

Registered number: 01658222

ANTHONY BEST DYNAMICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 August 2015

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ANTHONY BEST DYNAMICS LIMITED

COMPANY INFORMATION

DIRECTORS

A Best
N Best
A G Middleton
T J Rogers
A W Rumble
S J Neads
M J Hubbard
R A L Hart
C P Martin

COMPANY SECRETARY

R A L Hart

COMPANY NUMBER

01658222

REGISTERED OFFICE

Holt Road
Bradford on Avon
Wiltshire
BA15 1AJ

INDEPENDENT AUDITOR

Crowe Clark Whitehill LLP
Chartered Accountants
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

ANTHONY BEST DYNAMICS LIMITED

CONTENTS

	Page
Strategic report	1 - 7
Directors' report	8 - 9
Independent auditor's report	10 - 11
Profit and loss account	12
Balance sheet	13
Notes to the financial statements	14 – 23
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	24 - 26

ANTHONY BEST DYNAMICS LIMITED

The Directors present the Strategic Report of Anthony Best Dynamics Limited for the year ended 31 August 2015.

Principal activities and Review of the Business in the year

The Company continues to operate in the specialised area of design and manufacture of test equipment for vehicle suspension, steering, noise and vibration. We also offer a range of services which include analysis, design, prototype manufacture, test and development.

The Company this year experienced another record year in terms of sales; again this increase has been driven by the global market for Automotive Testing equipment expanding rapidly in both new sectors and geographies. Our traditional markets in Europe, Japan, Korea and the USA remain strong, whilst China continues to grow year on year as their car industry shows a commitment to produce products that compete at the international level.

The Company's current order book takes it well into the second half of the next financial year. In support of this significant improvements in the company's supply chain and manufacturing capabilities have delivered improvements to lead-times and improved margins.

The Company's new product development continues apace. Despite the setback of not receiving the government's RGF funding, the management remains on track to introduce new versions of its Driving Robots and ADAS targets and explore opportunities for new and novel Laboratory Testing products.

The Company as ever, undertakes a program of continual improvement and upgrades to existing products, which benefit the customers in terms of better usability and function, allowing it to stay ahead of the competition.

Position of the Company's business at the end of the year

The Company continues to operate in the niche automotive research sector which has, for the past 5 years, experienced steady year on year growth. Management seeks to consolidate the Group's base to create a sound platform for the Company's expansion by investing in product development, facilities and retaining and recruiting high quality personnel. Measurements of the Group's performance are provided in the Key Performance Indicators in this section.

Key activities undertaken this year to support the Company's strategies include:

1. The continued expansion of the Company's core manufacturing and final assembly capabilities. We have recently taken an additional 3,100 sq ft of new offsite assembly facilities more than doubling our facilities space since our AIM listing in May 2013.
2. The active recruitment of key personnel to new roles in the Company, including software and electrical development engineers, production planning management and accounts / administration personnel. Our fulltime head count has now reached 67, with new appointments expected by the end of 2015.
3. Continued improvements in the supply chain and product fulfilment, resulting from a reorganisation of the mechanical and electrical production units, with better utilisation of our resources shortening delivery times and increasing units delivered.
4. Overcoming final planning and contractual hurdles to bring on line the new enlarged facility at the Kingston Farm development nearby remains on course for Q1 2017 subject with construction starting in early 2016.

Company's Key performance indicators

1. Maintain sustainable growth in revenue and operating profit

The Directors aim to achieve steady sustainable growth in turnover and operating profit. Strong cash management is fundamental to delivering sustainable profit growth and the consistent delivery of cash-backed profit remains a key performance indicator for the Company.

Aside from maintaining its focus on its current product lines, the Directors are ensuring that new product offerings are developed in order to meet customer requirements and demands.

2. Retain, develop and ensure the safety of our people

The recruitment, development, retention and health and safety of our people and everyone who works with us or is affected by our operations is paramount. We have the objective of ensuring that safe working practices are consistently adopted and supported by rigorous reviews and training. In 2015, no issues arose and we continue to review our HSE procedures, where we retain an external contractor to manage our systems in this respect.

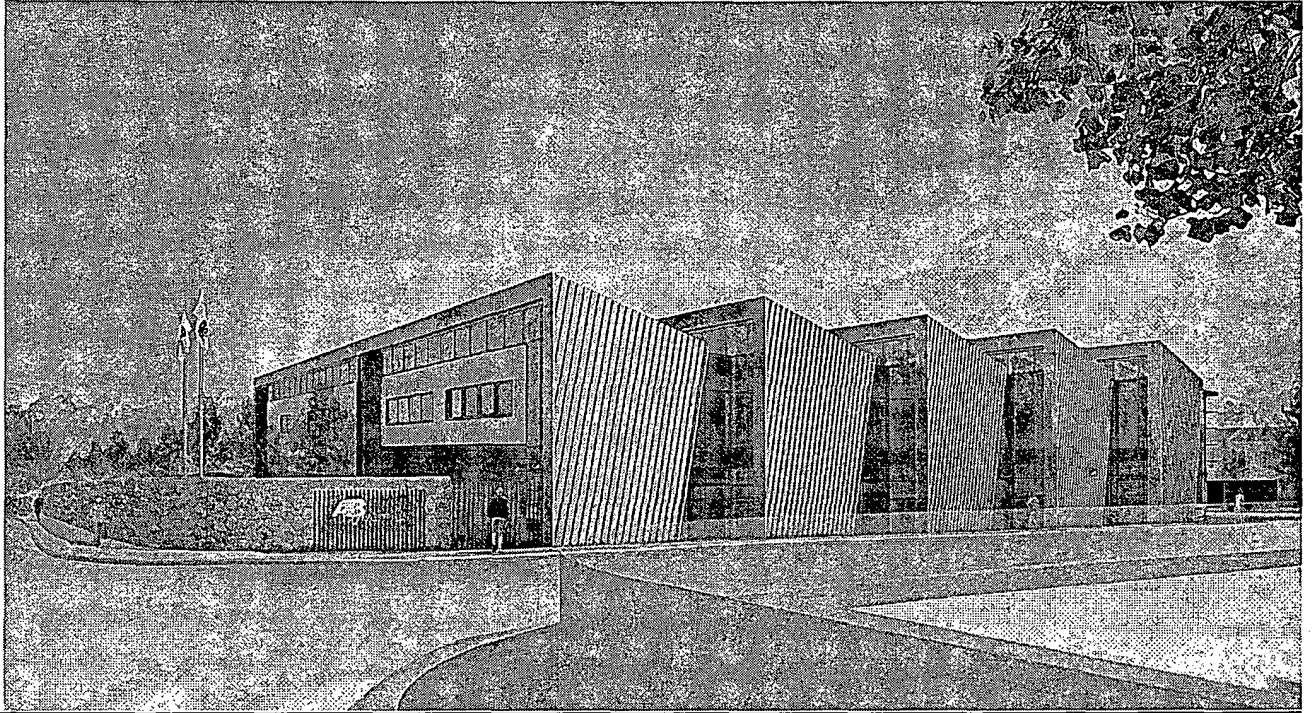
3. Facilities

The Company needs to expand its factory space over time and this year has added significantly to the capacity of the Group. The Directors remain focused on increasing the facilities further, as explained previously in this section.

These matters remain key areas of focus for the forthcoming financial year.

ANTHONY BEST DYNAMICS LIMITED

Representation of our new facility at Bradford on Avon



ANTHONY BEST DYNAMICS LIMITED

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 Group, 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 Group'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.

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

ANTHONY BEST DYNAMICS LIMITED

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.

New facility

Plans for the Company's new facility are still in the development and planning stage. No formal documentation has yet been entered into and, although the Company has established estimated total costs, there can be no guarantee that the project will proceed or that it will proceed as planned. It is possible that costs will increase or other unforeseen issues will mean that the current development project does not proceed.

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.

ANTHONY BEST DYNAMICS LIMITED

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. 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 hedge sale 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.

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

ANTHONY BEST DYNAMICS LIMITED

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 11 November 2015

Tim Rogers
Director



ANTHONY BEST DYNAMICS LIMITED

The directors present their report and the financial statements for the year ended 31 August 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 £3,624,177 (2014 - £2,366,517).

DIRECTORS

The directors who served during the year were:

A Best
N Best
A G Middleton
T J Rogers
A W Rumble
S J Neads
M J Hubbard
R A L Hart
C P Martin

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.

ANTHONY BEST DYNAMICS LIMITED

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 Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 November 2015 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A Best', is written over a horizontal line.

A Best
Director

ANTHONY BEST DYNAMICS LIMITED

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

We have audited the financial statements of Anthony Best Dynamics Limited for the year ended 31 August 2015, set out on pages 11 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2015 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

ANTHONY BEST DYNAMICS LIMITED

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.



Leo Malkin (Senior Statutory Auditor)
for and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

11 November 2015

ANTHONY BEST DYNAMICS LIMITED

**PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2015**

		2015	2014
	Note	£	£
TURNOVER	1	16,522,627	13,846,562
Cost of sales		<u>(11,172,617)</u>	<u>(9,816,570)</u>
GROSS PROFIT		5,350,010	4,029,992
Administrative expenses		<u>(1,370,167)</u>	<u>(1,164,112)</u>
OPERATING PROFIT	2	3,979,843	2,865,880
Interest receivable	6	<u>42,688</u>	<u>25,692</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,022,531	2,891,572
Tax on profit on ordinary activities	7	<u>(398,354)</u>	<u>(525,055)</u>
PROFIT FOR THE FINANCIAL YEAR	14	<u>3,624,177</u>	<u>2,366,517</u>

All amounts relate to continuing operations.

There were no recognised gains or losses for 2015 or 2014 other than those included in the Profit and loss account.

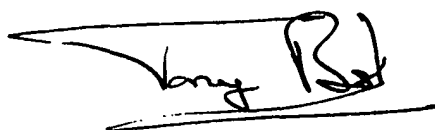
The notes on pages 14 to 23 form part of these financial statements.

ANTHONY BEST DYNAMICS LIMITED
Registered number: 01658222

BALANCE SHEET
as at 31 August 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	8		1,727,349		1,219,983
CURRENT ASSETS					
Stocks	9	2,541,704		1,998,830	
Debtors	10	4,582,471		5,465,206	
Cash at bank		<u>7,967,808</u>		<u>4,896,206</u>	
		15,091,983		12,360,242	
CREDITORS: amounts falling due within one year	11	<u>(6,624,581)</u>		<u>(5,888,627)</u>	
NET CURRENT ASSETS			8,467,402		6,471,615
TOTAL ASSETS LESS CURRENT LIABILITIES			10,194,751		7,691,598
PROVISIONS FOR LIABILITIES					
Deferred tax	12		<u>(119,839)</u>		<u>(79,273)</u>
NET ASSETS			<u>10,074,912</u>		<u>7,612,325</u>
CAPITAL AND RESERVES					
Share based payment reserve	14		59,884		46,474
Called up share capital	13		134,000		134,000
Share premium account	14		43,000		43,000
Capital redemption reserve	14		62,500		62,500
Profit and loss account	14		<u>9,775,528</u>		<u>7,326,351</u>
SHAREHOLDERS' FUNDS	15		<u>10,074,912</u>		<u>7,612,325</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 November 2015



A Best
Director

The notes on pages 14 to 23 form part of these financial statements.

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary entity and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 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.

1.3 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the Company whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.5 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	-	5% straight line

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

1.6 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.

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2015

1. ACCOUNTING POLICIES (continued)

1.7 LONG-TERM CONTRACTS

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Amounts recoverable on contracts, included within debtors, represents the amount by which recorded turnover is in excess of payments on account.

1.8 OPERATING LEASES

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

1.9 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.

1.10 RESEARCH AND DEVELOPMENT

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

1.11 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITY

The company uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates. The company has not adopted FRS 26 and therefore no fair value measurements are included in the financial statements. Gains and losses on foreign currency hedges are recognised in the profit and loss account on maturity of the underlying transaction. Gains or losses arising on hedging instruments which are cancelled due to the termination of underlying exposure are taken to the profit and loss account immediately.

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

1. ACCOUNTING POLICIES (continued)

1.12 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.

Deferred tax assets and liabilities are not discounted.

1.13 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. OPERATING PROFIT

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

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	183,836	135,645
Operating lease rentals:		
- other operating leases	65,856	51,591
Difference on foreign exchange	12,903	33,887
Pension costs	134,815	113,874
Research	<u>130,541</u>	<u>152,069</u>

3. AUDITOR'S REMUNERATION

	2015 £	2014 £
Fees payable to the company's auditor in respect of:		
Auditor's remuneration – audit fees	15,225	15,000
Taxation compliance services	11,700	9,617
RGF Due Diligence	<u>22,612</u>	-

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

4. STAFF COSTS

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

	2015 £	2014 £
Wages and salaries	3,431,555	2,976,179
Social security costs	365,786	324,013
Pension costs	134,815	113,874
	<u>3,932,156</u>	<u>3,414,066</u>

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

	2015 No.	2014 No.
Directors & Commercial	9	9
Engineers & Technicians	47	41
Administration	8	6
	<u>64</u>	<u>56</u>

5. DIRECTORS' REMUNERATION

	2015 £	2014 £
Emoluments	<u>840,988</u>	<u>811,462</u>
Company pension contributions to defined contribution pension schemes	<u>24,713</u>	<u>24,325</u>
Share based payment charge	<u>8,373</u>	<u>17,580</u>

During the year retirement benefits were accruing to 6 directors (2014 - 6) in respect of defined contribution pension schemes.

During the year 6 directors exercised share options in the parent entity AB Dynamics plc and the gain made on the exercise of the share options during the year was £614,348.

The highest paid director received remuneration of £188,420 (2014 - £177,245), pension contributions of £6,300 (2014 - £6,300) and made gains on share options exercised of £423,340.

6. INTEREST RECEIVABLE

	2015 £	2014 £
Other interest receivable	<u>42,688</u>	<u>25,692</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

7. TAXATION

	2015 £	2014 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	502,466	507,068
Adjustments in respect of prior periods	(144,679)	(19,363)
TOTAL CURRENT TAX	<u>357,787</u>	<u>487,705</u>
DEFERRED TAX		
Origination and reversal of timing differences	10,259	(7,059)
Adjustments in respect of prior periods	30,308	44,409
TOTAL DEFERRED TAX (see note 12)	<u>40,567</u>	<u>37,350</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>398,354</u>	<u>525,055</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2013 – the same as) the standard rate of corporation tax in the UK of 20.58% (2014 – 22.16%) as set out below

	2015 £	2014 £
Profit on ordinary activities before tax	<u>4,022,531</u>	<u>2,891,572</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.58% (2014 – 22.16%)	827,837	640,772
EFFECTS OF:		
Expenses (deductible) / not deductible for tax purposes	708	157
Group Relieved Expenses	(49,243)	-
Capital allowances for year in excess of depreciation	(13,470)	(34,808)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(34,141)	(42,126)
Adjustments to tax charge in respect of prior periods	(144,679)	(19,363)
Share Scheme Deduction	(177,073)	-
Patent Box Relief	(52,152)	(56,927)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>357,787</u>	<u>487,705</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 2015

8. TANGIBLE FIXED ASSETS

	Test Equipment £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Other fixed assets £	Land & Buildings £	Total £
COST							
At 1 September 2014	620,250	277,660	71,102	605,986	588,695	671,806	2,835,499
Additions	57,513	8,750	16,320	128,364	20,891	459,406	691,244
Disposals	-	-	-	(183)	-	-	(183)
At 31 August 2015	677,763	286,410	87,422	734,167	609,586	1,131,212	3,526,560
DEPRECIATION							
At 1 September 2014	484,047	163,386	35,646	347,532	561,580	23,325	1,615,516
Charge for the year	27,163	20,292	10,707	65,055	10,661	49,958	183,836
On disposals	-	-	-	(141)	-	-	(141)
At 31 August 2015	511,210	183,678	46,353	412,446	572,241	73,283	1,799,211
NET BOOK VALUE							
At 31 August 2015	<u>166,553</u>	<u>102,732</u>	<u>41,069</u>	<u>321,721</u>	<u>37,345</u>	<u>1,057,929</u>	<u>1,727,349</u>
At 31 August 2014	<u>136,205</u>	<u>114,274</u>	<u>35,456</u>	<u>258,454</u>	<u>27,114</u>	<u>648,480</u>	<u>1,219,983</u>

Included within land and buildings is property under the course of construction with a total net book value of £537,540 (2014: £186,196). Depreciation will not be charged until the property is ready for use.

9. STOCKS

	2015 £	2014 £
Stock	1,517,021	1,143,122
Work in progress	1,024,683	855,708
	<u>2,541,704</u>	<u>1,998,830</u>

10. DEBTORS

	2015 £	2014 £
Trade debtors	2,825,147	4,339,755
Other debtors	340,531	-
Prepayments and accrued income	115,624	176,254
Amounts recoverable on long term contracts	1,301,169	949,197
	<u>4,582,471</u>	<u>5,465,206</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

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

	2015 £	2014 £
Payments received on account	432,004	464,712
Trade creditors	823,493	798,460
Corporation tax	170,560	269,978
Social security and other taxes	79,964	132,414
Other creditors	1,733,801	1,490,090
Intercompany creditors	3,384,759	2,732,973
	<u>6,624,581</u>	<u>5,888,627</u>

12. DEFERRED TAXATION

	2015 £	2014 £
At 1 September 2014	79,273	41,923
Adjustments in respect of prior periods	30,308	44,409
(Recovery)/charge for year	10,258	(7,059)
	<u>119,839</u>	<u>79,273</u>
At 31 August 2015	<u>119,839</u>	<u>79,273</u>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	<u>119,839</u>	<u>79,273</u>

13. SHARE CAPITAL

	2015 £	2014 £
ALLOTTED, CALLED UP AND FULLY PAID		
134,000 Ordinary shares of £1 each	<u>134,000</u>	<u>134,000</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2015

14. RESERVES

	Share Based payment reserve £	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 September 2014	46,474	43,000	62,500	7,326,351
Profit for the year				3,624,177
Dividends: Equity capital				(1,175,000)
Share based payments	13,410			
At 31 August 2015	59,884	43,000	62,500	9,775,528

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Opening shareholders' funds	7,612,325	6,267,947
Profit for the year	3,624,177	2,366,517
Dividends (Note 17)	(1,175,000)	(1,050,000)
Share based payment reserve	13,410	27,861
Closing shareholders' funds	10,074,912	7,612,325

16. SHARE OPTIONS AND WARRANTS

The share option scheme was established to reward and incentivise the executive management team and staff for delivering share price growth. The share option scheme is administered by the Remuneration Committee of the parent company, AB Dynamics plc.

The scheme is equity settled and a charge of £13,410 (2014: £27,861) has been charged to the profit and loss for the year relating to these options. Details of the share options outstanding at the year end are as follows:

	Number 31 August 2015	WAEP (pence) 31 August 2015	Number 31 August 2014	WAEP (pence) 31 August 2014
Outstanding as at 1 September	873,936	12.52	1,302,600	12.52
Granted during the year	-	-	-	-
Expired during the year	-	-	-	-
Exercised during the year	(435,697)	12.52	(428,664)	12.52
Options outstanding at 31 August	438,239	12.52	873,936	12.52
Exercisable at 31 August	-	-	5,533	12.52

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

16. SHARE OPTIONS AND WARRANTS (CONTINUED)

The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 7.5 years.

Warrants

On 16 May 2013, AB Dynamics plc executed a warrant instrument to create and issue warrants to Cairn Financial Advisers LLP to subscribe for an aggregate of 163,069 ordinary shares. The warrants were due to expire five years after admission and were be exercisable from the date of admission (22 May 2013) at the placing price of 86p. The remaining warrants of 123,069 were exercised during the year.

17. DIVIDENDS

	2015 £	2014 £
Dividends paid to Parent Company	<u>1,175,000</u>	<u>1,050,000</u>

18. DERIVATIVE FINANCIAL INSTRUMENTS

The company is mainly exposed to US Dollar and Euro currency risks which arise from monetary items denominated in foreign currencies.

The company policy is to hedge a portion of foreign exchange risk associated with highly probable forecast transactions and monetary items denominated in foreign currencies, by the use of currency forward contracts.

At 31 August 2015, the fair value of the forward contracts was £33,743 (2014 - £Nil).

The company does not apply FRS 26 and therefore no fair value gains or losses are recognised in the profit and loss account.

19. OPERATING LEASE COMMITMENTS

At 31 August 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015 £	2014 £
EXPIRY DATE:		
Within 1 year	39,282	-
Between 2 and 5 years	<u>18,000</u>	<u>65,323</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2015

20. 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 £38,000 (2014 - £38,000) 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 Company, in accordance with the requirements of Financial Reporting Standard 8.

21. 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.

22. TURNOVER

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

A geographical analysis of turnover is as follows:

	2015 £	2014 £
United Kingdom	498,948	1,705,775
Rest of European Union	4,537,758	3,752,538
Rest of world	11,485,921	8,388,249
	<u>16,522,627</u>	<u>13,846,562</u>

23. INVESTMENTS

Anthony Best Dynamics Ltd owns 100% of the ordinary share capital of AB Dynamics 2013 Ltd which is dormant.