A Best being a trustee and beneficiary thereof. Rental payments for the year amounted to £48,000 (2017 - £48,000) and no amounts were due to or from the trust at the year end.

As a 100% subsidiary of AB Dynamics plc, the Company is exempt from disclosing transactions with entities that are part of the Group.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent Company and controlling party is AB Dynamics plc, a Company registered in England and Wales. The parent undertaking of the smallest and largest Company for which consolidated financial statements are prepared is AB Dynamics plc. A copy of the consolidated financial statements is available from Companies House, Cardiff.

21. INVESTMENTS

Anthony Best Dynamics Ltd owns 100% of the ordinary share capital of AB Dynamics Europe GmbH, Karlschmitter Weg 29, 35580 Wetzlar, and 100% of the ordinary share capital of AB Dynamics 2013 Ltd, Middleton Drive, Bradford On Avon, Wiltshire, BA15 1GB, which is dormant. The total cost of the investments held at 31 August 2018 is £22,046.

22. CAPITAL COMMITMENTS

At 31 August 2018, the Company had capital commitments as follows:

	2018 £	2017 £
Contracted but not provided in these financial statements	<u>216,219</u>	<u>2,449,272</u>
	<u>216,219</u>	<u>2,449,272</u>

ANTHONY BEST DYNAMICS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2018

	Page	2018 £	2017 £
Turnover	33	37,051,145	24,255,801
Cost of sales	33	(25,047,969)	(17,642,305)
		<hr/>	<hr/>
Gross profit		12,003,176	6,613,496
Less: Overheads			
Administration expenses	34	(3,586,540)	(1,964,974)
		<hr/>	<hr/>
Operating profit		8,416,636	4,648,522
Interest receivable	34	63,167	65,257
		<hr/>	<hr/>
Profit for the year		<u>8,479,803</u>	<u>4,713,779</u>

ANTHONY BEST DYNAMICS LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
for the year ended 31 August 2018

	2018	2017
	£	£
Turnover		
Sales - UK	616,964	1,166,119
Sales - Europe	12,432,861	8,794,251
Sales - Rest of world	24,001,320	14,295,431
	<u>37,051,145</u>	<u>24,255,801</u>

	2018	2017
	£	£
Cost of sales		
Purchase of hardware/software	12,912,829	7,858,624
Engineers' salaries	3,010,403	2,617,284
Technicians' salaries	1,822,598	1,433,205
National insurance	549,499	472,011
Pension	348,772	282,503
Directors' remuneration	1,345,900	1,284,206
Subcontracting	2,089,649	1,634,452
Carriage and import duty	62,485	23,574
Travel, subsistence and others	1,221,053	943,643
Commissions	1,635,201	1,077,815
Hire of plant and equipment	49,580	14,988
	<u>25,047,969</u>	<u>17,642,305</u>

ANTHONY BEST DYNAMICS LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
for the year ended 31 August 2018**

	2018 £	2017 £
Administration expenses		
Auditor's remuneration	18,010	17,485
Auditor's remuneration - non-audit	10,500	11,526
Staff salaries	1,295,617	889,390
Staff national insurance	104,093	62,369
Recruitment expenses	196,809	134,157
Printing, postage and stationery	3,765	1,544
Advertising and promotion	108,320	151,627
Telephone and fax	60,736	35,026
Trade subscriptions	100,870	55,150
Exhibitions	119,610	178,032
Light and heat	82,052	29,937
Cleaning	66,167	34,292
Depreciation	462,994	266,856
Motor running costs	15,936	11,422
Repairs and maintenance	176,051	86,831
Rent - operating leases	164,761	157,065
Rates	89,230	49,135
Sundry expenses	118,419	86,319
Insurances	148,476	113,727
Legal and professional	91,715	52,897
Patents	41,973	23,342
Bank charges	9,608	7,872
Difference on foreign exchange	77,223	(404,835)
Unrealised profit on foreign currency forward contracts	-	(90,434)
Loss on sale of tangible assets	14,605	4,242
	<u>(3,586,540)</u>	<u>(1,964,974)</u>
	2018 £	2017 £
Interest receivable		
Bank interest receivable	<u>63,167</u>	<u>65,257</u>
	<u>63,167</u>	<u>65,257</u>