

Registered number: 01658222

# **ANTHONY BEST DYNAMICS LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 August 2020**



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**ANTHONY BEST DYNAMICS LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

JM Routh  
SL Matthews-DeMers (appointed 4 November 2019)  
MSJ Allman (appointed 1 August 2020)

**COMPANY SECRETARY**

F.E 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

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**ANTHONY BEST DYNAMICS LIMITED**

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**STRATEGIC REPORT**  
**for the year ended 31 August 2020**

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**Strategic report for the year ended 31 August 2020**

The Directors present the Strategic Report of Anthony Best Dynamics Ltd for the year ended 31 August 2020.

**Business Review**

The principal activities of the business include the manufacture of automotive test systems across a range of applications, from validation and durability to the development of advanced technologies for active safety and autonomous driving.

The company delivered an operating profit of £6.0m (2019: £13.3m) despite the challenges of the COVID-19 pandemic. Investment in product development has continued and the build of the new Engineering Design Centre has progressed with opening planned in early 2021. Throughout the period of the COVID-19 lockdown manufacture and track testing has continued although installation and commissioning was delayed for some projects.

Revenue decreased to £47.6m (2019: £57.3m). At the half year revenue growth was 12% at £29.0m (2019: £25.8m), however the second half suffered from the impact of COVID-19. Despite the overall revenue reduction, sales of LaunchPads grew 88% due to new requirements for Euro-NCAP testing. Revenue from the Suspension Parameter Measurement Machine (SPMM) contracts also increased by 14% as a result of continued demand from China. The mix of track test products grew to 87.7% (2019: 87.0%) due to growth in ADAS product ranges. Laboratory Testing revenue was impacted by reduced Simulator sales however increased interest in this area indicates that sales will improve during 2021.

The balance sheet remains in a strong position with cash at the year end of £14.4m (2019: £33.1m)

The Company has made good progress against our strategic priorities. Several new products have been delivered to the market during the year, including the aNVH, Halo driving robot, GST120, LaunchPad 60 and Static Simulator.

There has been further investment in strengthening and developing the management team combined with a staffing restructure. Investment in business systems continues with the implementation of an ERP system planned for 2021.

Anthony Best Dynamics reported a resilient performance in 2020, against a backdrop of challenging market conditions due to COVID-19. The strong cash position enabled the company to continue with investment plans and the outlook for 2021 is positive.

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## ANTHONY BEST DYNAMICS LIMITED

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### STRATEGIC REPORT for the year ended 31 August 2020

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#### Principal risks and uncertainties

The Company is part of AB Dynamics plc (AB Dynamics Group). The risks and uncertainties relating to the AB Dynamics Group and its subsidiaries are also applicable to the Company and they are disclosed in the AB Dynamics plc annual report and accounts for the year ended 31 August 2020. The directors are of the opinion that there are no other risks and uncertainties specific to the Company which require disclosure. Likewise, environmental and employee matters relating to the AB Dynamics Group also apply to the Company and are disclosed in the AB Dynamics plc annual report and accounts for the year ended 31 August 2020.

The Company has also considered the impact of COVID-19 on its risk profile. The directors consider the Company position to be consistent with that of the Group.

The following section provides an overview of the principal risks and uncertainties:

<b>Risk</b>	<b>Mitigation</b>
<u>Strategic:</u> COVID-19	<ul style="list-style-type: none"><li>• Development work required despite automotive downturn</li><li>• Manufacturing is spread across several sites with protective measures implemented</li><li>• Safety stocks held and dual sourcing implemented</li><li>• Cash conservation measures implemented</li></ul>
Downturn or instability in major markets	<ul style="list-style-type: none"><li>• Revenue spread across a range of geographic markets.</li><li>• Active safety and autonomous vehicle technology required despite automotive downturn.</li><li>• Reviewing options for entering adjacent markets.</li><li>• Constant monitoring of market trends, drivers and needs to ensure market leadership</li></ul>
Loss of major customers and change in customer procurement processes	<ul style="list-style-type: none"><li>• Largest customer during FY20 represents 5% of Company revenues.</li><li>• Continued product development and high levels of customer service to retain key customers.</li><li>• Long-term relationships with all key customers</li></ul>
Failure to deliver new products	<ul style="list-style-type: none"><li>• New product development process implemented</li></ul>
Dependence on external routes to market	<ul style="list-style-type: none"><li>• Transitioning the Company to a direct sales model in key territories with group offices in Germany, the USA and Japan.</li><li>• The Company will maintain agents and resellers in other territories as appropriate</li><li>• Risks relating to financial consequences are understood and all transitions managed to minimise potential quantum of termination payments</li></ul>
<u>Operational</u> Cybersecurity and business interruption	<ul style="list-style-type: none"><li>• External cyber audit completed during 2019 and recommended actions being implemented.</li><li>• Implementation of a new cloud-based CRM/ERP system during 2020/21.</li><li>• Implementation of enhanced security for remote access</li></ul>

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## ANTHONY BEST DYNAMICS LIMITED

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### STRATEGIC REPORT for the year ended 31 August 2020

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<b>Risk</b>	<b>Mitigation</b>
Competitor actions	<ul style="list-style-type: none"><li>• Constant product and technology development</li><li>• Monitoring of competitors and the IP/patents to ensure no infringement on Company intellectual property</li></ul>
Loss of key personnel	<ul style="list-style-type: none"><li>• Monitoring of competitor product launches and territory actions</li><li>• Expansion of staff headcount and specific actions around succession planning</li><li>• 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</li><li>• Recruitment and training of new management</li><li>• Broadening of the senior management team</li></ul>
Threat of disruptive technology	<ul style="list-style-type: none"><li>• Constant horizon scanning of new technologies</li><li>• Engagement with customers and regulators to ensure we meet their current and future requirements</li></ul>
Product liability	<ul style="list-style-type: none"><li>• Robust product development process ensuring products are safe and fit for purpose.</li><li>• Established quality system to ensure that manufactured products meet the design standard.</li><li>• Suitably qualified and experienced engineering and technology staff.</li><li>• Product liability insurance policy in place.</li></ul>
Failure to manage growth	<ul style="list-style-type: none"><li>• Strategic priority placed on Company's capability and capacity</li><li>• Implementation of a five-year financial model which determines requirements for people, facilities and equipment</li><li>• Two new facilities currently under construction</li><li>• Implementation of appropriate IT infrastructure through comprehensive CRM/ERP system</li><li>• Overseas offices established by the Group in the USA, Germany and Japan to support customers and product installed base</li></ul>
<u>Financial</u>	
Foreign currency	<ul style="list-style-type: none"><li>• Group Finance function monitors currency exposure forecasts.</li><li>• Majority of the Company's revenues are contracted in GBP.</li></ul>
Credit risk	<ul style="list-style-type: none"><li>• Use of foreign currency contracts to hedge where appropriate.</li><li>• Risk is assessed on a case by case basis and payment terms established according to risk.</li><li>• Advance payments and letters of credit used where appropriate.</li></ul>
<u>Compliance</u>	
Intellectual property/patents	<ul style="list-style-type: none"><li>• The Company has patented technology where appropriate that covers the key sales territories.</li><li>• Where products are not able to be protected through patents, design features and/or encryption is used to protect the core IP.</li><li>• Continual review of current patent and IP status and review of new products/technology conducted to ensure IP is protected.</li></ul>

**STRATEGIC REPORT  
for the year ended 31 August 2020**

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**Section 172 Statement**

In accordance with section 172 of the Companies Act 2006 each of our directors acts in the way that he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. Our directors have regard, amongst other matters, to:

- Customers – The Company works with the biggest names in the automotive industry (including OEMs, proving grounds and motorsport teams). By focusing on their needs, we aim to improve our performance and build our relationships to promote the success of the Company.
- Employees - The engagement and commitment of our employees is key to the Company's resilience and continuing success.
- Supply chains - Our external supply chains are an integral part of our business and effective engagement with our suppliers is an essential element of our ability to perform.
- Communities - The Company has long-term links with the communities within which it operates.

From the perspective of the Board, as a result of the Group governance structure, whereby two of the Company's directors are also the Group executive directors and the Company being the largest UK subsidiary in the Group, the matters that it is responsible for considering under s172 have been considered to an appropriate extent by the Group Board in relation both to the Group and to the Company. The Board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Group Board has considered the matters set out in s172 (for the Group and for the Company) is set out on pages 56-57 of the Group's annual report, which does not form part of this report.

**Employee engagement**

The Company recognises that its people are critical to our ability to deliver our strategic goals. It is the Company's objective to ensure that the workplace is safe and inclusive, welcomes diversity and offers everyone the chance to develop to their full potential. Maintaining employee motivation and teamwork is also recognised by the Board as being essential to achieving the Company's business objectives and delivering its performance goals during these unprecedented times.

Ownership of shares in AB Dynamics plc (the ultimate parent) is encouraged under the AB Dynamics Company Share Option Scheme under which the Company provides employees with shares at a fixed value set on the grant date.

The Company values the commitment of its employees and recognises the importance of communication to maintain trust and confidence between management and personnel. Historically this has been achieved through the Executive Management Group (EMG), management briefings, internal announcements, the Group's website and the distribution of preliminary and interim announcements and press releases. However, the importance of such communications has been elevated during the COVID-19 pandemic Health and safety reporting and the various national lockdowns that resulted in many staff working remotely from home.

**STRATEGIC REPORT**  
**for the year ended 31 August 2020**

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Throughout the periods of lockdown, the Company made frequent updates to its employees. These updates were primarily delivered by the Group's CEO, James Routh (a Director of the Company), and covered everything from the various government rule changes and the actions taken by the Company to ensure a continued safe working environment through to Company performance, and were well received.

The Company is also committed to listening to its employees and engaging with them on the matters that concern them most. The Group implemented two employee engagement surveys during the year. These surveys invited the Company's employees to answer questions and provide feedback on a range of issues including how staff were dealing with the challenges related to COVID-19 and how the Company (and the Group where appropriate) could provide support.

The surveys were received positive levels of engagement (ca. 70–80% response rate). The Company provided a summary of the survey responses and actioned a number of initiatives aimed at addressing the concerns raised by staff, including the rolling out of training in mental health awareness for managers, and specific training aimed at supporting home working personnel covering mental health awareness, display screen equipment and cyber security.

The Company actively recognises its responsibility under Health and Safety legislation and has conducted extensive training in this area. Whilst classroom based training had to be curtailed due to COVID-19, the Company has moved a significant amount of training online.

It also undertakes to discharge its responsibilities for the care of the environment through the integration of environmental issues with its core business strategy. The Company has made several key decisions through the year to reduce its carbon emissions, and improve its energy efficiency these include:

- changing its energy provider to Engie (who offer 100% UK generated renewable power from certified renewable sources and is fully certified as zero carbon emissions by UK Renewable Energy) Guarantees of Origin ('REGOs'),
- installing window film to reduce glare and heat transfer from the large and exposed glass façades at Company's Middleton Drive building,
- a review of the controls and settings of the Middleton Drive, to relax the heating/cooling requirements and when combined with the introduction of daily/weekly timers, this should prevent excessive heating and cooling and reduce system usage during non-working hours, and
- the proposed installation of solar panels on the roof of the existing Middleton Drive building, for which the Company received planning permission in August 2020 (installation should be completed in the new financial year).



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## ANTHONY BEST DYNAMICS LIMITED

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### DIRECTORS' REPORT for the year ended 31 August 2020

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The directors present the annual report and audited financial statements for AB Dynamics Limited for the year ended 31 August 2020 (Company number: 01658222).

#### Political and charitable contributions

The Company made no political donations or expenditure during the year (2019: £nil). The Company made charitable donations of £15,750 (2019: £23,800) during the year.

#### Research and development

Total expenditure on research and development in the year was £1,000,000 of which £225,000 was capitalised (2019: £800,000 of which £nil was capitalised). The development of new products is important to maintain the Company's market position and we continue to provide innovative solutions to our customers' needs.

#### Creditor payment policy

While there is no formal code or standard, it is Company policy to settle terms of payment with creditors when agreeing the terms of each transaction and to abide by creditors' terms of payment provided that the supplier is also complying with all relevant terms and conditions.

#### Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

#### Financial risk management objectives and policies

The Company is part of AB Dynamics plc (AB Dynamics Group). The financial risk management objectives and policies relating to the AB Dynamics Group and its subsidiaries are also applicable to the Company and they are disclosed in the AB Dynamics plc annual report and accounts for the year ended 31 August 2020 on page 92. Likewise, environmental and employee matters relating to the AB Dynamics Group also apply to the Company and are disclosed in the AB Dynamics plc annual report and accounts for the year ended 31 August 2020, this includes how the Group manages financial risks.

The key financial risks the company is exposed to are:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

#### Future developments

Whilst being mindful of macroeconomic uncertainty and the impact of COVID-19, the orderbook remains strong and growth is expected during 2021. We expect full year operating margins to show progress in 2021 and to return closer to prior year levels.

#### Dividends

A dividend of £10,000,000 was paid in the year (2019: £1,500,000).

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**ANTHONY BEST DYNAMICS LIMITED**

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**STRATEGIC REPORT**  
**for the year ended 31 August 2020**

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**Going concern**

The world is in the midst of a global pandemic and the impact of (COVID-19) is far reaching. The impact on the business has been mild in comparison to industry peers. Production has continued with minimal disruption with the required policies and procedures being implemented to ensure the safety of employees and customers. The company has remained very resilient despite the impact that the pandemic is having on the global economy.

Management has performed an assessment of the company's ability to continue to operate as a going concern by assessing budgets and forecasts, liquidity and future outlook. The company shows a strong cash position at 31 August 2020 of £14.4m (2019: £33.1m). In addition to this the Company shows a strong net current asset position at 31 August 2020 of £11.5m (2019: £19.8m). The Company has sufficient headroom to be able to continue to operate for the foreseeable future. The directors believe the Company is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the Company will have adequate resources to continue in operation for at least twelve months from the signing date of the financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Approved by the board on 17 March 2021

**M Allman**  
**Director**



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## ANTHONY BEST DYNAMICS LIMITED

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### DIRECTORS' REPORT for the year ended 31 August 2020

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#### Directors

The directors who served during the year and subsequently are as follows:

A Best (resigned 1 December 2020)  
N Best (resigned 1 December 2020)  
JM Routh  
SL Matthews-DeMers (appointed 4 November 2019)  
MSJ Allman (appointed 1 August 2020)  
M J Hubbard (resigned 10 June 2020)  
A W Rumble (resigned 18 October 2019)  
S J Needs (resigned 18 October 2019)  
C P Martin (resigned 18 October 2019)  
AJ Pick (resigned 18 October 2019)  
AJ Simms (resigned 18 October 2019)

#### Directors' indemnification

The Company's articles of association provide for the directors and officers of the Company to be appropriately indemnified, subject to the provisions of the Companies Act 2006. The Company purchases and maintains insurance for the directors and officers of the Company in performing their duties, as permitted by section 233 Companies Act 2006.

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

#### Events after the balance sheet date

On 4 February 2021, AB Dynamics plc entered into a revolving credit facility for £15,000,000. The Company is a guarantor under this agreement. There has been no draw down against this facility at the date of signing the financial statements.

The directors confirm that there are no other events after the balance sheet date which require disclosure.

#### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Crowe LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board on 17 March 2021 and signed on its behalf.



**Dr James Routh**  
Director

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**ANTHONY BEST DYNAMICS LIMITED**

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**DIRECTORS' REPORT**  
**for the year ended 31 August 2020**

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**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"). Under company law 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, directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

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## ANTHONY BEST DYNAMICS LIMITED

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

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#### Opinion

We have audited the financial statements of Anthony Best Dynamics Limited for the year ended 31 August 2020, 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 101 '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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

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

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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 9, 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.

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**ANTHONY BEST DYNAMICS LIMITED**

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

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**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](http://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

17 March 2021

**ANTHONY BEST DYNAMICS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 August 2020

		2020 £'000	2019 £'000
Turnover	3	47,556	57,262
Cost of sales		<u>(27,682)</u>	<u>(29,995)</u>
<b>GROSS PROFIT</b>		<b>19,874</b>	<b>27,267</b>
Administrative expenses		<u>(12,634)</u>	<u>(13,420)</u>
<b>OPERATING PROFIT BEFORE SHARE BASED PAYMENT COSTS</b>		<b>7,240</b>	<b>13,847</b>
Share based payment costs		<u>(1,282)</u>	<u>(586)</u>
<b>OPERATING PROFIT</b>	<b>4</b>	<b>5,958</b>	<b>13,261</b>
Interest payable	8	(3)	-
Interest receivable	8	<u>209</u>	<u>171</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		<b>6,164</b>	<b>13,432</b>
Tax credit / (charge) on profit on ordinary activities	9	<u>421</u>	<u>(1,044)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>6,585</b></u>	<u><b>12,388</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>6,585</b></u>	<u><b>12,388</b></u>

All amounts relate to continuing operations.

There was no other comprehensive income for 2020 (2019: Nil).

The notes on pages 16 to 33 form part of these financial statements.



**ANTHONY BEST DYNAMICS LIMITED**

**STATEMENT OF FINANCIAL POSITION**  
as at 31 August 2020

	Note	£'000	2020 £'000	£'000	2019 £'000
<b>FIXED ASSETS</b>					
Intangible assets	10		421		212
Property, plant and equipment	11		22,537		16,899
Right-of-use assets	12		58		-
Investments	23		778		778
Deferred tax assets	16		581		232
			<u>24,375</u>		<u>18,121</u>
<b>CURRENT ASSETS</b>					
Stocks	13	7,536		9,575	
Debtors	14	18,691		15,532	
Cash at bank		<u>14,434</u>		<u>33,115</u>	
		40,661		58,222	
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(29,148)</u>		<u>(38,401)</u>	
<b>NET CURRENT ASSETS</b>			11,513		19,821
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			35,888		37,942
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	16		<u>(847)</u>		<u>(768)</u>
<b>NET ASSETS</b>			<u>35,041</u>		<u>37,174</u>
<b>CAPITAL AND RESERVES</b>					
Share based payment reserve			4,325		3,043
Called up share capital	17		134		134
Share premium account			43		43
Capital redemption reserve			63		63
Profit and loss account			<u>30,476</u>		<u>33,891</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>35,041</u>		<u>37,174</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf  
On 17 March 2021



**M Allman**  
Director

COMPANY REGISTRATION NUMBER: 01658222

The notes on pages 16 to 33 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 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
Share based payments	1,282	-	-	-	-	1,282
Profit after tax and total comprehensive income for the financial year	-	-	-	-	6,585	6,585
Dividend paid	-	-	-	-	(10,000)	(10,000)
At 31 August 2020	4,325	134	43	63	30,476	35,041

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## ANTHONY BEST DYNAMICS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2020

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#### 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 Company is the design, manufacture and development of advanced testing and measurement products and services to the global automotive industry. The Company'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

For the financial year ended 31 August 2020, the Company elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The purpose of this was to align the Company's accounting policies with the Group's policies. This transition is not considered to have had a material effect on the financial statements.

The financial statements have been prepared under the historical cost convention as modified in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 Reduced Disclosure Framework requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see Note 2.15).

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101:

- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of cash flows
- IAS 8 Accounting Policies, Chased in Accounting Estimates and Errors
- IAS 24 Related Party Disclosures
- IAS 36 Impairment of Assets
- IFRS 1 First time adoption of International Financial Reporting Standards
- FRS 2 Share-based payments
- IFRS 7 Financial instruments

The exemption as allowed in paragraph 4(a) of IFRS 10 has been adopted therefore the company elects not to prepare consolidated financial statements and instead prepares separate financial statements for Anthony Best Dynamics Limited. The consolidated results are included in the consolidated financial statement of AB Dynamics Plc

The information is included in the consolidated financial statements of AB Dynamics Plc as at 31 August 2020. Copies of the latest financial statements of that company are available from its registered office or from Companies House.

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 August 2020**

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**2.2 GOING CONCERN**

The Company's activities and an outline of the developments taking place in relation to its products, services and marketplace are considered in the Director's Report. The principal risks and uncertainties and mitigations are included in the Strategic Report.

With £14.4m of cash at 31 August 2020, the Company has sufficient headroom to be able to continue to operate for the foreseeable future. The Directors believe that the Company is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Company will have adequate resources to continue in operation for at least twelve months from the signing date of the financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**2.3 REVENUE**

Revenue represents the value, net of sales taxes, of goods sold and services provided to customers. Revenue is disaggregated into the following two categories:

- Revenue from track testing systems, principally in relation to the robotic systems which are constructed and supplied to a customer within twelve months and where there is no significant degree of customisation, 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 Company. Guarantees and servicing arrangements have standard pricing, which management considers reflects fair value, and these prices are allocated to the separate performance obligations.
- Revenues on laboratory testing and simulation. 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 Company 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 August 2020**

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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.

Contract assets (accrued revenue) and contract liabilities (amounts received in advance of performance delivery) are recognised separately. Business development and other pre-contract costs are expensed as incurred.

## **2.4 CONSTRUCTION CONTRACTS**

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 Company 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 of the milestone reached.

## **2.5 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.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 August 2020

**2.6 LEASES**

The company adopted IFRS 16, 'Leases' on 1 September 2019. IFRS 16 introduces new requirements for lessee and lessor accounting, with the distinction between operating lease and finance lease no longer applying for lessees. Under IFRS 16, a lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value when new. The new standard also requires depreciation of the asset to be recognised separately from the interest expense on the lease liability.

The new standard has been applied using the modified retrospective approach, therefore there was no impact on retained earnings. Prior periods have not been restated.

The company has elected to apply the following transitional exemptions:

- a) For contracts in place at 1 September 2019, the company has elected to apply the definition of a lease in accordance with IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as leases on transition.
- b) Initial direct costs have been excluded from the measurement of the right-of-use asset for all leases entered into or changed before 1st January 2019.

The company has also elected to make use of the following exemptions provided by IFRS 16:

- a) Leases with a determined lease term of 12 months or less from the commencement of the lease will be treated as short-term and therefore not included in the right-of-use asset or lease liability. Instead, lease costs will be recognised on a straight-line basis across the life of the lease.
- b) Leases for which the underlying asset is of low value when new will be exempt from the requirements to value a right-of-use asset and lease liability. Instead, lease costs will be recognised on a straight-line basis across the life of the lease. To apply this exemption, a threshold of £5,000 has been utilised to define "low value".
- c) Lease and non-lease components will not be separated; therefore, each lease component and any associated non lease component will be accounted for as a single component.
- d) Where applicable, IFRS 16 will be applied to a portfolio of leases with similar characteristics.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities was 3.0%

The following is a reconciliation of total operating lease commitments at 31 August 2019 to the lease liabilities recognised at 1 September 2019:

	<b>2020</b>
	<b>£'000</b>
Total operating lease commitments disclosed at 31 August 2019	<b>168</b>
Recognition exemptions:	
– leases of low value assets	-
– leases with remaining lease term of less than twelve months	-
Operating lease liabilities before discounting	<b>168</b>
Discounted using incremental borrowing rate	<b>(2)</b>
Total lease liabilities recognised under IFRS 16 at 1 September 2019	<b>166</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 August 2020**

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**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

Capitalised Research & Development – 5 years

**2.8 STOCKS AND WORK IN PROGRESS**

Stocks and work in progress are valued on a 'first in, first out' basis 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 FOREIGN CURRENCIES**

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

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

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

**2.10 RESEARCH AND DEVELOPMENT**

Research expenditure is written off as incurred. Development costs are written off as incurred unless forecast revenues for a particular project exceed attributable forecast development costs, in which case they are capitalised and amortised on a straight-line basis over the asset's estimated useful life. Costs are capitalised as intangible assets unless physical assets, such as tooling, exist when they are classified as property, plant and equipment.

**2.11 FINANCIAL INSTRUMENTS**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 August 2020

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**2.12 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.

**2.13 EMPLOYEE BENEFITS**

*Short-term benefits*

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

*Defined contribution plans*

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

**2.14 SHARE BASED PAYMENTS**

Employees (including Directors) of the Company receive remuneration in the form of share based payment transactions, whereby these individuals render services as consideration for equity instruments ('equity-settled transactions'). These individuals are granted share option rights which allow them to acquire shares of the parent company AB Dynamics Plc. No cash-settled awards have been made or are planned.

The cost of equity-settled transactions is recognised over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award ('vesting point'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments and value that will ultimately vest. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of share based remuneration is determined at the date of grant and recognised as an expense in profit or loss on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of the Black Scholes model.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 August 2020**

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**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 Company 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.

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**ANTHONY BEST DYNAMICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 August 2020**

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**3. TURNOVER**

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

A geographical analysis of turnover is as follows:

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
United Kingdom	<b>796</b>	1,952
Rest of Europe	<b>12,541</b>	15,525
Rest of world	<b>34,219</b>	39,785
	<b>47,556</b>	57,262

Revenues are derived from the following:

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Revenue from sale of goods	<b>41,691</b>	49,796
Revenue from construction contracts	<b>5,865</b>	7,466
	<b>47,556</b>	57,262

**4. OPERATING PROFIT**

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Depreciation of tangible fixed assets	<b>1,209</b>	995
Amortisation of intangible assets	<b>23</b>	16
Operating lease rentals – land & buildings	-	212
Realised gain on foreign exchange	<b>(69)</b>	(130)
Research and development costs charged as an expense	<b>757</b>	795

**5. AUDITOR'S REMUNERATION**

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Auditor's remuneration – audit fees	<b>48</b>	18
Tax compliance services	-	28
	<b>48</b>	46

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**ANTHONY BEST DYNAMICS LIMITED**

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**6. STAFF COSTS**

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

	2020 £'000	2019 £'000
Wages and salaries	8,781	10,782
Social security costs	863	1,266
Pension costs	523	400
	<u>10,167</u>	<u>12,448</u>

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

	2020 No.	2019 No.
Directors and Commercial	10	10
Engineers and Technicians	131	126
Administration	49	36
	<u>190</u>	<u>172</u>

**7. DIRECTORS' REMUNERATION**

	2020 £'000	2019 £'000
Emoluments	74	2,380
Company contributions to defined contribution pension schemes	6	66
Share based payment charge	20	426
	<u>100</u>	<u>2,872</u>

During the year retirement benefits were accruing to 6 Directors (2019: 9) in respect of defined contribution pension schemes. During the year 5 (2019: 3) directors exercised share options.

The highest paid director received remuneration of £13,000 (2019: £220,000), pension contributions of £1,200 (2019: £2,000) and share based payment charge £3,000 (2019: nil)

The emoluments of 5 directors are paid by the parent company. Their services to this company and other subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to the services to the parent company. The above details do not include emoluments for these directors.

**8. INTEREST INCOME AND EXPENSE**

	2020 £'000	2019 £'000
Other interest receivable	209	171
Interest income	<u>209</u>	<u>171</u>
Interest payable on finance leases	3	-
Interest expense	<u>3</u>	<u>-</u>

# ANTHONY BEST DYNAMICS LIMITED

## 9. TAX

	2020 £'000	2019 £'000
<b>ANALYSIS OF TAX (CREDIT) / CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	-	650
Adjustments in respect of prior periods	(151)	(258)
<b>TOTAL CURRENT TAX</b>	<u>(151)</u>	<u>392</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(282)	429
Related to share-based payments on exercised options	12	223
<b>TOTAL DEFERRED TAX</b>	<u>(270)</u>	<u>652</u>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>(421)</u>	<u>1,044</u>

### FACTORS AFFECTING TAX (CREDIT) / CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2019 – lower than) the standard rate of corporation tax in the UK of 19.0% (2019 – 19.0%) as set out below

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	<u>6,164</u>	<u>13,432</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 – 19.0%)	1,171	2,552
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	47	324
Change in deferred tax rate	90	
Group relief	(209)	(196)
Other differences	(706)	(778)
Research and development tax credit	(274)	(196)
Adjustments to tax charge in respect of prior periods	(451)	(258)
Patent Box Relief	<u>(89)</u>	<u>(404)</u>
<b>TAX (CREDIT) / CHARGE FOR THE YEAR</b> (see note above)	<u>(421)</u>	<u>1,044</u>

### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Factors that may affect future tax charges include future changes to the corporation tax rate, should the changes announced in the March 2021 Budget Statement become substantively enacted.

# ANTHONY BEST DYNAMICS LIMITED

## 10. INTANGIBLE ASSETS

	Patents £'000	R&D £'000	Total £'000
<b>COST</b>			
At 31 August 2019	228	-	228
Additions	7	225	232
<b>At 31 August 2020</b>	<b>235</b>	<b>225</b>	<b>460</b>
<b>DEPRECIATION</b>			
At 31 August 2019	16	-	16
Charge for the year	23	-	23
<b>At 31 August 2020</b>	<b>39</b>	<b>-</b>	<b>39</b>
<b>NET BOOK VALUE</b>			
<b>At 31 August 2020</b>	<b>196</b>	<b>225</b>	<b>421</b>
At 31 August 2019	212	-	212

**ANTHONY BEST DYNAMICS LIMITED**

**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
<b>COST</b>							
At 31 August 2019	2,996	547	263	1,575	311	13,728	19,420
Additions	10	-	-	442	71	6,191	6,714
Disposals	(14)	(12)	-	(112)	(21)	(15)	(174)
<b>At 31 August 2020</b>	<b>2,992</b>	<b>535</b>	<b>263</b>	<b>1,905</b>	<b>361</b>	<b>19,904</b>	<b>25,960</b>
<b>DEPRECIATION</b>							
<b>At 31 August 2019</b>	727	280	116	611	140	647	2,521
Charge for the year	524	38	37	176	62	239	1,076
On disposals	(19)	(7)	-	(112)	(21)	(15)	(174)
<b>At 31 August 2020</b>	<b>1,232</b>	<b>311</b>	<b>153</b>	<b>675</b>	<b>181</b>	<b>871</b>	<b>3,423</b>
<b>NET BOOK VALUE</b>							
<b>At 31 August 2020</b>	<b>1,760</b>	<b>224</b>	<b>110</b>	<b>1,230</b>	<b>180</b>	<b>19,033</b>	<b>22,537</b>
At 31 August 2019	2,269	267	147	964	171	13,081	16,899

Included within land and buildings is property under the course of construction with a total net book value of £8,990,000 (2019: £2,858,000). Depreciation will not be charged until the property is ready for use.

**12. RIGHT-OF-USE ASSETS**

	Land & Buildings £'000	Total £'000
<b>COST</b>		
Transition at 1 September 2019	166	166
Additions	25	25
<b>At 31 August 2020</b>	<b>191</b>	<b>191</b>
<b>DEPRECIATION</b>		
Transition at 1 September 2019	-	-
Charge for the year	133	133
<b>At 31 August 2020</b>	<b>133</b>	<b>133</b>
<b>NET BOOK VALUE</b>		
<b>At 31 August 2020</b>	<b>58</b>	<b>58</b>
At 31 August 2019	-	-

## ANTHONY BEST DYNAMICS LIMITED

	2020 £'000	2019 £'000
<b>MATURITY ANALYSIS OF LEASE LIABILITIES</b>		
Less than one year	68	-
One to five years	1	-
Total undiscounted cash flows	69	-
Discount	-	-
Total lease liabilities	69	-
Current	68	-
Non-current	1	-

Amounts recognised in the income statement:

	2020 £'000	2019 £'000
Depreciation of right-of-use assets	133	-
Interest on lease liabilities	3	-

### 13. STOCKS

	2020 £'000	2019 £'000
Raw materials	7,558	7,026
Work in progress	1,319	2,529
Provision	(1,341)	-
	<u>7,536</u>	<u>9,575</u>

The value of inventories (being materials used and consumables) recognised as an expense was £19,731,000 (2019: £23,823,000).

### 14. DEBTORS

	2020 £'000	2019 £'000
Trade debtors	9,597	9,092
Other debtors	1,673	1,776
Prepayments and accrued income	620	1,073
Corporation tax	2,838	1,013
Amounts due from group undertakings	1,867	1,293
Amounts recoverable on construction contracts	2,096	1,285
	<u>18,691</u>	<u>15,532</u>

**ANTHONY BEST DYNAMICS LIMITED**

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

	2020 £'000	2019 £'000
Payments received on account	704	328
Trade creditors	1,974	3,279
Social security and other taxes	248	200
Other creditors	5,745	8,826
Corporation tax	-	-
Amounts owed to group undertakings	<u>20,477</u>	<u>25,768</u>
	<u>29,148</u>	<u>38,401</u>

**16. DEFERRED TAX**

	2020 £'000	2019 £'000
At 1 September	(536)	116
Charge / (credit) for year	270	(652)
At 31 August	<u>(266)</u>	<u>(536)</u>

The provision for deferred tax is made up as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	(847)	(768)
Other timing differences	361	
Deferred tax on share options	<u>220</u>	<u>232</u>
	<u>(266)</u>	<u>(536)</u>

The deferred tax balance is analysed as follows:

	£'000	£'000
Deferred tax asset	581	232
Deferred tax liability	<u>(847)</u>	<u>(768)</u>
	<u>(266)</u>	<u>(536)</u>

**17. SHARE CAPITAL**

	2020 £'000	2019 £'000
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
134,000 Ordinary shares of £1 each	<u>134</u>	<u>134</u>



## 18. SHARE OPTIONS AND WARRANTS

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

The schemes adopted by the Company are equity settled and a charge of £1,282,000 (2019: £586,000) 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 2019	476,746	570
Options and awards granted	321,951	2,184
Options and awards exercised	(356,571)	475
Options and awards lapsed	-	-
<b>Outstanding at 31 August 2020</b>	<b>442,126</b>	<b>946</b>
<b>Exercisable at 31 August 2020</b>	<b>116,587</b>	<b>395</b>
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
<b>Outstanding at 31 August 2019</b>	<b>476,746</b>	<b>570</b>
<b>Exercisable at 31 August 2019</b>	<b>376,756</b>	<b>395</b>

The weighted average share price on the date of exercise was 2,084p (2019: 2,179p). The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 9.7 years (2019: 7.6 years).

The fair values of the share option awards granted were calculated using Black Scholes option pricing model. The long-term incentive plan awards made in 2020 had targets based on earnings per share total growth and shareholder return. The inputs into the model for awards were as follows:

	Date Awarded			
	17 January 2020	3 December 2019	1 October 2019	1 November 2018
Stock price	2,230p	2,140p	2,140p	1,315p
Exercise price	Nil	2,140p	2,200p	1,230p
Interest rate	0.39%	0.28%	0.38%	0.25%
Volatility	40%	49%	42%	40%
Time to maturity	3 years	1-2 years	1-3 years	1-2 years

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

For the options granted in 2019 and 2020 one third of the options will vest on each of the first, second and third anniversary of the grant date subject to the employees remaining employed by the Company.

The Long-term incentive plan awards vest on the third anniversary of the award date.

# ANTHONY BEST DYNAMICS LIMITED

## 19. DIVIDENDS

	2020 £'000	2019 £'000
Dividends paid to Parent Company	<u>10,000</u>	<u>1,500</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 (2019 - £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. BANK GUARANTEES

The Company has given guarantees, indemnities and bonds not provided in the financial statements amounting to £888,000 (2019: £1,828,000).

## 22. 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 the companies registered office at Middleton Drive, Bradford on Avon, Wiltshire, BA15 1GB.

## 23. 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
<b>Cost or valuation</b>	
At 31 August 2019	778
Additions	-
<b>At 31 August 2019</b>	<u><b>778</b></u>

## 24. CAPITAL COMMITMENTS

At 31 August 2020, the Company had capital commitments as follows:

	2020 £'000	2019 £'000
Contracted but not provided in these financial statements	<u>562</u>	<u>478</u>
	<u><b>562</b></u>	<u><b>478</b></u>

## 25. REVENUE RECOGNITION AND CONTRACT BALANCES

### Contract balances

The company has recognised the following revenue-related contract assets and liabilities:

	2020 £'000	2019 £'000
Contract assets (i)	2,096	1,285
Contract liabilities (ii)	1,314	3,385

#### (i) Significant changes in contract assets

Contract assets have increased by 63% during the year reflecting two new contracts. There are four current contracts at various stages of completion.

#### (ii) Significant changes in contract liabilities

This balance consists of deferred income and payments in advance. This decrease of contract liabilities was due to deferred income which principally relates to a timing of track testing systems invoicing at 31 August 2020 where payments received on account are deferred until the goods have been delivered to the customer.

Within the opening balance of £3,385,000, an amount of £2,970,000 has been recognised in revenue during the period.

### Performance obligations

The performance obligations in relation to the contracts with its customers are as follows:

#### Laboratory testing and simulation

The long-term construction contracts are in relation to the laboratory testing and simulation systems which are highly customised items which typically take more than twelve months to construct and supply these systems to the customers. In the judgement of management, the Company satisfies the performance obligations under these contracts over time. The key determination of this judgement was that the Company's performance does not create an asset with alternative use to the Company and that the Company has an enforceable right to payment for performance completed to date. Payment for these construction contracts is in accordance with an agreed schedule with typical contracts including certain technical and physical completion milestones as payment points for customers. The majority of contracts are expected to result in contract liability balances. These balances arise as these contracts typically provide for an up-front deposit and other payments through the course of the contract.

The consideration for these contracts is agreed in advance between the Company and the customer and is fixed.

Revenue relating to warranties and related obligations is recognised over the period to which these obligations are performed by the Company.

In determining the transaction prices and amounts allocated to performance obligations for these systems, management has consideration to price lists of component parts and standard pricing for servicing and guarantee arrangements.

### Track testing

The contracts in relation to the sale of track testing systems are in relation to the robotic systems which typically take less than twelve months to construct and supply these systems to the customers. In the judgement of management, due to the lower level of customisation required for these items, the relative cost and time required to construct the systems, the Company satisfies the performance obligations under these contracts on delivery to the customer. In making this determination, management has considered when the customer has obtained control of this system, and the principal indicator of this is when the customer has physical possession. Payment for these construction contracts is in accordance with an agreed schedule with typical contracts including certain technical and physical completion milestones as payment points for customers. A typical contract may include a 30% deposit, which is recorded as a contract liability until such time as the performance obligation is met. The consideration for these contracts is agreed in advance between the Company and the customer and is fixed.

Revenue relating to warranties and related obligations is recognised over the period to which these obligations are performed by the Company.

In determining the transaction prices and amounts allocated to performance obligations for these systems, management has consideration to price lists of component parts and standard pricing for servicing and guarantee arrangements.

Remaining performance obligations as at 31 August 2020

	2020 £'000	2019 £'000
<b>Unsatisfied performance obligations</b>		
Laboratory testing and simulation	2,292	3,407
Track testing	3,276	15,093
<b>Partially unsatisfied performance obligations</b>		
Laboratory testing and simulation	922	1,715
Track testing	1,359	2,070

The revenue recognised in the period in relation to the opening balances for laboratory testing and simulation systems amounted to £4,888,000 and for track testing systems amounted to £15,093,000.

The revenue on outstanding performance obligations at 31 August 2020 on the track testing systems will be recognised on delivery of these items, alongside the associated cost of sales, in the following financial year.

The revenue on outstanding performance obligations at 31 August 2020 on laboratory testing and simulation systems will be recognised over time, alongside the associated cost of sales, in the following financial year. The typical length of time for these construction projects is 18–24 months.

### Assets recognised from costs to obtain or fulfil customer contracts

No amounts have been recognised in relation to these categories of assets as at 31 August 2020.