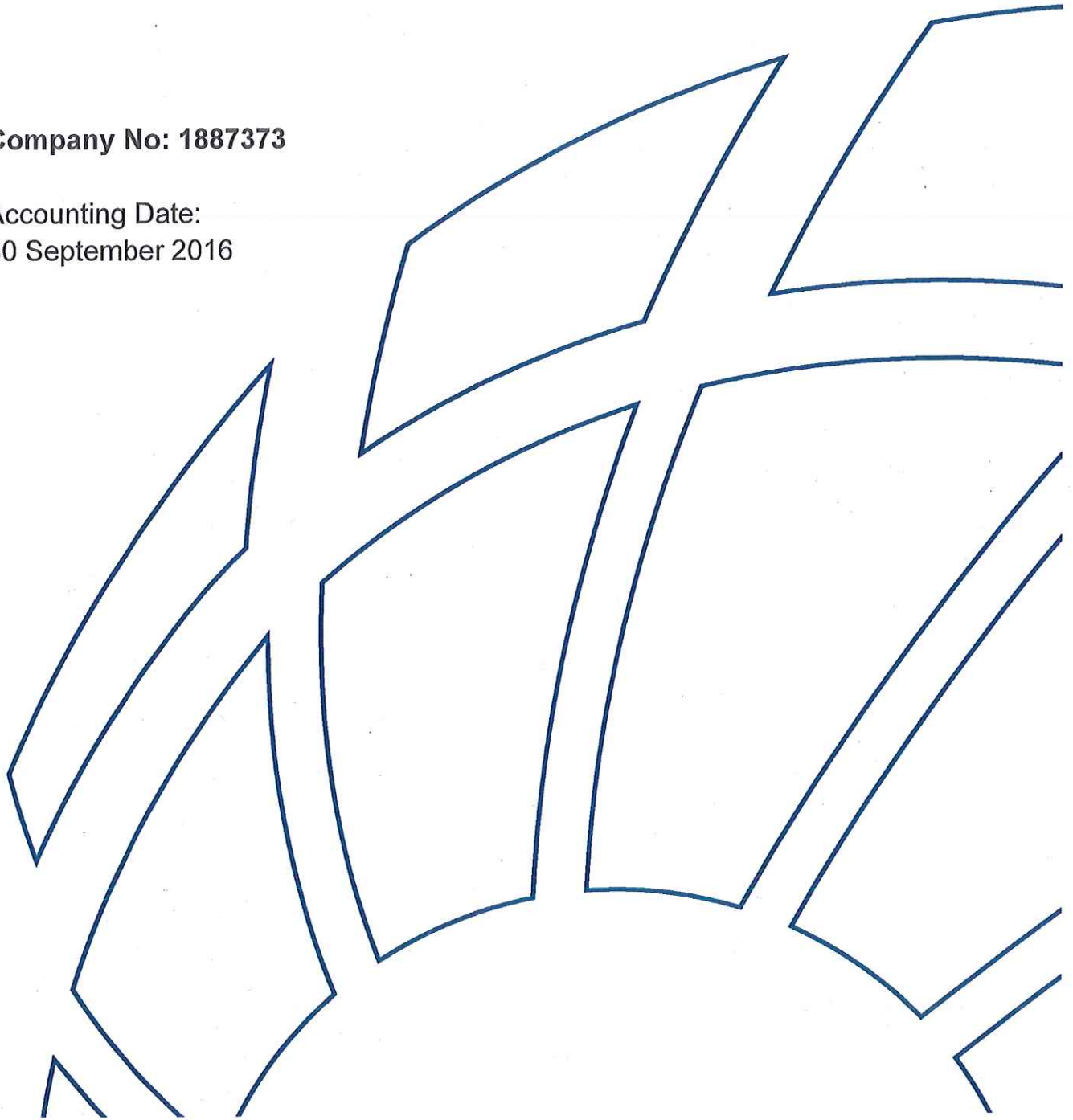


BMT Group Ltd Directors' Reports and Accounts 2016

Company No: 1887373

Accounting Date:
30 September 2016



DIRECTORS

Sir John Hood KNZM - Chairman
Mr P D French - Chief Executive
Mr I R Davies - Deputy Chairman
Mrs W J Barnes
Mr D K McSweeney
Mr C M Packshaw
Professor M H Patel

COMPANY SECRETARY & GENERAL COUNSEL: Mrs T Grey

AUDITOR: RSM UK Audit LLP, Chartered Accountants

SOLICITORS

Freshfields Bruckhaus Deringer LLP
Stevens & Bolton LLP

PRINCIPAL BANKERS

Barclays Bank Plc
HSBC Bank Plc
SunTrust Bank Inc

REGISTERED OFFICE

Goodrich House
1 Waldegrave Road
Teddington
TW11 8LZ
United Kingdom

**INDEPENDENT AND
EMPLOYEE-OWNED**

- wholly focused on what is best for our customers and our staff

**1,500 HIGHLY ENGAGED
PEOPLE**

- Sunday Times 100 best companies to work for

AWARDS

- Recognised around the world for innovation and engineering excellence



"Where will our knowledge take you?"

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STRATEGIC REPORT

BMT is one of the world's leading independent maritime design, engineering and management consultancies. The Company is employee-owned through the BMT Employee Benefit Trust, which is the sole voting member.

OVERALL BUSINESS OBJECTIVE

Our overall objective is to continue to develop our position as a leading independent engineering, science and technology group, principally focused on the maritime domain. By continually enhancing our reputation, we aim to be recognised as THE source of high value insight and knowledge.

STRATEGIC OBJECTIVES

The Board has developed a strategic framework based on four key objectives, as summarised below:

- market positioning: providing business resilience through maintaining a diversified portfolio of businesses;
- knowledge and intellectual capital: encouraging the development of our intellectual capital and exploitation of our knowledge and learning;
- operational excellence: continuous improvement of our organisational effectiveness and efficiency; and
- financial strength: achieving consistent growth in our profit margins and retained earnings.

By realising these objectives, we seek to maintain and develop a sustainable, profitable and competitive business, supported by a diverse customer base. Our key performance indicators are revenue, which we aim to increase each year, and underlying operating profit margin, which we aim to migrate to a level appropriate to a company operating within the high-value consulting sector.

REVIEW OF THE BUSINESS

The group has delivered a satisfactory financial performance in very challenging economic conditions, testament to the strategy of maintaining its diversified portfolio of businesses.

Turnover has fallen by 2.7% to £166.7m (2015: £171.4m), and underlying profit has fallen by 12% to £10.2m (2015: £11.5m). We did not achieve our objective of improving the underlying operating profit margin during this financial year but the outcome of just over 6% is satisfactory given the tough market conditions, albeit the net result has benefited from some higher foreign currency exchange gains due to a weaker pound. We embarked on a cost out programme to right size the business where demand is softer. The very challenging markets are likely to continue and we have invested in the Digital Ship initiative and look forward to the significant opportunities this is likely to bring in future years. The continuing economic uncertainty, particularly in the maritime markets, has also had a significant impact on the energy and transport markets. Given these circumstances, we believe that our current strategic objectives remain appropriate and we will continue to pursue them.

FINANCIAL HIGHLIGHTS

	2016 £'000	2015 £'000
Turnover	166,745	171,442
Total Profit Reconciliation		
Underlying profit before the following items:	10,200	11,534
Digital Ship Initiative (BMT SMART Ltd)	(1,376)	(1,668)
Performance related bonuses in year	(3,788)	(4,253)
Intangible amortisation & impairment	(2,425)	(1,990)
Acquisition & disposal of subsidiaries	-	(364)
Exceptional items:		
Restructuring	(2,277)	(965)
Exchange gains above the norm	1,000	-
Group operating profit	1,334	2,294
Associates	-	(232)
Fair value gain/(loss) on investments	210	(803)
Fair value (loss)/gain on investment properties	(250)	(100)
Gains on investments less net interest payable	726	(620)
Group profit sharing scheme	-	(400)
Profit on ordinary activities before tax	2,020	139
Taxation	(2,981)	(757)
Retained loss for the year	(961)	(618)
Key Performance Indicators		
Underlying profit margin on turnover	6.1%	6.7%
Turnover per employee	£111,386	£111,038
The average number of employees were:	1,497	1,544

Assets and investments

BMT Group's fixed asset investments comprise managed funds with exposure to both equity and bond markets. We took the opportunity to realise a gain on the tracker funds during the year and the resultant cash is being held pending reinvestment. Bond markets and prices increased dramatically in the last quarter of our financial year with a peak during September – this has had a profound impact on our pension liabilities in financial reporting terms. The position has eased subsequently post September.

Impairment provisions of £1,226,000 have been made against goodwill. We have also expensed £565,000 of planning development costs associated with acquiring a long leasehold property in the UK upon which, it is planned, to build Grade A office accommodation for future occupation. These costs, along with the other net extraneous charges of £712,000 (2015: £965,000), have delivered a loss for the year.

PEOPLE

The group is a knowledge-based organisation which sells its technology and expertise. We recognise that the people we employ are our most valuable resource and this is underlined by our Trust ownership structure, which also guards our independence. We continued to develop the skills of our people through training programmes, bringing employees together from all over the world, enriching our network of professionals and administrators across the globe.

Employee engagement is encouraged in a number of ways and the 2016 Employee Engagement Index is a pleasing 77. BMT Group was ranked 153 of 250 in the 2016 survey "Britain's leading private mid-market growth companies" during 2016 and has been recognised as a leading innovator in a number of countries over the last year.

Ethics are a defining feature of our corporate culture and all employees are required to conduct themselves in accordance with an ethics policy, tailored to the needs of their business but ensuring a common standard of ethical behaviour. The objectives of the policy are to:

- encourage people to raise issues and concerns;
- provide clear guidance to all staff on the ethical standards required;
- ensure compliance with relevant legislation, including the UK 2010 Bribery Act; and
- increase transparency relating to the governance of the business.

We are an equal opportunity employer and our Equality and Diversity Policy seeks to ensure that people are treated equally, regardless of their gender, race, colour, age, disability, sexual orientation, religious beliefs, nationality or marital status. It applies to all aspects of employment and is reinforced through the promotion of diversity awareness throughout our business.

The group gives proper consideration to applications for employment from disabled persons. Where an employee becomes disabled, the group endeavours to continue their employment, provided there are duties the employee is capable of performing. When acquiring or modifying properties, the group endeavours to make the property accessible to individuals with a disability.

ENVIRONMENTAL MATTERS

The group takes a responsible attitude towards the environment. Most of our direct environmental impacts relate to the running of our offices and to business travel. We are actively managing the CO₂ emissions associated with both these activities in order to improve year on year.

We participate proactively in the new UK Energy Savings Opportunity Scheme (ESOS). BMT is meeting its obligations and reporting energy consumption over a 12 month period for all its UK activities and recent audit recommendations for improving efficiency are being implemented.

A small number of operating companies act as system integrators or are engaged in the creation of physical products. These products are considered to have very limited capacity for creating adverse environmental impacts. Many of the services provided by our operating companies enable their clients to enhance the environmental performance of their activities. Examples of this include environmental monitoring and impact assessment for extractive industries, green port design, fuel efficiency and carbon reduction in shipping, groundwater remediation and green building assessments. We will continue to take an active role in managing our own environmental impacts alongside the significantly greater positive impacts we are achieving through the advice and technical expertise we are providing to our customers.

RISKS & OPPORTUNITIES

We recognise that effective risk management is fundamental to helping achieve our strategic objectives.

Key risks are:

- *Operational risk*: the company has key internal controls that are clearly documented within its corporate operating standards to mitigate risks associated with an operational failure.

- *Financial investment risk:* senior level committees have been established with specific responsibilities for ensuring the proper governance and integrity of the group's finances, having regard both to funds held internally and to those managed by external managers.
- *Foreign exchange risk:* where possible, each business undertakes commercial transactions in its own functional currency. Where this is not possible, the group manages its foreign exchange risk from commercial transactions using derivative contracts where appropriate.
- *Credit and liquidity risk:* we assess the credit quality of each customer using a combination of external ratings agencies and past experience for trade and other receivables and we closely monitor payment performance both at individual project and client level.
- *Pension risk:* the two closed defined benefit pension schemes are both at risk from the continuance of lower than expected yields on investments. Revised recovery plans have been implemented following actuarial valuations.
- *Recruitment and retention of staff:* we operate profit sharing schemes to reward staff for their contribution and loyalty and benchmark our performance against other companies in key areas such as salary, benefits, rewarding work and approach to social issues. We also conduct regular staff satisfaction surveys to determine the success of the initiatives undertaken.
- *Competitive environment:* we review market developments and monitor the activity of our competitors, adapting our strategies to meet changing market needs.
- *Reputational risks:* our main reputational risks relate to the delivery of projects, having regard to the quality of the deliverables and health and safety. Project risk is managed through robust policies, procedures and management systems, reinforced by regular audits. Clear and explicit senior management leadership on health, safety and environmental matters is regularly reinforced via targeted campaigns.
- *Physical and data security risks:* we use appropriate physical security, secure networks and encryption in order to protect data and we train staff on best practice in information assurance. Independent professional risk and security information is obtained for countries in which we propose to operate or travel.

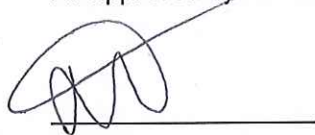
Opportunities:

There are a number of opportunities and developments which the group is pursuing to provide commercial returns in the future. These are spread across the main markets and geographic regions in which we operate. Further information on the group's main markets, services and geographical locations can be found on its website at <http://www.bmt.org>.

LOOKING FORWARD

The Group is well positioned for growth in its core markets. The uncertainties surrounding the EU referendum and the US elections have been removed and, whilst current macroeconomic pressures may be exacerbated in 2017, there is growing confidence in business communities supported by continued financial support from governments in our key geographical market places. Looking ahead, we expect the business environment to remain challenging, but we believe the overall outlook for BMT remains good.

As approved by the Board and signed on its behalf:



Trudy Grey
Company Secretary
19 December 2016

DIRECTORS' REPORT

The directors submit their report, the Strategic Report and financial statements for BMT Group Ltd, company registration number 1887373 and the group, for the year ended 30 September 2016.

DIRECTORS

The directors during the year were:

Sir John Hood, KNZM	(Chairman)
Mr P D French	(Chief Executive)
Mr I R Davies	(Deputy Chairman)
Mrs W J Barnes	
Mr D K McSweeney	
Mr C M Packshaw	
Professor M H Patel	

BMT EMPLOYEE BENEFIT TRUST

The parent company is limited by guarantee, without any share capital and is in the ultimate control of the Trustees of the BMT Employee Benefit Trust, established for the long-term stability of the group and for the benefit of its employees.

The Trustees of the BMT Employee Benefit Trust, who are the sole voting members of the company, are:

Mr I R Davies (Chairman)
Sir John Hood KNZM
Professor M H Patel
Mr G W Morton (Independent Trustee)

Trustees and non-executive directors of the company cannot benefit from the BMT Employee Benefit Trust or any profit related schemes within BMT.

RESULTS AND PROFIT SHARING

The financial highlights are set out in the Strategic Report. Group operating profit before employee performance related bonuses was £4.1m (2015: £6.3m) and the group profit sharing scheme is £nil (2015: £0.4m)

EMPLOYEES

The details of employees are set out in the Strategic Report.

PRINCIPAL ACTIVITIES

Our principal activities are focused on the provision of engineering, science and technology consultancy. We are a people business and our success is a reflection of the hard work and dedication of our worldwide team of experts, who seek technical excellence and innovation in all aspects of the business. The consultancy is supported by significant investment in research and development.

CORPORATE GOVERNANCE

BMT Group Ltd is a large company as defined by the Companies Act. Its policy is to comply with the spirit of corporate governance as set out in the UK Corporate Governance Code, which is a continuous process overseen at a senior level and instituted throughout the group.

The Board operates through the following governance committees: Audit, Innovation, Investment, Nominations, Banking and Remuneration, comprising a mix of non-executive and executive directors and other senior members of staff who participate as and when appropriate.

The company's Banking Committee oversees the group's treasury and related risks and advises on banking facilities, project related guarantees and foreign currency exposures. In addition, each of the operating companies is managed by its Board of directors, which meets in the main quarterly with informal leadership management meetings more often throughout the year.

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE ACCOUNTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounts Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing those financial statements the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgments and accounting estimates that are reasonable and prudent;
- c) state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR AND STATEMENT OF DISCLOSURE

The directors who were in office on the date of approval of the annual reports and financial statements have confirmed that, as far as they are aware:

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps which they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

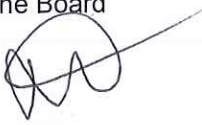
RSM UK AUDIT LLP (Chartered Accountants), has indicated its willingness to continue in office as auditor.

HEALTH AND SAFETY

The group has policies and procedures in place in order to comply with the requirements and spirit of all relevant legislation. Pro-active reporting is required at all Board meetings and informal management meetings throughout the group and the director with responsibility for health and safety matters at BMT Group Board level is Mr D K McSweeney, the Group Finance Director.

By order of the Board

Trudy Grey
Secretary



19 December 2016

INDEPENDENT AUDITOR'S REPORT

We have audited the group and parent company financial statements on pages 11 to 48. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 September 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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.

Signature: _____



Christopher Hurren BA FCA (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants, 3rd Floor, One London Square, Cross Lanes, Guildford, Surrey GU1 1UN

21 December 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2016 £'000	2015 £'000
Group turnover	2	166,745	171,442
Group operating costs	3	<u>(165,411)</u>	<u>(169,148)</u>
Group operating profit	4	1,334	2,294
Share of operating loss in associates		-	(232)
Fair value loss on investment properties		<u>(250)</u>	<u>(100)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		1,084	1,962
Fixed asset investments:			
- Fair value gain/(loss)	13	210	(803)
- Income and gains		1,490	239
Net interest payable	9	<u>(764)</u>	<u>(859)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE BMT PROFIT SHARING SCHEME & TAX		2,020	539
BMT profit sharing scheme		<u>-</u>	<u>(400)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		2,020	139
Tax on profit on ordinary activities	10	<u>(2,981)</u>	<u>(757)</u>
LOSS AFTER TAX RETAINED FOR THE YEAR		(961)	(618)
Other Comprehensive income/(loss):			
<i>Movement on pension schemes</i>			
Return on scheme assets (excluding amount included in net interest expense)		12,487	(1,852)
Actuarial (losses)/gains on liabilities		(39,534)	531
Movement in deferred tax relating to actuarial gain on pensions		4,062	324
Exchange movement on foreign pensions		(283)	(61)
		<u>(23,268)</u>	<u>(1,058)</u>
Unrealised net exchange movement on foreign equity investments		2,964	(487)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(21,265)</u></u>	<u><u>(2,163)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Goodwill	11	1,878	3,660
Other intangible assets	11	192	320
Tangible assets	12	16,780	16,749
Investments	13	5,552	9,683
		<u>24,402</u>	<u>30,412</u>
CURRENT ASSETS			
Stock		682	424
Debtors			
amounts falling due within one year	14	56,355	53,474
amounts falling due after one year	14	11,944	7,159
Cash at bank and in hand	15	21,604	22,931
		<u>90,585</u>	<u>83,988</u>
CREDITORS: amounts falling due within one year	16	<u>43,602</u>	<u>47,756</u>
NET CURRENT ASSETS		<u>46,983</u>	<u>36,232</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		71,385	66,644
CREDITORS: amounts falling due after more than one year	17	2,942	3,798
PROVISIONS FOR LIABILITIES	19	<u>1,262</u>	<u>454</u>
NET ASSETS EXCLUDING PENSION LIABILITY		67,181	62,392
Defined Benefit pension liability	20	<u>49,896</u>	<u>23,842</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>17,285</u>	<u>38,550</u>
CAPITAL AND RESERVES			
Profit and loss account	21	53,769	52,586
Other reserves - Pension	21	(41,212)	(18,989)
Other reserves - Fixed assets	21	4,728	4,749
Other reserves - Investment Property	21	-	204
TOTAL FUNDS		<u>17,285</u>	<u>38,550</u>

The accounts on pages 11 to 48 were approved by the Board of Directors and authorised for issue on 19 December 2016 and are signed on its behalf by:



P D French
Director



D K McSweeney
Director

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Tangible assets	12	9,072	8,980
Investments	13	<u>25,300</u>	<u>29,478</u>
		<u>34,372</u>	<u>38,458</u>
CURRENT ASSETS			
Debtors			
amounts falling due within one year	14	7,937	7,663
amounts falling due after one year	14	23,843	18,892
Cash at bank and in hand		<u>7,617</u>	<u>7,181</u>
		<u>39,397</u>	<u>33,736</u>
CREDITORS: amounts falling due within one year	16	<u>8,179</u>	<u>13,369</u>
NET CURRENT ASSETS		<u>31,218</u>	<u>20,367</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		65,590	58,825
PROVISIONS FOR LIABILITIES	19	<u>367</u>	<u>454</u>
NET ASSETS EXCLUDING PENSION LIABILITY		65,223	58,371
Defined benefit pension liability	20	<u>47,656</u>	<u>22,438</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>17,567</u>	<u>35,933</u>
CAPITAL AND RESERVES			
Profit and loss account	21	52,609	49,100
Other reserves - Pension	21	(39,554)	(17,950)
Other reserves - Fixed assets	21	2,900	2,921
Other reserves - Investment Properties	21	<u>1,612</u>	<u>1,862</u>
TOTAL FUNDS		<u>17,567</u>	<u>35,933</u>

The accounts on pages 11 to 48 were approved by the Board of Directors and authorised for issue
On 19 December 2016 and are signed on its behalf by:



P D French
Director



D K McSweeney
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Profit and loss account £'000	Defined Benefit Pension reserve £'000	Other reserves- Fixed Assets £'000	Other reserves- Investment property £'000	Total £'000
Balance at 1 October 2014	54,429	(18,790)	4,770	304	40,713
Loss for the year	(618)	-	-	-	(618)
Other comprehensive income:					
Loss on defined benefit pension plans	-	(1,058)	-	-	(1,058)
Unrealised net exchange movement on foreign equity investments	(487)	-	-	-	(487)
Transfer between reserves:					
Pension Costs	(859)	859	-	-	-
Valuation of Investment Property	100	-	-	(100)	-
Excess depreciation	21	-	(21)	-	-
Total movements in the year	(1,843)	(199)	(21)	(100)	(2,163)
Balance at 30 September 2015	52,586	(18,989)	4,749	204	38,550
Loss for the year	(961)	-	-	-	(961)
Other comprehensive income:					
Loss on defined benefit pension plans	-	(23,268)	-	-	(23,268)
Unrealised net exchange movement on foreign equity investments	2,964	-	-	-	2,964
Transfer between reserves:					
Pension Costs	(1,045)	1,045	-	-	-
Valuation of Investment Property	204	-	-	(204)	-
Excess depreciation	21	-	(21)	-	-
Total movements in the year	1,183	(22,223)	(21)	(204)	(21,265)
Balance at 30 September 2016	53,769	(41,212)	4,728	-	17,285

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Profit and loss account £'000	Defined benefit pension scheme £'000	Other reserves- Fixed Assets £'000	Other reserves- Investment property £'000	Total £'000
Balance at 1 October 2014	50,645	(18,269)	2,942	1,962	37,280
Loss for the year	(719)	-	-	-	(719)
Other comprehensive income:					
Loss on defined benefit pension plan	-	(628)	-	-	(628)
Transfer between reserves:					
Valuation of investment property	100	-	-	(100)	-
Pension scheme	(947)	947	-	-	-
Excess depreciation	21	-	(21)	-	-
Total movements in the year	(1,545)	319	(21)	(100)	(1,347)
Balance at 30 September 2015	49,100	(17,950)	2,921	1,862	35,933
Profit for the year	4,172	-	-	-	4,172
Other comprehensive income:					
Loss on defined benefit pension plan	-	(22,538)	-	-	(22,538)
Transfer between reserves:					
Valuation of investment property	250	-	-	(250)	-
Pension scheme	(934)	934	-	-	-
Excess depreciation	21	-	(21)	-	-
Total movements in the year	3,509	(21,604)	(21)	(250)	(18,366)
Balance at 30 September 2016	52,609	(39,554)	2,900	1,612	17,567

CONSOLIDATED STATEMENT OF CASH FLOWS

	2016 £'000	2015 £'000
OPERATING ACTIVITIES		
Cash generated (used in) / from operations on page 17	(1,998)	5,590
Interest paid	(135)	(168)
Income taxes paid	(629)	(632)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	<u>(2,762)</u>	<u>4,790</u>
INVESTING ACTIVITIES		
Purchase of shares subsidiary undertakings	-	(859)
Cash acquired with subsidiary undertakings	-	411
Proceeds on sale of subsidiary	-	97
Sale of fixed asset investments	5,915	450
Purchase of tangible fixed assets	(2,514)	(2,454)
Proceeds on disposal of tangible fixed assets	-	-
Fixed asset investment	-	142
Interest and similar income received	209	258
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	<u>3,610</u>	<u>(1,955)</u>
BMT PROFIT SHARING SCHEME PAYMENT	-	(400)
NET CASH INFLOW BEFORE FINANCING	<u>848</u>	<u>2,435</u>
FINANCING ACTIVITIES		
New loans taken out during the year	-	4,975
Repayments of short term loans	(2,058)	(1,726)
Repayments of capital element of finance lease rentals	-	(14)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(2,058)	3,235
NET (DECREASE) / INCREASE IN CASH	<u>(1,210)</u>	<u>5,670</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>18,348</u>	<u>12,678</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>17,138</u>	<u>18,348</u>
Relating to:-		
Bank balances and short term deposits included in cash at bank and in hand	21,604	22,931
Overdrafts included in "creditors: amounts falling due within one year"	(4,466)	(4,583)
	<u>17,138</u>	<u>18,348</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	2016 £'000	2015 £'000
RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM (USED IN) OPERATIONS		
Loss after tax	(961)	(597)
Adjustments for:		
Depreciation of tangible fixed assets	2,734	2,396
Amortisation & impairment of intangible assets and goodwill	2,425	1,990
Loss on disposal of tangible fixed assets	63	137
Contributions paid into defined benefit pension schemes	(2,288)	(2,035)
Payment of legacy provision	(87)	-
Share of profit from associates and jointly controlled entities	-	232
Restructuring costs	-	965
Fair value losses /(gains) on investment properties	250	100
Fair value (gains) / losses on investments	(210)	803
Income and gains from fixed asset investments	(1,490)	(239)
Interest payable	764	859
Profit sharing scheme	-	400
Taxation	2,981	757
Foreign exchange differences	(184)	(155)
OPERATING CASHFLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	3,997	5,613
Increase in stock	(258)	-
(Increase) / Decrease in debtors	(3,666)	1,753
Decrease in creditors	(2,071)	(1,776)
CASH GENERATED FROM OPERATIONS	(1,998)	5,590
	2016 £'000	2015 £'000
RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN FUNDS		
Increase in cash	(1,210)	5,670
Net movement on short-term loans	2,058	(3,249)
Repayments of capital element of finance lease rentals	-	14
	848	2,435
Net funds as at 1 October	13,373	10,938
Net funds as at 30 September	14,221	13,373
	2016 £'000	2015 £'000
ANALYSIS OF NET FUNDS		
Net cash at bank and in hand	17,138	18,348
Bank loans	(2,917)	(4,975)
	14,221	13,373

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

General Information

BMT Group Limited ("the Company") is a company, limited by guarantee, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Goodrich House, 1 Waldegrave Road, Teddington, Middlesex, TW11 8LZ.

The Group consists of BMT Group Limited and all of its subsidiaries.

The Company's and the Group's principal activities are set out in the Directors' report on page 3.

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The group operates a profit sharing scheme, which is based on the overall results of the group and is a reward for staff loyalty. In view of the basis of this share of profit, the directors have modified the format of the group statement of comprehensive income and present it separately, as a charge immediately above 'Profit on ordinary activities before Tax'. The directors believe this presentation better reflects the nature of this benefit enjoyed by the employees of the group and is required in order to show a true and fair view.

First time adoption of FRS102

These financial statements are the first financial statements of BMT Group Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of BMT Group Limited for the year ended 30 September 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS' as follows:

Revaluation as deemed cost – The group has elected to use revaluations of freehold land and buildings on the date of transition to FRS 102 as its deemed cost at the revaluation date.

Goodwill – The group has elected not to apply the provisions of Section 19 to business combinations that were effected before the date of transition.

NOTES TO THE ACCOUNTS

First time adoption of FRS102 (continued)

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

Going concern

The directors have a reasonable expectation that the company and the group have adequate resources to continue in business for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Functional and presentational currencies

The consolidated financial statements are presented in sterling which is also the functional currency of the Company.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate those of BMT Group Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 30 September 2016.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date.

Associates

Undertakings in which the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 30 September.

NOTES TO THE ACCOUNTS

Company Statement of Comprehensive Income

As permitted by Section 408 of the Companies Act 2006, no individual statement of comprehensive income is presented for the parent company. The company's profit for the year and total comprehensive income for the year were £4,172,000 (2015: loss £719,000) and a loss of £18,366,000 (2015:£1,347,000) respectively.

Fixed asset investments

The groups' investments are classified as financial instruments and accounted for in accordance with the accounting policy at fair value through the profit and loss.

Goodwill

Goodwill totalling £2.1m that arose prior to 1 October 1998 was written off to retained profit and loss reserves. Goodwill arising on acquisitions occurring since 1 October 1998 has been capitalised in the balance sheet and will be amortised through the profit and loss account over the acquisition's useful economic life. Goodwill is amortised over three to fifteen years, reflecting the directors' estimate of the useful economic life of each acquisition. Where it is not possible to estimate the useful economic life the intangible is amortised over a period of 10 years.

Intangible Fixed Assets

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives estimated to be 20 years.

Research and development expenditure

Expenditure on research and development is written off against profits as it is incurred.

Government grants

Government grants relating to research and development are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. They are credited to the statement of comprehensive income in the period to which they relate.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost of each asset to its estimated residual value evenly over its expected useful life to the business, as follows:

Freehold buildings and leasehold property/improvements	20 to 50 years
Test facilities	10 to 30 years
Computers and instruments	3 to 5 years
Motor vehicles	4 to 10 years
Demonstration computer equipment	1 to 2 years
Scientific equipment used in harsh environments	3 years
Other equipment	4 to 10 years

NOTES TO THE ACCOUNTS

Revaluation of properties

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit and loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Investment Properties

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

NOTES TO THE ACCOUNTS

Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

Sale of professional services

Turnover from contracts for the provision of professional consulting services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, turnover and costs are recognised over the period of the contract.

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

When the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as incurred.

The Group uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded for contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets, depending on their nature, and provided it is probable they will be recovered.

Software

Turnover is recognised when it and the associated costs can be measured reliably, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. Sales of software are recognised when goods are delivered and legal title has passed and the Group has no continuing managerial involvement associated with ownership or effective control of the goods sold. This is generally when goods have been checked and accepted by the customer on delivery at the specified location.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences at the rate of taxation anticipated to apply when these differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its

NOTES TO THE ACCOUNTS

economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

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

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

A deferred tax asset is only recognised when it is more likely than not that it will be recoverable in the foreseeable future. Deferred tax assets and liabilities recognised have not been discounted.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable.

Leases

Tangible fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excesses of the lease payments over the recorded lease obligations are treated as finance charges, which are amortised over each lease term to give a constant rate of charge. Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases, net of any lease incentives.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

NOTES TO THE ACCOUNTS

Retirement Benefits

Defined benefits plan

The group operates two defined benefit schemes that are established in accordance with local conditions and practices within the United Kingdom and the United States of America (which were closed to future accrual with effect from January 2011 and November 2001 respectively).

Net interest on the net defined benefit liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations. The net interest is recognised in the profit and loss account.

Gains and losses arising from changes in actuarial assumptions and the difference between the interest income on the plan assets and the return on the plan assets are recognised in other comprehensive income.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee-administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected credit unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

Contribution to the scheme are divided across the relevant group companies based on the actuarial proportion of the deferred pensioners.

Defined contribution plans

The costs of defined contribution schemes are charged to the profit and loss account in the year in which they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

The group has created a provision for legacy liabilities resulting from certain employees of the Company, prior to privatisation in 1985, not otherwise mitigated through insurance.

NOTES TO THE ACCOUNTS

BMT Employee Benefit Trust (EBT)

The accounts of the EBT are not incorporated into the results of the Group and its asset is immaterial. It is administered by the Trustees and held separately and has not been used for payment of any employees' benefits.

Financial Instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS 102 in full to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Basic Financial assets

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

Investments

Investments are measured at fair value through the profit and loss account. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the company balance sheet, investments in subsidiaries and associates are measured at cost less impairment.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and intercompany loans are recognised at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

Significant estimation and judgement is applied when determining the amounts of revenue recognised based upon the estimated cost to complete of a contract. Revenue is recognised to reflect the partial performance of contractual obligations. The amount recognised reflects any uncertainties as to the amount of revenue to be received.

NOTES TO THE ACCOUNTS

Pension scheme liabilities

Significant impacts arise within the financial statements as a result of the changes in the assumptions in respect of the valuation of the pension scheme. In order to obtain a fair valuation, the Directors take advice from external actuaries as to the assumptions to be used taking account of market data and conditions at the year end.

The Directors also benchmark the estimates against those used by comparable schemes during the year.

2. TURNOVER

Turnover is generated from the group's principal activity, being a multi-disciplinary engineering and technology consultancy, specialising in design, design support and risk and contract management across the defence, energy and environment and marine transport market sectors. This consultancy is supported by significant scientific research and development investment.

An analysis of turnover by geographical market is given below:

	2016 £'000	2015 £'000
European Union	83,430	77,987
North America	29,611	30,196
Asia Pacific	36,394	35,396
Rest of the World	<u>17,310</u>	<u>27,863</u>
	<u>166,745</u>	<u>171,442</u>

3. GROUP OPERATING COSTS

	2016 £'000	2015 £'000
Raw materials and consumables	38,001	45,698
Staff costs (note 7)	95,315	90,005
Depreciation, amortisation & impairment	5,159	4,407
Other operating charges	27,526	29,787
Other operating income	<u>(590)</u>	<u>(749)</u>
	<u>165,411</u>	<u>169,148</u>

NOTES TO THE ACCOUNTS

4. OPERATING PROFIT

This is stated after charging/(crediting):

	2016 £'000	2015 £'000
Operating lease rentals receivable:		
- buildings	(254)	(285)
Operating leases payable	3,290	3,133
Pre planning costs for property development	565	507
Depreciation on owned assets	2,734	2,417
Amortisation of intangible fixed assets	128	128
Amortisation of goodwill	1,071	1,497
Impairment of goodwill	1,226	365
Foreign exchange gains	(2,475)	(80)
Onerous lease provisions expensed	548	-
Redundancies	780	965

5. AUDITORS' REMUNERATION

	2016 £'000	2015 £'000
Audit services:		
Statutory audit	120	120
Tax services:		
Compliance	55	55
Advisory services	32	35
Other services:		
Auditing of accounts of operating companies	90	70
Auditing of accounts of operating companies by auditor's associates	40	40
Other services not covered by the above	17	12

6. DIRECTORS' REMUNERATION

	2016 £'000	2015 £'000
Emoluments (excluding pension contributions)	956	1,008
Employer defined contribution pension	14	40
Highest paid director:		
Aggregate emoluments	383	406
Defined contribution scheme:		
Employer contributions	-	-
Defined benefit pension scheme:		
Accrued pension at end of year	99	98
Accrued lump sum at end of year	303	300

There are no directors for whom retirement benefits are accruing under defined benefit pension schemes, due to closure to future accrual of the UK Scheme on 31 January 2011. Retirement benefits are accruing to one director under a defined contribution scheme.

NOTES TO THE ACCOUNTS

7. STAFF COSTS

	2016	2015
	£'000	£'000
Wages and salaries	80,765	75,897
Social security costs	6,927	7,340
Pension and post retirement costs	<u>7,623</u>	<u>6,768</u>
	95,315	90,005
 BMT profit sharing scheme:		
Wages and salaries	-	360
Social security costs	<u>-</u>	<u>40</u>
	<u>95,315</u>	<u>90,405</u>

8. EMPLOYEE NUMBERS

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

	2016	2015
	No.	No.
Scientific and technical	1,185	1,247
Administrative and support	<u>312</u>	<u>297</u>
	<u>1,497</u>	<u>1,544</u>

9. NET INTEREST PAYABLE

	2016	2015
	£'000	£'000
Interest receivable:		
Bank interest	64	7
Managed fund interest	<u>229</u>	<u>251</u>
	293	258
 Interest payable:		
Bank loans and overdrafts	135	168
Net interest on defined benefit pension liabilities	<u>922</u>	<u>949</u>
	<u>1,057</u>	<u>1,117</u>
 Net interest payable	<u>764</u>	<u>859</u>
 Net interest payable is summarised below:		
Bank deposits less loans and overdrafts (net receivable)	71	161
Net interest on defined benefit pension liabilities	922	949
Managed fund interest	<u>(229)</u>	<u>(251)</u>
Net interest payable	<u>764</u>	<u>859</u>

NOTES TO THE ACCOUNTS

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £'000	2015 £'000
Current tax:		
- UK corporation tax on results of period	808	286
- adjustments in respect of prior periods	(125)	64
- foreign tax	645	(56)
	<u>1,328</u>	<u>294</u>
Deferred tax:		
- UK deferred tax	-	161
- overseas deferred tax	1,422	82
- effect of rate change	-	-
- pension scheme	231	220
	<u>1,653</u>	<u>463</u>
Total deferred tax		
	<u>2,981</u>	<u>757</u>
Tax on result on ordinary activities		

Factors affecting tax charge for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK 20%

Profit on ordinary activities before tax	<u>2,020</u>	<u>160</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20%	404	32
Effects of:		
- items not deductible for tax purposes	608	270
- other tax adjustments	177	(108)
- research and development tax credit	-	(60)
- prior year adjustment	(125)	64
- capital allowances in excess of depreciation	22	(94)
- utilised tax losses	(622)	-
- unutilised tax losses	928	607
- adjustment in respect of overseas tax rates	526	(58)
- fair value losses/(gains) not taxable	8	104
- Items deductible for tax purposes	1,055	-
Total tax charge for the period	<u>2,981</u>	<u>757</u>

The corporation tax rate for the UK Company profits was 20% at the year end. The rate will reduce at 1 April 2017 to 19%, at 1 April 2018 to 18% and at 1 April 2020 to 17%. Deferred tax has been recognised at a rate of 17%, which is the rate that was substantively enacted at the year end.

NOTES TO THE ACCOUNTS

11. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Vessel Design Portfolio £'000	Total £'000
Cost:			
At 1 October 2015	16,935	1,920	18,855
Exchange differences	2,096	-	2,096
At 30 September 2016	19,031	1,920	20,951
Amortisation:			
At 1 October 2015	13,275	1,600	14,875
Provided during the year	1,071	128	1,199
Impairment	1,226	-	1,226
Exchange differences	1,581	-	1,581
At 30 September 2016	17,153	1,728	18,881
Net book value: at 30 September 2016	1,878	192	2,070
Net book value at 30 September 2015	3,660	320	3,980

12. TANGIBLE FIXED ASSETS

Group	Investment property £'000	Freehold land and buildings £'000	Long leasehold properties and improvements £'000	Other equipment £'000	Total £'000
Cost / valuation at:					
1 October 2015	900	8,112	4,591	21,401	35,004
Revaluation	(250)	-	-	-	(250)
Transfer	-	(27)	(45)	72	-
Additions	-	-	543	1,971	2,514
Disposals	-	-	(261)	(425)	(686)
Exchange differences	-	99	288	1,789	2,176
At 30 September 2016	650	8,184	5,116	24,808	38,758
1 October 2015	-	112	1,990	16,153	18,255
Transfer	-	-	(45)	45	-
Provided during the year	-	144	455	2,135	2,734
Disposals	-	-	(251)	(372)	(623)
Exchange differences	-	33	179	1,400	1,612
At 30 September 2016	-	289	2,328	19,361	21,978
Net book value: At 30 September 2016	650	7,895	2,788	5,447	16,780
At 30 September 2015	900	8,000	2,601	5,248	16,749

NOTES TO THE ACCOUNTS

As at 30 September 2016, the investment property, which is a long leasehold, was valued at £650,000 (2015: £900,000) by the directors, after consulting several Chartered Surveyors on an informal basis. The original cost of the investment property was £1,205,000.

The historical cost of Freehold Land and Buildings £6,775,000 (2015: £6,802,000)

12. TANGIBLE FIXED ASSETS (continued)

Company	Investment properties at valuation £'000	Freehold land and buildings £'000	Long leasehold properties and improvements £'000	Other equipment £'000	Total £'000
Cost/Valuation at:					
1 October 2015	3,900	4,035	1,048	1,439	10,422
Additions	-	-	-	599	599
Disposals	-	-	(148)	-	(148)
Revaluation	(250)	-	-	-	(250)
Transfer	-	(35)	-	35	-
At 30 September 2016	3,650	4,000	900	2,073	10,623
Depreciation:					
1 October 2015	-	57	174	1,211	1,442
Provided during the year	-	57	26	174	257
Disposal	-	-	(148)	-	(148)
At 30 September 2016	-	114	52	1,385	1,551
Net book value:					
At 30 September 2016	3,650	3,886	848	688	9,072
At 30 September 2015	3,900	3,978	874	228	8,980

The historical cost of the investment property was £3,526,000 (2015: £3,526,000).

The historical cost of the freehold land and buildings was £3,106,000 (2015: £3,141,000).

NOTES TO THE ACCOUNTS

13. FIXED ASSET INVESTMENTS

Group	Managed Fund £'000	Listed Investments £'000	Bank Deposits £'000	Associates £'000	Total £'000
Cost/Valuation:					
1 October 2015	5,367	4,161	150	5	9,683
Additions	229	-	-	-	229
Disposals	(409)	(4,161)	-	-	(4,570)
Valuation changes	210	-	-	-	210
At 30 September 2016	<u>5,397</u>	<u>-</u>	<u>150</u>	<u>5</u>	<u>5,552</u>
Provisions:					
1 October 2015 and 30 September 2016	-	-	-	-	-
Net book value:					
At 30 September 2016	<u>5,397</u>	<u>-</u>	<u>150</u>	<u>5</u>	<u>5,552</u>
At 30 September 2015	<u>5,367</u>	<u>4,161</u>	<u>150</u>	<u>5</u>	<u>9,683</u>
Historical cost:					
At 30 September 2016	<u>5,768</u>	<u>-</u>			
At 30 September 2015	<u>5,948</u>	<u>5,351</u>			

The managed fund represents two portfolios of readily marketable interest-bearing securities, which are held under management by Brewin Dolphin Ltd. The listed investments are UK and overseas equity tracker funds managed by Legal & General.

The bank deposit of £150,000 is secured on a deed of charge dated 20 February 1987, in favour of certain ex-civil servants employed within the group.

NOTES TO THE ACCOUNTS

13. FIXED ASSET INVESTMENTS (Continued)

Company	Managed Fund	Listed Investments	Bank Deposits	Operating Company undertakings	Total
	£'000	£'000	£'000	£'000	£'000
Cost/Valuation:					
At 1 October 2015	5,367	4,161	150	31,643	41,321
Additions	229	-	-	500	729
Disposals	(409)	(4,161)	-	-	(4,570)
Valuation changes	210	-	-	-	210
At 30 September 2016	5,397	-	150	32,143	37,690
Provisions:					
1 October 2015	-	-	-	11,843	11,843
Charge for year	-	-	-	547	547
Disposals	-	-	-	-	-
At 30 September 2016	-	-	-	12,390	12,390
Net book value:					
At 30 September 2016	5,397	-	150	19,753	25,300
At 30 September 2015	5,367	4,161	150	19,800	29,478
Historical cost:					
At 30 September 2016	5,768	-			
At 30 September 2015	5,948	5,351			

The managed fund represents two portfolios of readily marketable interest-bearing securities, which are held under management by Brewin Dolphin Ltd. The listed investments are UK and overseas equity tracker funds managed by Legal & General. The bank deposit of £150,000 is secured on a deed of charge dated 20 February 1987, in favour of certain ex-civil servants employed within the group. A listing of subsidiary and associated undertakings is set out in note 29.

NOTES TO THE ACCOUNTS

14. DEBTORS

	<i>Group</i>		<i>Company</i>	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Amounts falling due within one year:				
Trade debtors	32,491	29,017	338	412
Amounts owed by subsidiary undertakings	-	-	6,666	6,415
Amounts recoverable on contracts	17,066	17,305	7	77
Other debtors	2,741	2,767	330	584
Corporation tax	865	1,239	271	-
Prepayments and accrued income	3,192	3,146	325	175
	<u>56,355</u>	<u>53,474</u>	<u>7,937</u>	<u>7,663</u>
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	15,741	14,404
Deferred tax asset	11,533	7,159	8,102	4,488
Prepayments and accrued income	411	-	-	-
	<u>11,944</u>	<u>7,159</u>	<u>23,843</u>	<u>18,892</u>

15. CASH AND OVERDRAFTS - GROUP

	2016 £'000	2016 Change in year £'000	2015 £'000	2015 Change in year £'000	2014 £'000
Analysis of balances:					
Current assets:					
Cash at bank and in hand	21,604	(1,327)	22,931	6,268	16,663
Current liabilities:					
Bank overdrafts	(4,466)	117	(4,583)	(598)	(3,985)
Net position at 30 September	<u>17,138</u>	<u>(1,210)</u>	<u>18,348</u>	<u>5,670</u>	<u>12,678</u>
<i>Sub-analysed as follows:</i>					
Cash held for third parties	1,123	(2,884)	4,007	(2,151)	6,158
Group's own net cash	16,015	1,674	14,341	7,821	6,520
Net position at 30 September	<u>17,138</u>	<u>(1,210)</u>	<u>18,348</u>	<u>5,670</u>	<u>12,678</u>

Cash held for third parties relates to cash collected on projects awaiting distribution to third parties.

NOTES TO THE ACCOUNTS

16. CREDITORS: Amounts falling due within one year

	Notes	Group		Company	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank overdraft	15	4,466	4,583	-	-
Bank loans		2,833	4,914	1,981	1,614
Obligations under finance leases		95	-	-	-
Income in advance		7,209	7,267	1,080	1,870
Trade creditors		7,349	7,647	345	801
Amounts owed to subsidiary undertakings		-	-	1,688	1,666
Corporation tax		370	148	-	-
Other taxation and social security		3,393	3,246	1,102	1,130
Other creditors		5,472	10,569	1,153	4,142
Accruals and deferred income		12,510	9,382	830	2,146
		<u>43,602</u>	<u>47,756</u>	<u>8,179</u>	<u>13,369</u>

17. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank loans	84	61	-	-
Other creditors	2,858	3,737	-	-
	<u>2,942</u>	<u>3,798</u>	<u>-</u>	<u>-</u>

Certain of the bank loans are secured on the assets of the companies to which the borrowings relate. The total amount secured is £770,000 (2015: £3,284,000).

18. FINANCIAL INSTRUMENTS

The carrying amount of the group and company's financial instruments at 30 September 2016 were:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Financial assets:				
Debt instruments measured at amortised cost	74,052	72,170	30,849	29,223
Equity instruments measured at amortised cost less impairment	5	5	29,753	19,800
Instruments measured at fair value through profit or loss	5,397	9,528	5,397	9,528
Total	<u>79,454</u>	<u>81,703</u>	<u>65,999</u>	<u>58,551</u>

NOTES TO THE ACCOUNTS

18. FINANCIAL INSTRUMENTS (Continued)

The carrying amount of the group and company's financial instruments at 30 September 2016 were:

	<i>Group</i>		<i>Company</i>	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Financial liabilities	36,467	40,899	5,997	10,369

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Onerous leases £'000	Restructuring £'000	Legacy Claims £'000	Total £'000
Group				
1 October	-	-	454	454
Transfer to profit and loss	548	347	-	895
Paid	-	-	(87)	(87)
At 30 September 2016	548	347	367	1,262
			Legacy claims £'000	
Company				
At 1 October				454
Transfer to profit and loss				-
Paid				(87)
At 30 September				367

The legacy claims are in relation to former employees and are associated with assets and liabilities that were transferred when BMT Group Ltd (formerly British Maritime Technology Ltd) was privatised in 1985. It is expected that payment for these claims will be expended in full, on, or before, December 2021.

Restructuring

Restructuring costs relate to provision made where the group has constructive obligations at the year end to make a redundancy.

Onerous leases

The onerous lease provision relates to rentals due on the group leased properties which are no longer occupied by the group and where there are no reasonable prospects of sub-letting the space.

NOTES TO THE ACCOUNTS

19. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

	2016	2015
	£'000	£'000
Deferred Taxation		
Group		
At 1 October	7,159	7,723
Transfer from profit and loss	(722)	(463)
Exchange differences	1,265	(425)
Defined benefit pension scheme	3,831	324
	<hr/>	<hr/>
At 30 September	<u>11,533</u>	<u>7,159</u>

	2016	2015
	£'000	£'000
The deferred tax asset comprises:		
- tax losses	1,135	1,147
- short-term timing differences	1,545	896
- defined benefit pension scheme	8,684	4,853
- capital allowances in excess of depreciation	169	263
	<hr/>	<hr/>
	<u>11,533</u>	<u>7,159</u>

	2016	2015
	£'000	£'000
Company		
At 1 October	4,488	4,398
Transfer from profit and loss	(191)	(234)
Transfer from other comprehensive income	3,805	324
	<hr/>	<hr/>
At 30 September	<u>8,102</u>	<u>4,488</u>

	2016	2015
	£'000	£'000
Provision for deferred tax asset has been made as follows:		
Tax losses	-	116
Short-term timing differences	(42)	(196)
Depreciation in excess of capital allowances	42	80
Defined benefit pension scheme	8,102	4,488
	<hr/>	<hr/>
At 30 September	<u>8,102</u>	<u>4,488</u>

The timing of the reversal of deferred tax provision is uncertain as it depends on future profitability and reversal of deferred tax liabilities.

NOTES TO THE ACCOUNTS

20. PENSION LIABILITIES

Group

The group participates in two defined benefit schemes: one in the United Kingdom and one in the United States of America, both of which are now closed. The net pension liabilities are made up as follows:

BMT UK & US SCHEMES

	2016 £'000	2015 £'000
Present value of funded obligations	(163,775)	(122,773)
Fair value of plan assets	<u>113,879</u>	<u>98,931</u>
Present value of unfunded obligations	(49,896)	(23,842)
Related deferred tax assets (note 19)	<u>8,684</u>	<u>4,853</u>
Net pension liability	<u>(41,212)</u>	<u>(18,989)</u>

The company participates in the United Kingdom defined benefit scheme and recognised the pension liability in respect of the scheme in its statement of financial position.

	2016 £'000	2015 £'000
Present value of funded obligations	(154,561)	(115,088)
Fair value of plan assets	<u>106,905</u>	<u>92,650</u>
Present value of unfunded obligations	(47,656)	(22,438)
Related deferred tax assets (note 19)	<u>8,102</u>	<u>4,488</u>
Net pension liability	<u>(39,554)</u>	<u>(17,950)</u>

Detailed disclosures on all pension commitments are provided in note 25.

21. RESERVES

Fixed asset reserve

The cumulative revaluation gains and losses in respect of fixed assets and transfers of depreciation charges recognised in profit and loss, except revaluation gains and losses recognised in profit and loss.

Investment properties

The cumulative revaluation gains and losses in respect of investment properties transfers following initial recognition in profit and loss.

NOTES TO THE ACCOUNTS

21. RESERVES (Continued)

Profit and loss account reserve

Cumulative profit and loss net of distributions to owners.

Pension reserve

The cumulative actuarial gains and losses on the defined benefit schemes and transfers of net expenses following initial recognition in the profit and loss.

22. SHARE CAPITAL

The company is limited by guarantee without share capital.

23. CONSTITUTION AND CONTROL

In accordance with the company's Memorandum and Articles of Association, any surplus assets up to £30m, plus indexation based on RPI from September 1998 - £49.3m at 30 September 2016 (2015: £47.4m) - on a winding up, must first be paid to such university or universities in the United Kingdom or, failing that, such charitable institutions as the Trustees may determine. Any remaining assets will be paid to the beneficiaries of the Employee Benefit Trust (EBT). No member shall have any entitlement to share in the profits or surplus assets of the Company.

Within BMT Group Ltd there are two classes of member with the following rights:

Type of Member	Number of votes	Interest
Trustee of the EBT	1 vote each	Equity on behalf of the EBT only
Honorary	None	Non-equity

The company is under the ultimate control of the Trustees of the Employee Benefit Trust, which exists to provide beneficial ownership for all employees.

The honorary members, who number twenty, comprise commercial companies, universities, research associations and charities.

NOTES TO THE ACCOUNTS

24. LEASING COMMITMENTS

The total future minimum lease payments under non-cancellable leases are as follows:

	Land and Buildings		Other	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Group				
Operating leases which expire:				
- within one year	3,986	3,175	410	277
- in the second to fifth years inclusive	9,539	9,205	754	571
- after five years	2,540	3,213	-	2
	<u>16,065</u>	<u>15,593</u>	<u>1,164</u>	<u>850</u>
Company				
Operating leases which expire:				
- within one year	145	26	1	6
- in the second to fifth years inclusive	581	726	-	1
- after five years	726	726	-	-
	<u>1,452</u>	<u>1,478</u>	<u>1</u>	<u>7</u>

25. PENSION COMMITMENTS

The group operates a number of pension schemes throughout the world, the most significant of which is the BMT Defined Benefit Pension and Life Assurance Scheme ("The BMT UK Scheme").

Contributions to defined benefit schemes are based on advice from independent actuaries using actuarial methods, the objective of which is to provide adequate funds to meet pension liabilities as they fall due.

A summary of the defined benefit schemes is as follows:

BMT UK Scheme

This scheme was closed to future accrual on 31 January 2011. The date of the last actuarial valuation was 5 April 2015.

BMT US Scheme

This scheme was closed to future accrual on 1 November 2001. The latest actuarial valuation was carried out as at 1 January 2015.

NOTES TO THE ACCOUNTS

25. PENSION COMMITMENTS (Continued)

Principal assumptions	BMT UK Scheme		BMT US Scheme	
	2016	2015	2016	2015
Rate of increase in pensions payment	2.3-3.7%	2.2-3.6%	0.0%	0.0%
Discount rate	2.6%	3.9%	3.5%	3.9%
Inflation assumption – RPI	3.3%	3.1%	0.0%	0.0%
Inflation assumption – CPI	2.3%	2.1%		
Rate of increase to deferred pensions	2.3-3.3%	2.1-3.1%	0.0%	0.0%
			2016	2015
			Years	Years
The average life expectancy for a pensioner retiring at 65 on the reporting date is:				
Male			87.2	87.1
Female			89.2	89.1
The average life expectancy for a pensioner retiring at 45 on the reporting date is:				
Male			88.9	88.8
Female			91.1	91.0

BMT UK & US Schemes

Amounts recognised in profit or loss in respect of the defined benefit schemes are as follows:

	2016	2015
	£'000	£'000
Net interest on the net defined benefit pension liability	922	949
Administration expenses	92	7
	<u>1,014</u>	<u>956</u>
	2016	2015
	£'000	£'000
<u>Changes in the present value of the defined benefit obligation</u>		
Opening defined benefit obligation	122,773	123,152
Interest cost	4,780	5,076
Benefits paid	(4,608)	(5,441)
Actuarial losses / (gains)	39,534	(531)
Exchange rate movements	1,296	517
Closing defined benefit obligation	<u>163,775</u>	<u>122,773</u>
	2016	2015
	£'000	£'000
<u>Changes in the fair value of plan assets</u>		
Opening plan assets	98,931	99,613
Interest income	3,858	4,127
Administrative expenses	(92)	(7)
Return on plan assets excluding amount included in net interest expense	12,487	(1,852)
Contributions by employers	2,288	2,035
Benefits paid	(4,608)	(5,441)
Exchange differences on foreign plans	1,015	456
Closing plan assets	<u>113,879</u>	<u>98,931</u>

The actual return on plan assets was a profit of £16,345,000 (2015: £2,268,000).

NOTES TO THE ACCOUNTS

25. PENSION COMMITMENTS (Continued)

BMT UK & US SCHEMES	2016	2015
	£'000	£'000
Present value of funded obligations	(163,775)	(122,773)
Fair value of plan assets	<u>113,879</u>	<u>98,931</u>
Present value of unfunded obligations	(49,896)	(23,842)
Related deferred tax asset	<u>8,684</u>	<u>4,853</u>
Net pension liability	<u>(41,212)</u>	<u>(18,989)</u>
	2016	2015
	£'000	£'000
<i>Major categories of plan assets as a percentage of fair value of total plan assets</i>		
UK equities	222	-
Global equities	19,409	49,338
Corporates	1,510	35,376
Liability driven investments	11,825	-
Alternative assets	78,569	2,998
Property	-	8,244
Annuities	1,520	1,401
Cash	<u>824</u>	<u>1,574</u>
	<u>113,879</u>	<u>98,931</u>

Defined Contribution Scheme

The group operates a mixture of state and private defined contribution schemes. Contributions to these schemes during the year amounted to £7,623,000 (2015: £6,768,000)

NOTES TO THE ACCOUNTS

26. RELATED PARTY TRANSACTIONS

Transactions with subsidiary companies, where 100% of the voting rights of the subsidiary are controlled within the group have been eliminated on consolidated in the group accounts. At 30 September 2016 the group was owed HK\$8.6m (2015: HK\$8.6m) by an associated company, which had been fully provided against in previous years due to the uncertainty of the timing of its recoverability.

27. KEY MANAGEMENT PERSONNEL

The total remuneration of the directors, who are considered to be the key management personnel of the Group, was £1.0m (2015: £1.0m).

28. CONTINGENT LIABILITIES

The company has provided a guarantee to Barclays Bank plc in respect of overdraft facilities granted to certain UK subsidiary undertakings. The amount guaranteed, as at 30 September 2016, is £3.6m (2015: £3.0m). The guarantee is unsecured and not expected to be called in the foreseeable future.

29. LISTING OF SUBSIDIARY & ASSOCIATED COMPANIES

The following listing of subsidiary and associated companies shows place of incorporation/ registration and equity participation where not wholly owned:

Name & country of incorporation	Nature of business
Australia:	
BMT Design & Technology Pty Ltd	Services to the defence and maritime industries
BMT Environment Pty Ltd	Dormant company
BMT JFA Consultants Pty Ltd	Coastal and maritime related engineering services
BMT Maritime Consultants Pty Ltd	Environmental management services
BMT Oceanica Pty Ltd	Environmental consultancy
BMT WBM Pty Ltd	Environmental and engineering consultancy
BMT Holdings (Australia) Pty Ltd	Intermediate holding company
Belgium:	
BMT Surveys (Antwerp) NV	Marine surveying
Brazil:	
BMT NavCon (Navegação e Controle Ltda)	Marine and offshore equipment and consultancy
BMT Scientific Marine Services Ltda	Marine and offshore equipment and consultancy
British Virgin Islands:	
BMT Navcon Holdings Ltd	Intermediate holding company
Canada:	
BMT Fleet Technology Ltd	Defence services, engineering and materials consultancy
WBM Canada Consulting Engineers Ltd	Engineering and materials consultancy
Denmark:	
Evimar AS (9%)	European virtual maritime institute
England & Wales: active companies	
BMT Asset Performance Ltd (formerly BMT Reliability Consultants Ltd)	Reliability, life cycle costing and safety services
BMT Cadence Ltd	Safety and environmental consultancy
BMT Defence Services Ltd	Services to the defence industry
BMT Fluid Mechanics Ltd	Fluid and structural mechanics consultancy
BMT Hi-Q Sigma Ltd	Management consultancy
BMT International Ltd	Intermediate holding company
BMT Market Collections Ltd	Professional Fees collection agency serving insurance markets
BMT Nigel Gee Ltd	Naval architecture and marine engineering
BMT Nominees (Teddington) Ltd	Intermediate holding company
BMT Ship & Coastal Dynamics Ltd	Ship Performance and Metocean consultancy services
BMT SMART Ltd	Vessel performance and monitoring solutions
BMT Surveys (London) Ltd	Marine Surveying
BMT Surveys International Ltd	Intermediate holding company
BMT Titron (UK) Ltd (25%)	Ship Design
BMT WBM Ltd	Environmental consultancy

NOTES TO THE ACCOUNTS

29. LISTING OF SUBSIDIARY & ASSOCIATED COMPANIES (continued)

England & Wales: dormant companies

Bertram Martin Consulting Ltd	Dormant company
BMT Aroqua Decommissioning Associates (50%)	Dormant company
BMT Commercial Shipping Ltd	Dormant company
BMT Defence Partners Ltd	Dormant company
BMT Edon Liddiard Vince Ltd	Dormant company
BMT Fleet Technology Ltd	Dormant company
BMT Ltd	Dormant company
BMT Marine & Offshore Surveys (in liquidation)	Dormant company
BMT Marine Information Systems Ltd	Dormant company
BMT Marine Projects Ltd	Dormant company
BMT Murray Fenton Holdings Ltd	Dormant company
BMT Murray Fenton Ltd	Dormant company
BMT Nominees Ltd	Dormant company
BMT Offshore Ltd	Dormant company
BMT Pension Trustee Ltd	Dormant company
BMT Property Management Ltd	Dormant company
BMT Renewables Ltd	Dormant company
BMT Services Ltd	Dormant company
BMT Shipdesign Ltd	Dormant company
BMT Sigma Ltd	Dormant company
BMT Spareco Ltd	Dormant company
BMT Surveys Risk & Quality (London) Ltd	Dormant company
BMT Transport Solutions Ltd	Dormant company
British Maritime Technology Ltd	Name protection
Marine Science & Technology Ltd	Dormant company
NMI (unlimited company)	Dormant company
The British Ship Research Association (unlimited company)	Dormant company

Germany:

BMT Transport Solutions GmbH (in liquidation)	Transport consultancy now used for pension benefit payments
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Hong Kong:

BMT Asia Environment Ltd	Environmental consultancy
BMT Asia Pacific Ltd	Maritime and risk consultancy
BMT Engineering International Ltd	Intermediate holding company
BMT Titron Holdings Ltd (25%)	Intermediate holding company
BMT Titron Marine Ltd (25%)	Ship design

India:

BMT Consultants India Pvt Ltd	Maritime consultancy
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Indonesia:

PT BMT Asia Pacific Indonesia	Environmental consultancy
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Malaysia:

BMT Asia Sdn Bhd (97%)	Marine and offshore equipment and consultancy
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Netherlands:

B.E. Verweij Oosterduin bv	Marine Surveying
BMT ARGOSS bv	Earth observation consultancy
BMT ARGOSS Holding bv	Intermediate holding company
BMT Surveys (Amsterdam) bv	Marine Surveying
BMT Surveys (Risk & Quality) bv	Marine Surveying
BMT Surveys (Rotterdam) bv	Marine Surveying
BMT Surveys International bv	Intermediate holding company
Expertise - en Taxatiebureau D. Hoebee bv	Marine Surveying
J. Verweij Expertise bv	Marine Surveying
V.O.F. Expertise en Taxatiebureau Verweij & Hoebee	Marine Surveying

Scotland:

BMT Cordah Ltd	Environmental consultancy
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Singapore:

BMT Asia Pacific Pte Ltd	Maritime consultancy
BMT Ports, Infrastructure & Resources Pte Ltd	Dormant company

United States of America:

BMT Designers & Planners Inc	Ship engineering and environmental services
BMT Energy Inc	Dormant company
BMT International Inc	Intermediate holding company
BMT Investments Inc	Intermediate holding company
BMT Scientific Marine Services Inc	Marine and offshore equipment and consultancy
Technology Financing Inc	Intermediate holding company
Windes Barlow & Morrison Inc	Engineering and materials consultancy

NOTES TO THE ACCOUNTS

30. FIRST TIME ADOPTION OF FRS 102

Under FRS 102, the Consolidated Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Consolidated Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

Listed out below are the reconciliations between UK GAAP and FRS 102 for the equity and profit for the consolidated and parent company accounts.

1) Reconciliations of consolidated equity

	Notes	1 October 2014 £'000	30 September 2015 £'000
Consolidated equity as previously reported under UK GAAP		37,130	35,735
Transition adjustment on fixed assets	A	4,736	4,736
Additional depreciation on revalued properties	A	-	(35)
Fair value losses on investments	C	(768)	(1,190)
Exchange differences in goodwill	E	(385)	(696)
Consolidated equity reported under FRS 102		<u>40,713</u>	<u>38,550</u>

2) Reconciliation of consolidated profit or loss

	Notes	Year ended 30 September 2015 £'000
Consolidated profit or loss as previously reported under UK GAAP		360
Additional depreciation on revalued properties	A	(35)
Fair value loss on investment properties	B	(100)
Remove provision against investments	C	381
Fair value gains on investments	C	(803)
Deferred tax on pension scheme	D	110
Pension scheme administration expenses	D	(7)
Interest payable	D	(524)
Consolidated profit or loss reported under FRS 102		<u>(618)</u>

NOTES TO THE ACCOUNTS

30. FIRST TIME ADOPTION OF FRS 102 (Continued)

Notes to consolidated reconciliations:

A. Fixed assets

The directors have taken advantage of the transitional arrangements as set out in FRS 102 by revaluing its properties to a deemed cost at the date of transition. This has given rise to a valuation adjustment on the date of transition of £4,736,000. As a result depreciation has been recalculated on the new valuation resulting in an increase to the depreciation charge for the year ended 30 September 2015 of £35,000 (2014: £Nil).

B. Investment property

During the year ended 30 September 2015, a fair value loss on investment properties of £100,000 was recognised directly in reserves under previous UK GAAP. Under FRS 102, this fair value loss is recognised in the profit or loss, together with the associated deferred tax of £nil.

C. Investments

Under FRS 102 investments have been recognised on a fair value basis with gains and losses being recognised in the profit and loss. Previously, the group had accounted for these at cost less provision for impairment. Provisions for impairment previously recognised in 2015 of £381,000 have been reversed and a fair value loss recognised in the year ending 30 September 2015 of £803,000.

D. Pension scheme costs

The expected rate of return of £4,651,000 on plan assets held in retirement benefit plans was recognised in profit or loss under previous UK GAAP for the year ended 30 September 2015. In the same period a difference of £1,479,000 (loss) between the actual return and the expected return was recognised in other comprehensive income.

Under FRS 102, interest income of £4,127,000 was recognised in the year ending 30 September 2015 on the plan assets using the discount rate applied to the defined benefit obligations which is based on market yields for high quality corporate bonds. The amount recognised in other comprehensive income was £1,058,000 (loss), being the difference between the actual return and the interest income recognised in profit or loss. The associated deferred tax movement was calculated as £110,000. In addition, costs incurred by the actuaries in performing the FRS 102 conversion have been included within administration expenses.

E. Exchange differences on translation of goodwill

Under FRS 102 goodwill arising on the acquisition of foreign operations are expressed in the functional currency of the acquired entity. As a result, exchange losses of £385,000 and £696,000 were recognised at 1 October 2014 and for the year ended 30 September 2015

F. Exceptional items

Under old UK GAAP, exceptional items arising on a fundamental re-organisation were shown below operating profit. Under FRS 102 these items are included within operating profit and as a result £965,000 has been shown within staff costs for the year ended 30 September 2015.

NOTES TO THE ACCOUNTS

30. FIRST TIME ADOPTION OF FRS 102 (Continued)

3) Reconciliations of company equity		1 October 2014 £'000	30 September 2015 £'000
	Notes		
Company equity as previously reported under UK GAAP		51,703	50,465
Transitional adjustment on fixed assets	A	2,956	2,956
Additional depreciation on revalued properties	A	-	(6)
Fair value gain on investment properties	B	1,658	1,658
Fair value losses on investments	C	(768)	(1,190)
Deferred tax asset recognised on defined benefit pension scheme liability	D	4,567	4,488
Defined benefit pension scheme liability	D	(22,836)	(22,438)
		<u>37,280</u>	<u>35,933</u>
			Year ended 30 September 2015 £'000
	Notes		
4) Reconciliation of company profit or loss			
Company profit or loss as previously reported under UK GAAP			(1,138)
Additional depreciation on revalued properties	A		(6)
Fair value loss on investment properties	B		(100)
Fair value loss on investments	C		(803)
Remove provision against investments	C		381
Net contribution to pension scheme	D		1,945
Interest charge on defined benefit pension scheme	D		(919)
Deferred tax benefit of pension scheme liability	D		(79)
			<u>(719)</u>
Company profit or loss reported under FRS 102			<u>(719)</u>

Notes to company reconciliations:

A. Fixed assets

The directors have taken advantage of the transitional arrangements as set out in FRS 102 by revaluing its properties to a deemed cost at the date of transition. This has given rise to a valuation adjustment on the date of transition of £2,956,000. As a result, depreciation has been recalculated on the new valuation resulting in an increase to the depreciation charge in the year ended 30 September 2015 of £6,000 (2014: £Nil).

B. Investment property

During the year ended 30 September 2016, a fair value loss on investment properties of £100,000 was recognised directly in reserves under previous UK GAAP. Under FRS 102, this fair value loss is recognised in the profit or loss, together with the associated deferred tax of £nil.

NOTES TO THE ACCOUNTS

30. FIRST TIME ADOPTION OF FRS 102 (Continued)

C. Investments

Under FRS 102 investments have been recognised on a fair value basis with gains and losses being recognised in the profit and loss. Previously, the group had accounted for these at cost less provision for impairment. Provisions for impairment recognised in the year ended 30 September 2015 of £381,000 have been reversed and a fair value loss recognised of £803,000.

D. Pension scheme costs

Under UK GAAP the UK Pension scheme liability and all movements in the scheme were not recognised in the financial statements of the company and were only recognised on a group level. Under FRS 102 the UK Scheme liability of £22,836,000 has been recognised in the accounts of the company in the year ended 30 September 2014. Interest income of £3,855,000 was recognised in 2015 on the plan assets using the discount rate applied to the defined benefit obligations which is based on market yields for high quality corporate bonds. The amount recognised in other comprehensive income in 2015 was £628,000 (loss), being the difference between the actual return and the interest income recognised in profit or loss. The associated deferred tax movement for 2015 has been calculated as £79,000. In addition, costs incurred by the actuaries in performing the FRS 102 conversion have been included within administration expenses.