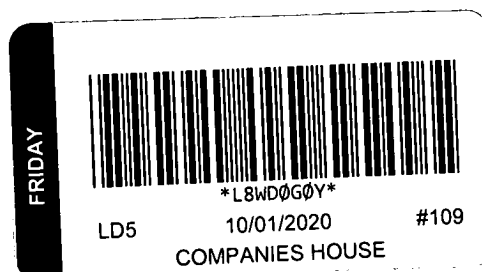


Registered number: 01658222

ANTHONY BEST DYNAMICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 August 2019



ANTHONY BEST DYNAMICS LIMITED

COMPANY INFORMATION

DIRECTORS

A Best
N Best
JM Routh (appointed 1 October 2018)
SL Matthews-DeMiers (appointed 4 November 2019)
M J Hubbard
A W Rumble (resigned 18 October 2019)
S J Neads (resigned 18 October 2019)
R A L Hart (resigned 31 July 2019)
C P Martin (resigned 18 October 2019)
AJ Pick – (resigned 18 October 2019)
AJ Simms – (resigned 18 October 2019)

COMPANY SECRETARY

FE Jackson

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

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ANTHONY BEST DYNAMICS LIMITED

STRATEGIC REPORT for the year ended 31 August 2019

Strategic report for the year ended 31 August 2019

The Directors present the Strategic Report of Anthony Best Dynamics Ltd for the year ended 31 August 2019.

Overview

AB Dynamics has delivered a record year of highly profitable growth whilst implementing its recently announced evolved strategy for long-term sustainable growth. The Company has continued to develop and launch new products to meet the rapidly changing market conditions in the test and verification of both conventional and autonomous vehicle development. In parallel the Company has enhanced its capabilities and capacities to support the current and anticipated growth.

Financial performance

In 2019, the Company delivered strong reported revenue growth of 55% to £57.3m (2018: £37.1m). Operating profit increased 58% to £13.2m (2018: £8.4m).

Gross margins have increased from 47.2% to 47.6% due to growth in relatively higher margin track product sales compared to the prior year comparative. During the second half of the year, the Company implemented planned operating cost increases to invest in product development and building the management team. Attractive operating margins were maintained due to strong sales growth. Net cash position at year end increased to £33.1m (2018: £15.9m).

Sector review

The track testing sector delivered strong revenue growth of 50% to £49.8m (2018: £33.3m) through continued demand from all sectors for our range of driving robots and ADAS platforms. Driving robot sales grew 43% to £30.1m (2018: £21.1m) through across the board demand, but particular growth in Asia Pacific and the USA. ADAS platforms grew by 66% to £19.7m (2018: £11.9m) with the new LaunchPad platform for Vulnerable Road Users ('VRU') gaining significant market traction complemented by continued growth of the Guided Soft Target platform. The increased proportion of ADAS platform sales is as expected as the market moves towards testing of multi-object scenario based tests which utilise a higher quantity of interaction vehicles and VRUs.

For the laboratory testing and simulation sector, revenues grew by 103% to £7.5m (2018: £3.7m) with strong growth in our sales of SPMs and aVDS sales increasing, particularly with the successful order and technical partnership formed with Alfa Romeo Formula 1 team.

The market for SPM during 2019 improved, particularly as demand from China has increased as new automotive OEMs required kinematics and compliance measurement capabilities. The simulation sector continues to develop as vehicle manufacturers recognise the need for both driver-in-the-loop simulation and driverless simulation in order to accelerate the development of active safety systems and semi-autonomous driving technology. The motorsport market continues to develop as the utilisation of high frequency response motion based simulation can provide significant competitive advantages.

Progress on our strategy

The Company has made good progress against our strategic priorities. The Company has delivered a number of new products to the market during the year, including the Ground Traffic Control proving ground automation software, heavy duty versions of the both the GST and LaunchPad enabling testing of larger vehicles such as trucks and buses, and development of an active system for motion cueing in our aVDS simulator.

ANTHONY BEST DYNAMICS LIMITED

STRATEGIC REPORT for the year ended 31 August 2019

The management team has been restructured and developed to ensure we have the appropriate skills and experience to deliver the strategic priorities and construction has commenced on our new 'North Site' facility adjacent to our existing headquarters. Significant investment has been made in ensuring we have sufficient manufacturing capacity to maintain our growth and lead times were reduced in the first half of the year whilst maintaining the Group's focus on quality.

Towards the end of the year the Company introduced a new service and support offering which will be implemented during 2020.

Summary

Anthony Best Dynamics reported another robust performance in 2019, delivering strong growth in revenue and earnings. Both the track testing and laboratory and simulation sectors contributed to this growth and this performance provides confidence for continued progress in the year ahead. We are aware of continued difficulties and potential delays in the automotive sector. However, with a proven business model coupled with long-term structural market growth drivers the outlook for Anthony Best Dynamics remains positive.

ANTHONY BEST DYNAMICS LIMITED

STRATEGIC REPORT for the year ended 31 August 2019

Principal risks and uncertainties facing the business

The following section provides an overview of the principal risks and uncertainties that have the potential to impact the implementation of the Group's strategy and business model.

1. Strategic

Downturn or instability in major markets

- Risk – Adverse changes in macro-economic conditions in key territories or specific automotive markets could potentially reduce or delay demand for the Company's products or services.
- Mitigation
 - Revenue spread across a range of geographic markets.
 - Active safety and autonomous vehicle technology required despite automotive downturn.
 - Reviewing options for entering adjacent markets.
 - Constant monitoring of market trends, drivers and needs to ensure market leadership.

Loss of major customers

- Risk – Loss of a significant customer to competition could result in reduced revenues.
- Mitigation
 - Largest customer during FY19 represents 6% of Company revenues.
 - Continued product development and high levels of customer service to retain key customers.
 - Long-term relationships with all key customers.

Dependence on external routes to market

- Risk – The company uses several agents and resellers to address particular geographic markets:
 - Risk of reduced revenues if agreements end at short notice
 - Limited control of market pricing with resellers
 - Potential financial consequences on termination
- Mitigation
 - Transitioning the Group to a direct sales model in key territories with offices in Germany, the USA and Japan.
 - The Company will maintain agents and resellers in other territories as appropriate
 - Risks relating to financial consequences are understood and all transitions managed to minimise potential quantum of termination payments

ANTHONY BEST DYNAMICS LIMITED

STRATEGIC REPORT for the year ended 31 August 2019

2. Operational

Cybersecurity and business interruption

- Risk – Risk of malicious cyber attack on Company IT systems or significant failure of IT infrastructure
- Mitigation
 - External cyber audit completed during 2019 and recommended actions being implemented.
 - Implementation of a new cloud-based CRM/ERP system during 2020.

Competitor actions

- Risk – Competitors may develop new technologies and/or products which may restrict revenue growth. Competitors may establish physical assets in key locations.
- Mitigation
 - Constant product and technology development
 - Monitoring of competitors and the IP/patents to ensure no infringement on Company intellectual property
 - Monitoring of competitor product launches and territory actions

Loss of key personnel

- Risk – In previous years the Company had dependence on a small number of key individuals which could affect future business growth if they left the Company
- Mitigation
 - Expansion of staff headcount and specific actions around succession planning
 - Strong staff retention rate with average length of service of more than four years with over two-thirds of employees recruited in the last two years
 - Recruitment and training of new management
 - Broadening of the senior management team

Threat of disruptive technology

- Risk – Unforeseen new and novel technology displaces the need for Company products and services. Simulation potentially reduces the volume of physical testing products.
- Mitigation
 - Constant horizon scanning of new technologies
 - Engagement with customers and regulators to ensure we meet their current and future requirements
 - Established simulation capability to ensure the Company can address both virtual and real-world testing

ANTHONY BEST DYNAMICS LIMITED

STRATEGIC REPORT for the year ended 31 August 2019

2. Operational (continued)

Product liability

- Risk – Risk that products supplied by the Group fail in service and result in a claim under product liability.
- Mitigation
 - Robust product development process ensuring products are safe and fit for purpose.
 - Established quality system to ensure that manufactured products meet the design standard.
 - Suitably qualified and experienced engineering and technology staff.
 - Product liability insurance policy in place.

Failure to manage growth

- Risk – Rapid growth places demand on the Company's management and resources. Suitable facilities are required to support the current and forecast demand of the market. Failure to ensure adequate capability and capacity could result in reduced revenues and/or growth
- Mitigation
 - Strategic priority placed on Company's capability and capacity
 - Implementation of a five-year financial model which determines requirements for people, facilities and equipment
 - Two new facilities currently under construction
 - Implementation of appropriate IT infrastructure through comprehensive CRM/ERP system
 - Overseas offices established by the Group in the USA, Germany and Japan to support customers and product installed base

3. Financial

Foreign currency

- Risk – The Company operates internationally and is exposed to transactional foreign exchange risk. The Company is particularly exposed to the Euro and US Dollar. Exposure to the Chinese RMB and Japanese Yen is expected to grow. The risk is enhanced by Brexit uncertainty and related currency volatility.
- Mitigation
 - Group Finance function monitors currency exposure forecasts.
 - Majority of the Group's revenues are contracted in GBP.
 - Use of foreign currency contracts to hedge where appropriate.

ANTHONY BEST DYNAMICS LIMITED

**STRATEGIC REPORT
for the year ended 31 August 2019**

3. Financial (continued)

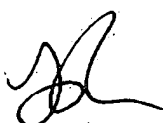
Credit risk

- Risk – The Group has the potential to be exposed to bad debt risk from customers; however, there is no history of material bad debt in the business.
- Mitigation
 - Risk is assessed on a case by case basis and payment terms established according to risk.
 - Advance payments and letters of credit used where appropriate.

4. Compliance

Intellectual property/patents

- Risk – The Group utilises its intellectual property to deliver product and service revenue. Intellectual property theft and/or infringement could adversely affect product sales.
- Mitigation
 - The Group has patented technology where appropriate that covers the key sales territories.
 - Where products are not able to be protected through patents, design features and/or encryption is used to protect the core IP.
 - Continual review of current patent and IP status and review of new products/technology conducted to ensure IP is protected.



Approved by the board on 20 December 2019

Dr James Routh
Director

ANTHONY BEST DYNAMICS LIMITED

DIRECTORS' REPORT for the year ended 31 August 2019

The Directors present their report and the financial statements for the year ended 31 August 2019.

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 tax, amounted to £12,388,000 (2018 - £7,772,000). The company paid a dividend during the year of £1,500,000 (2018 - £1,250,000).

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

Our growth opportunities continue to be in the field of track-based testing of driver assistance systems and autonomous vehicles, particularly in the development of multi-object scenario-based testing using a large number of synchronised ADAS platforms representing a wide range of differing objects. In parallel, the Company continues to focus on simulation of ADAS and autonomy as the market continues to recognise that public road driving cannot lead to an acceptable level of safety.

ANTHONY BEST DYNAMICS LIMITED

DIRECTORS' REPORT for the year ended 31 August 2019

DIRECTORS

The Directors who served during the year were:

A Best
N Best
JM Routh (appointed 1 October 2018)
SL Matthews-DeMers (appointed 4 November 2019)
M J Hubbard
A W Rumble (resigned 18 October 2019)
S J Needs (resigned 18 October 2019)
R A L Hart (resigned 31 July 2019)
C P Martin (resigned 18 October 2019)
AJ Pick – (resigned 18 October 2019)
AJ Simms – (resigned 18 October 2019)

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 20 December 2019 and signed on its behalf.



Dr James Routh
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 2019, 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 2019 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 7, 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

20 December 2019

ANTHONY BEST DYNAMICS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 August 2019**

		2019 £'000	Restated* 2018 £'000
Turnover	3	57,262	37,051
Cost of sales		<u>(29,995)</u>	<u>(19,560)</u>
GROSS PROFIT		27,267	17,491
Administrative expenses		<u>(13,420)</u>	<u>(8,465)</u>
OPERATING PROFIT BEFORE SHARE BASED PAYMENT COSTS		13,847	9,026
Share based payment costs		<u>(586)</u>	<u>(659)</u>
OPERATING PROFIT	4	13,261	8,367
Interest receivable	8	<u>171</u>	<u>63</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		13,432	8,430
Tax on profit on ordinary activities	9	<u>(1,044)</u>	<u>(658)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>12,388</u>	<u>7,772</u>

All amounts relate to continuing operations.

There was no other comprehensive income for 2019 (2018: Nil).

The notes on pages 15 to 28 form part of these financial statements.

* The prior year comparative numbers have been restated to reclassify certain overheads from cost of sales to administrative expenses.

ANTHONY BEST DYNAMICS LIMITED

**STATEMENT OF FINANCIAL POSITION
as at 31 August 2019**

	Note	£'000	2019 £'000	£'000	2018 £'000
FIXED ASSETS					
Intangible assets	10		212		-
Tangible assets	11		16,899		13,650
Investments	22		778		22
Deferred tax assets	15		232		455
			<u>18,121</u>		<u>14,127</u>
CURRENT ASSETS					
Stocks	12	9,575		6,903	
Debtors	13	15,532		10,726	
Cash at bank		<u>33,115</u>		<u>15,912</u>	
		58,222		33,541	
CREDITORS: amounts falling due within one year	14	(38,401)		(21,629)	
NET CURRENT ASSETS			<u>19,821</u>		<u>11,912</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>37,942</u>		<u>26,039</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	15		<u>(768)</u>		<u>(339)</u>
NET ASSETS			<u>37,174</u>		<u>25,700</u>
CAPITAL AND RESERVES					
Share based payment reserve			3,043		2,457
Called up share capital	16		134		134
Share premium account			43		43
Capital redemption reserve			63		63
Profit and loss account			<u>33,891</u>		<u>23,003</u>
SHAREHOLDERS' FUNDS			<u>37,174</u>		<u>25,700</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf
On 20 December 2019



Dr James Routh
Director

COMPANY REGISTRATION NUMBER: 01658222

The notes on pages 15 to 28 form part of these financial statements.

ANTHONY BEST DYNAMICS LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share based payment reserve £'000	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained profits £'000	Total equity £'000
At 1 September 2017	1,798	134	43	63	16,481	18,519
Share based payments	659	-	-	-	-	659
Profit after tax and total comprehensive income for the financial year	-	-	-	-	7,772	7,772
Dividend paid	-	-	-	-	(1,250)	(1,250)
At 31 August 2018	2,457	134	43	63	23,003	25,700
Share based payments	586	-	-	-	-	586
Profit after tax and total comprehensive income for the financial year	-	-	-	-	12,388	12,388
Dividend paid	-	-	-	-	(1,500)	(1,500)
At 31 August 2019	3,043	134	43	63	33,891	37,174

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2019

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.

The principal activity of the Group is the design, manufacture and development of advanced testing and measurement products and services to the global automotive industry. The Group's products and services are used primarily for the development of road vehicles, particularly in the areas of active safety and autonomous systems.

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 2.15)

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 21).

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 2019

2.4 REVENUE

Revenue is recognised when control is passed to the buyer, which in almost all cases is on delivery. Any payments received on account are deferred until these items are delivered to the customer. Items such as guarantees, or servicing arrangements sold in relation to these systems are accounted for as separate performance obligations and are recognised over the period to which these obligations are performed by the Group. Guarantees and servicing arrangements have standard pricing, which management consider reflects fair value, and these prices are allocated to the separate performance obligations.

2.5 CONSTRUCTION CONTRACTS

These are projects lasting longer than twelve months and require a significant degree of customisation. They are recognised according to the percentage of completion method.

When a contract with a customer is judged to be a long-term contract, contract revenue and contract costs are recognised over the period of the contract, respectively, as revenue and expenses. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in each period. Management considers the terms and conditions of the contract, including how the contract was negotiated and any elements the customer specifies when identifying individual projects as a long-term contract. The percentage of completion is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. This measurement basis is considered to be the most faithful depiction of the transfer of ownership as the customer is contractually liable for costs incurred to date. Where this is not representative of the stage of completion, management will assess the completion of a physical proportion of the contract work in determining the overall stage of completion.

Variations in contract work, claims and incentive payments are recognised to the extent that they have been agreed with the customer. The probability of a profitable outcome of the contract is determined by regular review by management of project milestones, actual costs against budgeted costs and any other pertinent information. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The aggregate of the cost incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end.

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2019

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Property, plant and equipment is initially recorded at cost. Once the asset is available for use, depreciation is calculated at rates estimated to write off the cost of the relevant assets, less any estimated residual value, on either a straight-line basis or reducing balance basis over their expected useful lives.

Plant and machinery	-	10% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% 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 INTANGIBLE ASSETS

All intangible assets are stated at their amortised cost or fair value at initial recognition less any provision for impairment. Amortisation is calculated at rates estimated to write off the cost of the relevant asset on a straight-line basis over their expected useful lives. Amortisation is charged to administrative expenses in the statement of comprehensive income.

Intellectual property – 10 years

2.8 STOCKS AND WORK IN PROGRESS

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

2.9 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 2019

2.10 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.

2.11 RESEARCH AND DEVELOPMENT

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

2.12 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.

2.13 DEFERRED TAX

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

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

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

2.14 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 2019

2.15 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

The probability of a profitable outcome and stage of completion of the contract is determined by regular review by management of project milestones, actual costs against budgeted costs, forecast costs to complete and any other pertinent information.

The above estimates are made internally by the Group and any changes of these estimates will result in a corresponding change in revenue and profit. Any potential losses on contracts are considered and appropriately recognised immediately upon occurrence, while contract revenue which cannot be estimated reliably is recognised only after confirmed by written agreement.

Share based payments

The calculation of the fair value of share-based payments at the grant date impacts the profit or loss over the vesting period. The magnitude of the fair value is primarily determined by the estimated volatility. The volatility has been based on historical share price movement, but this is not necessarily representative of future volatility.

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2019

3. TURNOVER

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

A geographical analysis of turnover is as follows:

	2019 £'000	2018 £'000
United Kingdom	1,952	617
Rest of Europe	15,525	12,433
Rest of world	39,785	24,001
	<u>57,262</u>	<u>37,051</u>

Revenues are derived from the following:

	2019 £'000	2018 £'000
Revenue from sale of goods	49,796	33,304
Revenue from construction contracts	7,466	3,747
	<u>57,262</u>	<u>37,051</u>

4. OPERATING PROFIT

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

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets	995	463
Amortisation of intangible assets	16	-
Operating lease rentals – land & buildings	212	165
Realised loss / (gain) on foreign exchange	130	(150)
Research and development costs charged as an expense	795	478

5. AUDITOR'S REMUNERATION

Fees payable to the Company's auditor in respect of:

	2019 £'000	2018 £'000
Auditor's remuneration – audit fees	18	18
Tax compliance services	28	8
	<u>46</u>	<u>26</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2019

6. STAFF COSTS

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

	2019 £'000	2018 £'000
Wages and salaries	10,782	7,474
Social security costs	1,266	654
Pension costs	400	349
	<u>12,448</u>	<u>8,477</u>

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

	2019 No.	2018 No.
Directors and Commercial	10	9
Engineers and Technicians	126	94
Administration	36	25
	<u>172</u>	<u>128</u>

7. DIRECTORS' REMUNERATION

	2019 £'000	2018 £'000
Emoluments	2,380	1,052
Company contributions to defined contribution pension schemes	66	64
Share based payment charge	426	229
	<u>2,872</u>	<u>1,345</u>

During the year retirement benefits were accruing to 9 Directors (2018: 7) in respect of defined contribution pension schemes. During the year 3 (2018: 5) directors exercised share options.

The highest paid director received remuneration of £220,000 (2018: £179,000) and pension contributions of £2,000 (2018: £8,000).

8. INTEREST RECEIVABLE

	2019 £'000	2018 £'000
Other interest receivable	<u>171</u>	<u>63</u>

ANTHONY BEST DYNAMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2019**

9. TAX

	2019 £'000	2018 £'000
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	650	737
Adjustments in respect of prior periods	<u>(258)</u>	<u>(111)</u>
TOTAL CURRENT TAX	<u>392</u>	<u>626</u>
DEFERRED TAX		
Origination and reversal of timing differences	429	148
Related to share-based payments on exercised options	<u>223</u>	<u>(115)</u>
TOTAL DEFERRED TAX	<u>652</u>	<u>33</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>1,044</u>	<u>659</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2018 – lower than) the standard rate of corporation tax in the UK of 19.0% (2018 – 19.0%) as set out below

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	<u>13,432</u>	<u>8,430</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 – 19.0%)	2,552	1,602
EFFECTS OF:		
Expenses not deductible for tax purposes	324	41
Group relief	(196)	(92)
Other differences	(778)	(392)
Research and development tax credit	(196)	(118)
Adjustments to tax charge in respect of prior periods	(258)	(111)
Patent Box Relief	<u>(404)</u>	<u>(272)</u>
TAX CHARGE FOR THE YEAR (see note above)	<u>1,044</u>	<u>658</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 2019

10. INTANGIBLE ASSETS

	Patents £'000
COST	
At 31 August 2018	-
Additions	<u>228</u>
At 31 August 2019	<u>228</u>
DEPRECIATION	
At 31 August 2018	-
Charge for the year	<u>16</u>
At 31 August 2019	<u>16</u>
NET BOOK VALUE	
At 31 August 2019	<u>212</u>
At 31 August 2018	<u>-</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2019

11. TANGIBLE FIXED ASSETS

	Test Equipment £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Other fixed assets £'000	Land & Buildings £'000	Total £'000
COST							
At 31 August 2018	2,178	479	211	1,246	226	10,841	15,181
Additions	818	73	52	329	85	2,887	4,244
Disposals	-	(5)	-	-	-	-	(5)
At 31 August 2019	2,996	547	263	1,575	311	13,728	19,420
DEPRECIATION							
At 31 August 2018	279	251	75	456	91	379	1,531
Charge for the year	448	34	41	155	49	268	995
On disposals	-	(5)	-	-	-	-	(5)
At 31 August 2019	727	280	116	611	140	647	2,521
NET BOOK VALUE							
At 31 August 2019	2,269	267	147	964	171	13,081	16,899
At 31 August 2018	1,899	228	136	790	135	10,462	13,650

Included within land and buildings is property under the course of construction with a total net book value of £2,858,000 (2018: £164,000). Depreciation will not be charged until the property is ready for use.

12. STOCKS

	2019 £'000	2018 £'000
Raw materials	7,026	3,624
Work in progress	2,549	3,279
	9,575	6,903

The value of inventories (being materials used and consumables) recognised as an expense was £23,823,000 (2018: £15,492,000).

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2019

13. DEBTORS

	2019 £'000	2018 £'000
Trade debtors	9,092	6,489
Other debtors	1,776	1,056
Prepayments and accrued income	1,073	874
Corporation Tax	1,013	-
Amounts due from related parties	1,293	118
Amounts recoverable on construction contracts	1,285	2,189
	<u>15,532</u>	<u>10,726</u>

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

	2019 £'000	2018 £'000
Payments received on account	328	710
Trade creditors	3,279	2,417
Social security and other taxes	200	154
Other creditors	8,826	6,764
Corporation Tax	-	70
Amounts owed by group undertakings	25,768	11,514
	<u>38,401</u>	<u>21,629</u>

15. DEFERRED TAX

	2019 £'000	2018 £'000
At 1 September	116	148
Credit for year	(652)	(32)
	<u>(536)</u>	<u>116</u>
At 31 August	<u>(536)</u>	<u>116</u>

The provision for deferred tax is made up as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances	(768)	(339)
Deferred tax on share options	232	455
	<u>(536)</u>	<u>116</u>

The deferred tax balance is analysed as follows:

	£'000	£'000
Deferred tax asset	232	455
Deferred tax liability	(768)	(339)
	<u>(536)</u>	<u>116</u>

ANTHONY BEST DYNAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2019

16. SHARE CAPITAL

	2019 £'000	2018 £'000
ALLOTTED, CALLED UP AND FULLY PAID		
134,000 Ordinary shares of £1 each	<u>134</u>	<u>134</u>

17. 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 schemes adopted by the Company are equity settled and a charge of £586,000 (2018: £659,000) has been charged to the profit or loss relating to these options.

Summary of movements in share options

	Number of shares	Weighted average exercise price (pence)
Outstanding at 1 September 2018	912,534	395
Options and awards granted	100,000	1230
Options and awards exercised	(405,948)	395
Options and awards lapsed	(129,840)	395
Outstanding at 31 August 2019	476,746	570
Exercisable at 31 August 2019	376,746	395
Outstanding at 1 September 2017	1,337,122	395
Options and awards granted	-	-
Options and awards exercised	(424,588)	395
Options and awards lapsed	-	-
Outstanding at 31 August 2018	912,534	395
Exercisable at 31 August 2018	912,534	395

The weighted average share price on the date of exercise was 2179p (2018: 940p). The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 7.6 years (2018: 7.8 years).

The fair values of the share option awards granted were calculated using Black Scholes option pricing model. The inputs into the model for options granted in 2019 (none granted in 2018) were as follows:

Stock price	1315p
Exercise price	1230p
Interest rate	0.75%
Volatility	40%
Time to maturity	10 years

The expected volatility was determined with reference to the published share price.

For the options granted in 2019 one third of the options will vest on each of the first, second and third anniversary of the grant date of 9 November 2018 subject to the employees remaining employed by the Company.

Warrants: There are no warrants outstanding at 31 August 2019.

ANTHONY BEST DYNAMICS LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
for the year ended 31 August 2019

18. DIVIDENDS

	2019 £'000	2018 £'000
Dividends paid to Parent Company	<u>1,500</u>	<u>1,250</u>

19. OPERATING LEASE COMMITMENTS

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

	2019 £	2018 £'000
Property leases		
Payable within one year	114	128
Payable within 2-5 years	<u>54</u>	<u>42</u>
	<u>168</u>	<u>170</u>

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 £48,000 (2018 - £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.

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. A copy of the consolidated financial statements is available from Companies House.

ANTHONY BEST DYNAMICS LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
for the year ended 31 August 2019**

22. INVESTMENTS

Anthony Best Dynamics Ltd owns 100% of the ordinary share capital of AB Dynamics Europe GmbH, Vogelsang 11, D-35398 Giessen, Germany, and 100% of the ordinary share capital of AB Dynamics 2013 Ltd, Middleton Drive, Bradford On Avon, Wiltshire, BA15 1GB, which is dormant.

	Investment in subsidiary company £'000
Cost or valuation	
At 31 August 2018	22
Additions	<u>756</u>
At 31 August 2019	<u>778</u>

23. CAPITAL COMMITMENTS

At 31 August 2019, the Company had capital commitments as follows:

	2019 £	2018 £'000
Contracted but not provided in these financial statements	<u>478</u>	<u>216</u>
	<u>478</u>	<u>216</u>