BMT Group Ltd

Directors' Reports & Accounts 2023

Company No: 1887373

Accounting Date:

30 September 2023

BMT GROUP LIMITED

DIRECTORS

I P Tyler	- Chairman
Ms S L Kenny OBE	- Chief Executive
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Mr G F Hill	
Mr G W Taylor	
Mr M A Dewhirst	

COMPANY SECRETARY & GENERAL COUNSEL
Ms T M Grey

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The Directors submit their Strategic Report along with the Directors' Report & Accounts of BMT Group Limited (also referred to as the "Company") for the year ended 30 September 2023.

BUSINESS AND FINANCIAL REVIEW

BMT delivered a strong financial performance this year. Overall, the group achieved a profit before tax and after BMT profit sharing schemes of £6.9m (2022: £5.9m) and profit after tax of £5.4m (2022: £3.4m). The continuing business achieved a significant increase in turnover of £27.7m (up 18%) over the reporting period, with a resultant operating profit from continuing operations of £12.4m (2022: £9.0m). An additional gain on disposal of £1.9m was recognised in respect of discontinued operations and is discussed later in this review. At the close of the reporting period BMT's cash position was £9.0m above the previous year's level. BMT's performance during this year enabled us to reward our employees with a total profit distribution related to the financial year of £7.3m (2022: £5.2m).

This performance was founded on the investment described in last year's report that set the foundations for profitable growth. The effective implementation of our strategy contributed to our success as part of the winning consortium for the UK Ministry of Defence's Fleet Solid Support (FSS) ships contract which was awarded during this period. This contributed to record sales orders for the reporting period. The FSS ships contract is the biggest in BMT's history and will span 10 years, securing skilled jobs across the organisation but most especially in the fields of naval architecture, engineering and support.

Our North American and UK business showed profitable growth during the year. In contrast our APAC region including our key Australian market made a loss due to challenging trading conditions in the defence market. Organisational changes have been made in APAC during the year to put the business on a stronger, sustainable footing.

This year we completed the implementation of organisational design changes that enable greater focus on project and programme delivery. They also strengthen regional leadership allowing more agile response to emerging opportunities and market conditions.

Business environment

The reporting period began with governments in the UK, US and Canada all committing to strengthening their defence capabilities and altering strategic energy policy in light of rising geopolitical risks across the world. This has led to good performance in the offshore energy sector, driven by higher energy prices.

In Australia a government defence review resulted in delays to several key programmes. Demand for our environmental capability in the region remained positive driven by the occurrence of extreme weather events, increasing regulation and growth in the renewables market.

Growth in the renewables market has also benefited BMT in commercial shipping where demand for our specialist vessel expertise, particularly in the design of offshore wind farm support vessels continues to grow. The ongoing war in Ukraine and the related economic uncertainty has continued to supress the global large yacht market.

Margin

With revenues rising, coupled with focus on project delivery and cost management, profits and profit margins have increased this year. This is in line with our expectations from the prior year and our investments in innovation and expertise have supported the delivery of higher margins in the year. We aim to continue investing in these areas to maintain our profitability and competitive edge.

BMT profit sharing schemes

Our ability to once again, for the third year in a row, make a significant BMT profit sharing schemes distribution of £7.3m related to the financial year is particularly pleasing as it rewards all of our people for the good results of the last year and demonstrates that our strategy to achieve a sustainable profit level by focussing on services, products and markets which can deliver good high margins has been achieved.

Continuing operations' results

Financial Highlights and Key Performance Indicators

Results summary:

	2023 £m	2022 £m
Turnover	184.7	157.0
EBITDA (as below)	14.2	10.6
Profit before BMT profit sharing schemes and tax	12.1	8.3

The non-GAAP measure of Earnings Before Interest, Tax, Depreciation & Amortisation ('EBITDA') has been calculated in this report as follows:

	2023 £m	2022 £m
Group Operating Profit	12.4	9.0
Depreciation & amortisation	1.8	1.6
EBITDA	14.2	10.6

The key operating performance indicators for continuing activities, whose purpose are to improve our economic sustainability, are:

	2023	2022
Financial related:		
Sales Order Intake^	£285.9m	£170.1m
Sales Order growth	68%	11%
Turnover	£184.7m	£157.0m
Turnover growth	18%	14%
EBITDA Margin	7.7%	6.8%

^ *Sales Orders are tracked within internal management information*

Turnover from continuing operations increased by 18% to £184.7m with revenue increasing in the UK and North America, but falling in Europe and the Asia Pacific region. EBITDA margin increased by 100bps demonstrating our drive to improve delivery efficiency and cost control despite inflationary cost pressures, and investment in the innovation and expertise that can drive higher margins is beginning to deliver.

Discontinued operations results

Discontinued operations primarily includes the results of BMT Designers and Planners Inc, whose independent Board filed for Chapter 7 of the US Bankruptcy Code on 1 February 2022. The turnover and profit before tax on discontinued operations totalled £nil (2022: £8.7m) and £1.9m (2022: £2.8m) respectively, reflecting an additional gain on disposal in the current year being recognised following a reassessment of the amounts recoverable by the Group from the trustee in bankruptcy.

For further information on discontinued operations, please see Note 4 of the accounts.

Total Group result for the year

The Group delivered an overall turnover of £184.7m (2022: £165.7m) and profit before BMT profit sharing schemes and tax of £14.0m (2022: £11.1m), with £12.1m (2022: £8.3m) being delivered by the continuing business as summarised below.

	2023 £m	2022 £m
Continuing operations		
Profit before BMT profit sharing schemes and tax	12.1	8.3
BMT profit sharing schemes	(7.0)	(5.2)
Continuing operations profit before tax	5.1	3.1
Discontinued operations profit before tax	1.9	2.8
Total Group profit before tax	**7.0**	**5.9**

The profit after tax was £5.4m (2022: £3.4m).

Group Balance Sheet and Cash Flows summarised

BMT generated a positive cash flow from operations of £15.5m (2022: negative cash flow of £0.6m) which included pension funding contributions of £3.0m (2022: £2.9m). This includes cash received in advance on certain contracts which will be completed over future years. The Group spent £1.7m (2022: £3.9m) on capital improvements (primarily computer equipment), which was lower than last year which included capitalised ERP system spend and improvements to office space. The Group distributed £4.9m to employees as part of the BMT profit sharing schemes which was accrued in the previous financial year. This led to an overall cash increase of £9.0m (2022: £9.8m reduction) in the year to £40.5m (2022: 31.5m) including a foreign exchange movement loss of £0.4m (2022: £1.2m gain).

We continue to focus on the management of our working capital including our cash position. The Group had net assets before the pension deficit and associated deferred tax of £49.2m (2022: £47.5m) the assets increasing by £1.7m despite a property revaluation loss, net of deferred tax, of £1.9m due to secondary office assets coming onto the market at material discounts compared to previous years, recognised within other comprehensive income. Including the net pension deficit, the consolidated Group had net assets of £35.7m (2022: £35.9m), a £0.2m decrease from prior years due to a £1.9m increase in the pension deficit net of deferred tax. The Group has an agreed deficit funding plan with the Pension Trustees which will be reviewed as part of the next Triennial valuation.

A non-GAAP summary of the Consolidated Balance Sheet is re-presented below:

	2023	2022
Group Balance Sheet re-presented	**£m**	**£m**
Fixed assets	13.3	16.0
Cash and cash equivalents *	40.5	31.5
Other net assets / (liabilities) before pension deficit	(2.8)	2.3
Provisions for liabilities & charges excluding US pension deferred tax liability	(1.8)	(2.3)
Net assets before net pension deficit	**49.2**	**47.5**
Pension deficit	(18.0)	(14.8)
Pension related net deferred tax asset	4.5	3.2
Net assets	**35.7**	**35.9**
Profit & loss reserves	47.1	43.5
Revaluation reserves	2.0	3.9
Non-controlling interests	0.1	0.1
Equity before Pension reserve	**49.2**	**47.5**
Pension reserve	(13.5)	(11.6)
Total Equity	**35.7**	**35.9**

**Cash and cash equivalents include cash at bank and in hand, bank overdrafts and bank loans.*

BMT Group Limited, the parent entity, had net assets of £23.4m on 30 September 2023 (2022: £33.5m), including the UK pension deficit. The decrease in net assets is due to a loss of £2.9m on the defined benefit pension valuation net of tax, a loss of £1.9m on revaluation on freehold property net of deferred tax and a loss for the year of £5.3m.

OWNERSHIP, PURPOSE, VISION & VALUES

BMT's Ownership Structure

BMT Group Ltd is the ultimate parent company of the group of companies whose ownership is held by the BMT Employee Benefit Trust (**'EBT**').

The parent company is a private company limited by guarantee with no share capital. Voting control and legal ownership rests with the EBT Trustees and beneficial ownership rests with current and certain former employees. For the purposes of this Annual Report and FRC Guidance on the Strategic Report, the Trust and Beneficiaries are the members.

In view of the size, nature and ownership structure of the organisation and the readily available amount of information and data provided to members on a regular basis throughout each year, this Strategic Report aims to present a fair, balanced, and understandable view for the members to help them assess how the directors have performed their duties particularly in relation to promoting the success of the company for the benefit of its members taken as a whole. It should be read with the rest of the Annual Report and Accounts.

Our Purpose

BMT exists to help navigate some of the most important and impactful engineering challenges of our time, creating an environment where people with outstanding technical knowledge strive to deliver a safer, more efficient, more effective, and sustainable future.

Our Vision

Our vision is to be a global leader in solutions to the most important and impactful engineering challenges of our time. We want to be recognised for our collaborative and partnering approach, investing not only in our future, but in the futures of others through our work in communities, education, and the environment.

Through the lens of our core business and our strategic growth campaigns, our vision translates as:

- 'A global force in ship design'; and
- 'A credible digital competitor, transforming asset life cycle and environmental services'.

Who we are

BMT is a maritime-orientated high-end design house and technical consulting firm. We are driven by a passion for solving complex, real-world problems that matter.

We are ambitious for our future and the positive impact we can have, and we recognise that delivery excellence enables us both to reward our people and invest in our future.

STRATEGY

Our Core Business and Our Strategy

We deliver on our ambition through the implementation of our strategy. That is to retain and grow market share in our core business areas, build powerful collaborative relationships that draw value from the full breadth of our global capability, and drive innovation that is closely aligned to our customers' and industries' current and future needs.

We summarise this as:

- Sustain the Core
- Growth through Collaboration
- Exploit and invest in Innovation

Our core business is made up of distinctive and sustainable BMT capabilities, which we leverage to address the needs of our customers and markets and are the primary focus of future capability development. We refer to these as our 'famous four' offerings, and they are as follows:

1) Maritime design and consultancy
2) Asset monitoring and sustainment
3) Environment and climate solutions
4) Defence and security acquisition and customer friend

We have a broad international reach with a track record of delivery in most parts of the world. Our capabilities are delivered from our major office locations in the UK, Netherlands, USA, Canada, Singapore, and Australia.

We see exciting growth opportunities in both defence and commercial ship design, and in the rapid development of digital capabilities to offer truly integrated environmental solutions, and advanced asset lifecycle services.

Our Goals

We are ambitious for our future growth. This increases the scale and reach of the impact we can have on the world and provides developmental career pathways for our people.

A foundation of strong financial performance enables future growth and drives meaningful profit distribution to our employees.

This is underpinned by our commitment to create real value for our customers and our employees and to play our part in meaningful change in the route to a net zero carbon footprint and sustainability.

Our headline strategic targets are:

Financial related: -

- Double digit sales orders growth
- Growth in Turnover
- Double digit EBITDA margin % (pre profit shares)

Non- financial related: -

- Improved employee engagement
- Improved customer satisfaction
- Net Zero by 2035

Employee Value Proposition ('EVP')

Our EVP is our distinctive employee offering encompassing salary, benefits, our culture, purpose and values, as well as our policies and practices around a healthy work-life balance, a supportive working environment, career development and personal growth. In 2023, we continued to invest in our culture and working environment and what attracts people to work for us, with a special focus on ensuring that our systems as well as the office spaces support flexible working and enable employees to connect with their colleagues and the business.

Also embedded in our EVP are:

- Employee assistance programmes in all our regions providing employees and their families with counselling and other valuable services to support them in their personal and professional lives, which has been particularly important during the pandemic.

- Continued investment in our practice communities - internal networks of colleagues joined together by a common area of professional and technical interest which help bring world-class expertise to our projects and provide a fertile environment for professional development. In the future, these will be supported by our newly established Fellowship Scheme.

- The BMT profit sharing schemes provide a key financial return to the employees of BMT as an Employee Benefit Trust.

MANAGING RISK AND UNCERTAINTY

The Board has ultimate responsibility for determining the nature and extent of the risks that the business is willing to take. The Internal Audit Function conducts an independent programme of activity to assess the Group's key systems, processes, and controls, sharing the results with the Executive Committee and the Audit Committee.

Principal Risks

The Group Risk Register prioritises material risks to the delivery of BMT's strategy, see table overleaf.

High government debt levels, persistent inflation, and general global market uncertainties can affect customer spending patterns. National elections in core markets may impact the timing, nature, and value of new contracts or changes to existing contracts. Key mitigations include maintaining critical supplier status and increasing agility in our service offerings. A solid order book of long-term contracts acts as a hedge to short term demand shocks.

Transformation of our delivery organisation, a new ERP system (UK), and a Global PMO function are among the initiatives introduced to reduce programme delivery risks. These changes will allow faster and better capacity management and resource allocation decisions. This mitigates the impact of contract delays and facilitates resourcing of new projects. To help ensure performance across all projects, we have more risk-based commercial and technical input to contract gate reviews. Across large projects like the FSS, we work closely with our partners to manage risks at a local and programme level, and employ proactive engineering and contract change control processes to manage any design alterations or supply delays.

Although debt free, we maintain careful cashflow management and adopt pro-active funding policies to meet long-term liabilities. We work closely with the Trustees to manage the DB Pension Scheme deficit, with funding plans agreed based on actuarial reviews.

System and Data security risks remain high due to the increasingly sophisticated cybersecurity threats using AI. We are building defences and resilience through the roll out of regional IT networks and deployment of a suite of tools for active deterrence, detection, and remediation under approved IT, Data and Digital strategies. Other principal risks include people recruitment and retention, with certain markets more vulnerable to employee turnover. The company takes actions including providing Global Mobility and Careers Mapping programmes that provides development opportunities across the organisation. Health & Safety risks remain high due to the nature of activities in small pockets of the business, and work is ongoing to drive a safety-first culture with risk identification and with investment in new systems and training to support more real-time reporting.

Emerging Risks

Emerging risks and opportunities are those that are developing or are changing, with the full impact being evaluated.

Regional conflicts and geopolitics will underpin spending decisions on core areas of national security including cyber defences and in energy resilience. We believe the introduction of Artificial Intelligence (AI) tools will transform how companies operate and are investing in our AI capabilities to unlock its potential whilst managing the downside risks.

The urgency of the climate emergency and environmental sustainability presents evolving and new opportunities to support our customers and new risks to the business. We continue to invest in the management and reporting of ESG matters, working to reduce our carbon footprint and ensure our supply chain meet global ethical standards. We also seek to use our collective engineering expertise to work with our customers and partners to accelerate the transition to clean energy (including within the defence and maritime sectors) and to reduce the environmental impact of extractive industries.

Risk Appetite

We take a balanced approach to risk. In areas including pipeline growth, organisational and digital transformation, and innovation we are willing to accept a higher level of risk and return. In matters of compliance, ethics, cybersecurity, financial management, and safety - our risk appetite remains low, with a cautious approach to management.

MANAGING RISK AND UNCERTAINTY (continued)

Risk	Link to our Strategy	Why it Matters	How we Manage it
Strategy, Future Business & Brand Management Risks	Sustain the Core Invest in Innovation	We remain heavily weighted toward the Defence sector and UK market in particular. We are reliant on long-term relationships with several key customers and partners. We need to maintain the trust to deliver and be competitive.	Our key account managers work closely with our core customers to understand their strategic goals and budgets, and we undertake in-depth market analysis to inform our development and future business activities. We remain alert to changing customer priorities and balance the market risk by offering a diverse portfolio of services.
External Market Factors including market shocks	Sustain the Core	External factors including changes to national governments in core markets, ongoing geopolitical volatility and economic uncertainty could lead to significant changes to the type, scope, and timing of customer orders. Our ability to deliver on schedule and on budget could be impacted by external market factors.	Our annual integrated strategic planning exercises are stress tested for a range of outcomes across all our markets. We continually monitor market movements and the likely impact on our customers and suppliers. We focus on cost control and maintain cash reserves in response to business or market volatility. We adapt our ways of working to minimise the delivery risks as required.
Programme and Project Delivery Risks	Sustain the Core Grow through Collaboration	Failure to assess adequately the contractual, technical, and delivery risks at the outset could result in material financial losses, legal claims, and reputational damage. We undertake large, multi-year, complex projects which carry material delivery risks and could lead to potentially onerous contracts without strong management and change control processes.	Our project lifecycle processes are supported by relevant policies, procedures, and management systems. Our opportunity gate reviews allow robust risk identification during the bid-to-contract phase. We have re-organised the delivery function to optimise our capacity management and resource allocation decisions. For certain large projects, we seek to manage risks at a local and programme level, employing proactive engineering and contract change control processes.
People: Attraction & Retention. Health & Safety, Wellbeing	Sustain the Core Grow through Collaboration Exploit and Invest in Innovation	We achieve success through our people, and we need to be able to recruit and retain the requisite skills to meet our customers' needs and to drive the business forward. We face competitive markets for the right talent. We undertake a small number of higher risk activities in pockets of the business and need to adhere to the H&S and Environment regulations across several geographies.	Targeted recruitment campaigns help us attract the best people, and we benchmark our Employee Value Proposition against other companies. We offer several platforms for training, employee engagement and career development. We ensure our people have the requisite qualifications and we encourage a safety-first culture, investing in processes, training, and risk reporting systems. Additionally, many of our customers provide bespoke Health & Safety training programmes.
Physical and Data Security Risks	Sustain the Core Exploit and Invest in Innovation	A breach of physical or data security, cyber-attack or system failure could adversely impact our business and our stakeholders, and may lead to a breach of regulations, exposing the company to financial and reputational losses. The use of AI by bad actors has potential to make cyber threats more difficult to detect and manage.	We adopt a multi-layered approach, using physical and network security measures to protect our systems and data. Software tools monitor and support our data and systems security and roll out of regional networks helps ensure only approved applications are used. All employees undertake mandatory training, with a perpetual cycle of refresher training.

Risk	Link to our Strategy	Why it Matters	How to Manage it
Innovation – new technologies and digitalisation; market disruptors	Exploit and Invest in Innovation Grow through Collaboration	New technologies and industry trends change how our customers operate, and constant innovation is required to stay competitive and relevant. Deployment of artificial intelligence tools has potential to disrupt aspects of how we and our customers / partners work.	We invest in innovation that is aligned with our overall strategy. We develop Digital, Data and IT strategies to drive efficiencies and support innovation. We sustain the skills necessary to support our customers through targeted investment, including the safe deployment of AI tools to enhance our capabilities.
Long-term Liabilities: Defined Benefit Pension Commitments	Sustain the Core	We hold a defined benefit (DB) pension scheme which is now closed. A material and sustained drop in the value of the pension fund assets or an increase in liabilities beyond actuarial assumptions, could require additional funding to manage the deficit.	We manage the DB scheme liabilities by implementing appropriate funding strategies based on actuarial valuations. The Trustees have appointed a Fiduciary Manager to help optimise asset returns and to follow appropriate hedging strategies to protect the scheme against interest and inflation rate volatility.

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT

The Board of Directors responsibilities under s.172 of the Companies Act 2006, requires them to act in good faith and promote the success of the Company for the benefit of its members as a whole. Below, we describe how they have fulfilled their duties towards the main stakeholder groups.

In making decisions, the Board and its Committees take into account the potential impact on stakeholders as well as broader factors, such as the Company's impact on the community and environment, responsible business practices, reputational risks, and the likely long-term consequences of its decisions. This helps to ensure that decisions are made with consideration for all relevant factors.

Our Customers & Partners

The Board has defined long-term collaborative relationships with customers as a central part of our strategy, putting them at the heart of our vision and approach to innovation. Key Account Managers ensure the needs and voice of our customers are heard and understood in planning and decision making.

The Board was involved in deciding to make significant investment in staff in anticipation of the FSS ships contract and other larger orders and in the FSS bid submission.

Our Employees

Our ability to deliver our strategy and the desired result for our customers requires competent and empowered people working safely together across BMT. Actions the Board has taken to position the business for profitable growth create long-term value for our employees.

This year the focus on the employees has continued to be at the forefront of Board decisions with remuneration, wellbeing, DEI (Diversity, Equity, Inclusion) and career development recognised as vital enablers to the success of the organisation. This has led to continued high levels of employee engagement, which have been confirmed by a global employee survey.

Throughout the year, the board have ensured they understand the views of the employees through engagement with the Employee Engagement Group (EEG) and directly via Mick Dewhirst, our Employee Director who joined the board at the start of the reporting year.

The Board considered the employee perspective in our ERP System investment through regular briefings leading up to post year end go live in the UK. In addition, the board was involved in the review and assessment of our office property portfolio including reorganisation of our UK offices in light of change to working practices post the pandemic.

Employees are provided with a monthly overview of business performance via a dedicated intranet site, and bi-annually the CEO provides 'townhall' briefings via videoconference globally. These media include a narrative describing the financial and economic factors affecting performance of the business, as well as an overview of any key events or trends such as the business exits and the rationale.

A payment was made during the year from the BMT profit sharing schemes based on the performance in the preceding financial year. A profit share has also been agreed for the current financial year to be paid in FY2023/24.

Our Suppliers

The Board recognise the importance of mutually beneficial relationships with suppliers, including our contractors, in the successful delivery of our strategy. The Board also recognise the importance of delivering this success in a manner compliant with ethical business practices.

BMT seeks the continuous promotion of due diligence and the transparent application of our Supplier Code of Conduct. This helps suppliers to ensure they comply with all relevant policies, laws and regulations covering topics such as bribery, slavery, human rights, and health & safety.

Our Wider Community

The Board fully support community engagement, recognising the strategic importance of delivering value and having a positive impact in our local communities. Our approach to encouraging volunteering and engaging with charities and community partnerships creates real and enduring value for BMT and those we work with. We apply our expertise in delivering environmental projects and minimising detrimental impacts of our operations. We inspire the future workforce of BMT by supporting national and local initiatives such as STEM and are targeting growth by focusing on a sustainable future.

Our Pension Scheme

The Board recognises current and future pensioners within its Defined Benefit Scheme as stakeholders in its decision making. The Board is committed to ensuring the pension scheme is fully funded over a sensible timescale, the investments and fund are managed in the best way for members, and that risks are managed in an appropriate way. The Chief Financial Officer engages in a transparent and regular dialogue with the Pension Trustee.

Our Industry Bodies

The Board encourages a strategic approach to industry relationships that create benefits for BMT. We actively engage with many professional bodies and trade associations to positively influence and shape the future of our industries.

STAKEHOLDERS: why they matter, their interests and how BMT engages with them

Why they matter to us	Their interests	How BMT Engages with its stakeholders
Customers & Partners: We aspire to be our customers' trusted partner helping to solve their most complex challenges.	• Delivery • Safety • Innovation • Relationship	• We build long-term customer relationships and collaborations to understand their needs and create enduring value
Employees: We strive to ensure our long-term sustainability for the people who drive our success: our employees.	• Remuneration and reward • Learning and development • Health and Safety • Diversity & Inclusion (D&I) • Wellbeing	• Global Induction • Comprehensive learning and development opportunities • Career framework • Globally benchmarked remuneration and benefits • Employee Engagement Group and other employee networks • D&I and Wellbeing strategies
BMT Employee Benefit Trust and Beneficiaries: We operate the business to add value now and into the future.	• Long term stability of the company • Company performance • Returns	• Regular updates, meetings, and engagement with Trustees • Engagement of the Trustees with the Employee Engagement Group
Industry bodies: We maintain positive and constructive relationships with industry bodies to be able to understand, shape and influence our industries.	• Regulations, policies, and standards • Thought leadership • Skills deficit	• Memberships & In-kind support • Employees actively engaged in meetings and committees • Technical papers • Promoting professional accreditation and memberships
Supply chains: Our suppliers are critical enablers of the effective delivery of our business and vital partners in ensuring compliance and minimising impacts.	• Long term relationships • Timely payment • Clear parameters	• Good working relationships • Prompt payment • Supplier Code of Conduct • Supplier due diligence
Communities: We understand that we depend on the communities where we operate and have a responsibility towards them.	• Employment • Health & Safety • Environment • Community investment • Education	• Sponsorship • Charitable giving and volunteering • University partnerships • STEM Ambassadors
Pension Scheme: We recognise current and future pensioners within our Defined Benefit Scheme as stakeholders in company decision making.	• Employer Covenant • Deficit contributions	• Transparent dialogue • Regular covenant monitoring

FUTURE DEVELOPMENT OF THE BUSINESS

We continue to develop the business to enhance the value we create for our customers, employees, and all stakeholders.

Our ambitious net zero targets and sustainability strategy are aligned to two prioritised Sustainable Development Goals (SDGs). These are SDG 9: Industry, Innovation & Infrastructure and SDG 13: Climate Action and they are at the heart of our future business growth and ambition.

In the coming year we will continue to embed sustainability into all parts of our business and culture and further support our proposition to our customers, enabling them to achieve more sustainable outcomes.

The implementation of organisational and management information system changes in the reporting year are powerful enablers of the efficiency of our delivery and our commitment to offer customers access to the full breadth of BMT's capabilities.

The investment we have made in our digital strategy, strategic campaigns and our approach to innovation are showing positive results and will continue through the coming year. The creation and maturation of regional leadership teams will further enable opportunities for regional growth.

Employees have always been at the heart of our business model and will continue to be so. Competitive remuneration and benefits will help attract and retain talent. Meaningful BMT employee profit sharing schemes payments will connect everyone to our shared success. Fundamental to that success is the importance of providing employees with the professional development, challenging work, and opportunities to build careers at BMT. We are committed to being a purpose led business where our employees have the opportunity to work on projects that matter.

These elements combined with an already strong employee value proposition will help to ensure we secure the best talent in all areas of our business. We will continue to actively create a more diverse workforce bringing a wide range of thinking in an inclusive and safe environment that promotes employee wellbeing.

Continuing the trend of the past year we will invest further in building customer relationships to understand their needs, and ensure they are represented in all aspects of our thinking.

What are our priorities?
Our priorities and strategic focus remain unchanged. To fulfil our purpose and continue the successful implementation of our strategy next year and beyond we must focus on growing and profitably delivering our order book, staying close to our customers, and investing in our people.

Our strategic priorities are therefore:

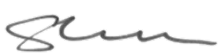
- Sustain and grow our core business through the famous four
- Drive new growth through exploiting our innovation and research
- Drive new growth through emerging campaigns and partnerships

Our strategy of selective focus on our core markets and sectors is enhanced by our commitment to deliver sustainable outcomes for our customers. Our ethical & social narrative means we offer a strong value proposition for our clients and employees.

This focus and expertise put us in a good position to deal with market uncertainty and to meet future challenges and aspirations of our clients and stakeholders.

The order book and contracted work for the year has, again, held up well, reflecting the confidence of our customers and value of our offerings in our core markets. The strength of the order book positions us well for the following year.

As approved by the Board and signed on its behalf:



Sarah Kenny OBE
Chief Executive Officer
3 April 2024

DIRECTORS' REPORT

The Directors submit their Report, along with the Strategic Report and Accounts for BMT Group Ltd, and the Group as a whole, for the year ended 30 September 2023.

Principal Activities

Our principal activities are focused on the provision of 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. We are a people business and our success is a reflection of the hardwork 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 scientific research and development investment.

Corporate Governance Arrangements

The Company's corporate governance structure and practices are outlined in a Corporate Governance Model that BMT Group Ltd and its subsidiaries have adopted. The model ensures that the Company has appropriate and effective governance policies for its business size and purpose, and that these policies are implemented throughout the Group under the supervision of senior management.

The Board operates through the following governance committees: Audit and Remuneration. The Remuneration Committee members are all non-executive directors, whilst the Audit Committee is a mix of non-executive and executive directors. The day to day running of the business continues to be managed by an Executive Committee.

Strategic Report

The Company in accordance with the Companies Act 2006, s. 414C(11) has set out in the Company's Strategic Report information required by "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. Sch. 7" to be contained in the Directors' Report. It has done so in respect of future developments and financial risk management.

BMT Employee Benefit Trust

The parent company is limited by guarantee, without any share capital and is under the ultimate voting 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:

Mrs S M Mackenzie *(Chair)*
Mr M A Wippell *(Independent Trustee)*
Mr I P Tyler
Mr G F Hill

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

Directors

The Board of Directors are responsible for ensuring we have the right governance structures, policies and processes that will support the business in meeting our growth ambition and becoming future ready. Having this foundation in place will enable us to mitigate our impact, anticipate customer needs and drive innovation in a way that delivers benefits for our environment and creates value for society.

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr I P Tyler (appointed 1 May 2023) *(Chair)*
Ms S L Kenny OBE *(Chief Executive)*
Mr M A Dewhirst (appointed 1 October 2022) *(Employee Director)*
Mrs S M Mackenzie
Mr G F Hill (appointed 19 April 2023)
Mr G W Taylor (appointed 1 June 2023)
Mr A Wyllie CBE (resigned 18 April 2023)
Mr D K McSweeney (resigned 19 April 2023)
Mr C M Packshaw (resigned 7 June 2023)
Ms W J Barnes (resigned 11 July 2023)
Mr D R Webb (resigned 31 December 2023)

Directors' indemnities: As permitted by the Company's Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and remains in place. The Company also purchased and maintained throughout the financial year Directors' and Officers' Liability Insurance in respect of itself, its directors, and officers.

Directors' remuneration: this has been disclosed in Note 7 to the financial statements.

Results and Profit Sharing

The financial highlights are set out in the Strategic Report. Total Group operating profit was £12.4m (2022: £13.1m) and profit after tax was £5.4m (2022: £3.4m). Profit after tax includes a profit share of £7.3m to eligible employees in relation to the FY2022/23 (2022: £5.2m).

Sustainability reporting

The following section deals with the Planet, Prosperity & People. Further information can be found in BMT's annual sustainability report.

PLANET

Streamlined Energy Carbon Reporting ('SECR')

Emissions are reported in accordance with "The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018". Legal Entities outside of our UK operations are not required to include energy and carbon information within the Directors' Report and have been excluded. The reporting figures are therefore a summary of our UK emissions. This is our fourth year of reporting our UK emissions.

		2023	**2022**	**2021**
Total Scope 1 Emissions (tCO2e)	Emissions from combustion of gas	51	67	39
	Emissions from combustion of fuel for transport purposes	0	0	0
Total Scope 2 Emissions (tCO2e	Emissions from purchased electricity (A location-based method)	119	102	123
Total Scope 3 Emissions (tCO2e)	Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel	148	96	55
	Emissions from employee business travel where company is not responsible for purchasing the fuel (Scope 3) / tCO2e)	353	348	51
Total gross CO2e based on above (tCO2e)		671	613	268
Intensity ratio (tCO2e per £m of revenue)		3.63	3.71	1.57
Energy Consumption (kWh)	Gas	281,472	366,723	214,332
	Electricity	572,688	526,948	563,542

For consistency with previous reports, we have excluded Scope 3 well-to-tank GHG emissions (from the production, processing and delivery of gas and electricity)

Energy Efficiency Action

We have developed science-based targets for emission reduction. These are specific goals for reducing our Greenhouse Gas (GHG) emissions in line with the latest climate science and validated by the Science Based Targets initiative (SBTi).

- **Near-term target:** We commit to a 65% reduction in scopes 1, 2 and 3 greenhouse gas emissions by 2030 from a FY2019 base year.
- **Long-term target:** We are committed to reaching net-zero greenhouse gas emissions across the value chain by FY2035.

During the reporting year we continued to focus on travel reductions, and reducing energy usage across our value chain, in line with ISO14001. Some of the actions taken include:

- Four of our UK offices moved to a renewable energy tariff.
- Downsized our Teddington and Bath offices to match employee flexible working demand and reduce electricity and gas consumption.
- Opened a new office in Bristol deliberately situated close to the major regional public transport hubs and with bike storage and shower facilities. There are negligible parking facilities onsite, encouraging employees to use active or public transport.
- The new Bristol office has been stocked with reclaimed furniture minimising embodied carbon costs.
- LED lighting has been installed throughout our Bath offices.
- We met our target of achieving a minimum of 20% reduction in discretionary travel compared with our 2019 base year inventory.

Methodology to prepare BMT's SECR report Scope and Boundaries

Scope and Boundaries

BMT includes Scope 1, 2 and 3 GHG emissions, as defined in section 92 of the Climate Change Act 2008. GHGs within the report include carbon dioxide ($CO2$), methane ($CH4$), nitrous oxide ($N2O$), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride ($SF6$).

The following sources of emissions are included in this report:

Direct emissions:

- Stationary combustion – combustion fuels in stationary equipment e.g. boilers, heaters, and engines
- Mobile combustion – combustion of fuels in transportation devices e.g. automobiles and aircraft In-Direct Emissions.

Indirect Emissions:

- Emissions from the generation of purchased electricity that is consumed in owned or controlled equipment.

Property Assets:

GHG emissions include all UK assets included in BMT's mixed tenure property portfolio. This includes assets that are wholly owned by BMT and assets to which BMT is the lessee to a third party landlord entity.

Reporting

The SECR report aligns with our annual reporting period - 12 months to 30 September. BMT reports GHG emissions against the two previous year's reporting. These are normalised against Group revenue to give an intensity ratio with the units Tonnes of CO2equivalent per million pounds (tCO2e/£m).

Emission Factors

For the 12 months to 30 September 2023 (FY22/23), BMT has used the GHG reporting conversion factors 2023 for our UK emissions to determine the Group's Scope 1, Scope 2, and Scope 3 emissions (Greenhouse gas reporting: conversion factors 2023 (www.gov.uk)).

We calculate our carbon emissions through the collection of primary source data in their appropriate units (e.g. kilowatt hours (kWh), kilometres (km) etc.) and converting them into the associated carbon emissions using the relevant emissions factors. In instances where that data is not accessible (distances travelled for hire car journeys or train travel) a conversion factor calculated based on existing journeys (CO2e/£)- has been applied.

Emissions Data

The data collection was conducted at year-end in October 2023. Data was gathered from internal accounts payable, facilities management and operational teams as well as external travel management companies. This data is then converted by BMT's Sustainability Coordinator. The internal audit function provides periodic reviews of future emissions data and conversions to ensure quality and consistency of reporting.

PROSPERITY

Global Research & Development

Investing in innovation is one of the three pillars supporting the delivery of BMT's strategic vision. In a highly competitive and rapidly changing world we are striving to use our knowledge and expertise to help our customers respond to increasing global challenges and to provide solutions that create economic, environment and social value for customers and society.

PEOPLE

The Group is an independent knowledge-based organisation that sells its technology and expertise. We recognise that the people we employ are our most valuable resource, which is underlined by the unique ownership structure of BMT. We continue to develop the skills of our people through training programmes and encourage employee wellbeing and engagement.

Employee engagement, a key metric for our business, is driven in several ways including an active BMT Employee Engagement Group (EEG) which has regular, direct access to senior leaders in the organisation, and where their views are considered when making decisions that are likely to affect their interests. The EEG has recently been restructured and invigorated to match the new organisational structure which has now been implemented globally.

Clear communication is a crucial driver of employee engagement. Therefore many channels of communicating effectively with our staff have been established, including face to face and virtual briefings, email, intranet and digital media. Business performance is shared monthly with staff via a performance dashboard on the corporate intranet.

Ethics are a defining feature of our corporate culture, and all employees are required to conduct themselves in accordance with a Code of Conduct to ensure common standards of ethical behaviour. Knowledge and acceptance of the Code of Contact are tested regularly across all employees. 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 2010 Bribery Act; and
- increase transparency relating to the governance of the business.

We are an equal opportunity employer and strive to set exemplary standards of equality, diversity, and inclusion. Our policy framework seeks to ensure that people are treated equally, regardless of their gender, race, colour, age, disability, sexual orientation, religious beliefs, nationality, type of employment or marital status. It applies to all aspects of employment and is reinforced through the promotion of our diversity and inclusion strategy and awareness raising activities, like training courses and discussion forums, throughout the business.

We strive to create a workplace free from discrimination, driven by actively inclusive behaviours and policies. Our recruitment practices aim to ensure we give full and fair consideration to applications for employment from disabled persons. Where an employee becomes disabled, the Group endeavours to make reasonable adjustments 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.

Health and Safety ("H&S")

We have an established track record of integrating health and safety into our everyday work environment and work with our clients and supply chains to continuously seek opportunities to improve.

We take extra measures to safeguard workers who might be more vulnerable to the risk of work-related injury or ill health, such as workers facing language barriers or having visual or hearing impairments.

Trained health and safety representatives and fire wardens are nominated in all our offices. These personnel have a responsibility to undertake specific needs risk assessments for people with physical or learning difficulties, young persons (under 18), new mothers and pregnant women. Senior leaders are trained to support employees in these activities.

Our overall approach to health and safety is underpinned by our H&S Policy, which sets our principles for delivering a healthy and safe environment.

Wellbeing

BMT believes that a proactive approach to the health and wellbeing of our employees is fundamental to the success of our business.

We aim to integrate wellbeing into our work activities and practices, creating a positive environment that is compatible with promoting staff engagement, performance, and achievement.

Wellbeing (continued)

Our global approach addresses 5 key topics:

1. Health - this includes employee mental, physical and financial health;
2. Work - having good line management, health and safety at work, improving our working environments;
3. Values - living our values, understanding our purpose, the direction of the organisation, diversity and inclusion;
4. Collaboration - ensuring we have employee voice, and have positive working relationships; and
5. Personal Growth – effective performance management, personal development discussions, access to learning and development.

Our ability to grow organically is dependent on attracting and retaining the best and brightest individuals from around the world – and from a broad range of cultures and backgrounds – who wish to pursue our aims and our commitment to a sustainable business.

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE ACCOUNTS

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

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

In preparing the financial statements of the Group and the Company the directors are required to:

a) select suitable accounting policies and then apply them consistently;
b) make judgements 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 the 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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;
- 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; 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.

As approved by the Board and signed on its behalf:

Gareth Taylor
Chief Financial Officer
3 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BMT GROUP LIMITED

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2023 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BMT Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2023 which comprise consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, parent company balance sheet, consolidated statement of changes in equity, parent company statement of change in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the reporting framework (UK adopted international accounting standards, UK GAAP and the Companies Act 2006).

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosure in the financial statements, for example through the imposition of fines or legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax experts in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition, posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our tests included, but were not limited to:

- enquiring with management and those charged with governance regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the Company;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries. We investigated journals determined by key risk characteristics based on our knowledge of the business and material journals.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Mark Cardiff

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Mark Cardiff (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
3 April 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	2023 Continuing operations £000	2023 Discontinued operations £000	2023 Total £000	2022 Continuing operations £'000	2022 Discontinued operations £000	2022 Total £000
Group turnover	2	**184,686**	**-**	**184,686**	**157,008**	**8,698**	**165,706**
Group operating costs	3	(172,274)	-	(172,274)	(148,022)	(4,577)	(152,599)
Group operating profit	5	**12,412**	**-**	**12,412**	**8,986**	**4,121**	**13,107**
Fixed asset investments:							
- Gain / (Loss) on disposal of operations	4	-	1,889	1,889	-	(1,291)	(1,291)
Net interest payable	10	(312)	-	(312)	(706)	-	(706)
Profit before BMT profit sharing schemes and tax		**12,100**	**1,889**	**13,989**	**8,280**	**2,830**	**11,110**
BMT profit sharing schemes	1,8	(7,040)	-	(7,040)	(5,200)	-	(5,200)
Profit before tax		**5,060**	**1,889**	**6,949**	**3,080**	**2,830**	**5,910**
Taxation	11	(1,122)	(437)	(1,559)	(2,686)	217	(2,469)
Profit after tax retained for the year		**3,938**	**1,452**	**5,390**	**394**	**3,047**	**3,441**

Profit for the year attributable to:

	2023 Continuing operations £000	2023 Discontinued operations £000	2023 Total £000	2022 Continuing operations £000	2022 Discontinued operations £000	2022 Total £000
Owners of the parent	3,938	1,452	**5,390**	394	3,047	**3,441**
Non-controlling interest	-	-	**-**	-	-	**-**
Profit for the year	**3,938**	**1,452**	**5,390**	**394**	**3,047**	**3,441**

Further information on Discontinued operations is provided in Note 4. Discontinued operations in 2022 includes items that had previously been shown as exceptional items on the face of the Profit and Loss Account and the movements in those are disclosed within Note 4.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023 £000	2022 £000
PROFIT FOR THE YEAR	5,390	3,441
Other comprehensive (loss) / income:		
Movement on defined benefit pension schemes		
Return on scheme assets (excluding amount included in net interest expense)	(15,879)	(38,759)
Actuarial gains on liabilities	11,928	55,679
Net assets in US Scheme derecognised in prior year due to uncertainty on recovery	-	738
Movement in deferred tax relating to actuarial gain on pensions	883	(4,219)
Deferred tax rate change on opening pension scheme deficit	202	-
Exchange movement on foreign pensions	(22)	73
(Loss) / Gain on defined benefit pension plans (Note 22)	(2,888)	13,512
Revaluation of freehold land and buildings (Note 13)	(2,343)	72
Movement in associated deferred tax on revaluation	426	-
Revaluation of freehold land and buildings net of deferred tax	(1,917)	72
Unrealised net exchange movement on foreign equity investments	(735)	1,108
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE YEAR	**(150)**	**18,133**

None of the above Other Comprehensive Income was attributable to non-controlling interests (2022: nil).

CONSOLIDATED BALANCE SHEET

Company Number 1887373

	Notes	**2023** £000	**2022** £000
FIXED ASSETS			
Intangible assets	12	4,939	4,939
Tangible assets	13	8,408	11,056
		13,347	15,995
CURRENT ASSETS			
Stock		233	360
Debtors			
amounts falling due within one year	15	48,022	46,975
amounts falling due after one year	15	4,762	3,397
Cash at bank and in hand	16,17	40,517	31,528
		93,534	82,260
CREDITORS: amounts falling due within one year	18	(51,360)	(44,533)
NET CURRENT ASSETS		42,174	37,727
TOTAL ASSETS LESS CURRENT LIABILITIES		55,521	53,722
CREDITORS: amounts falling due after more than one year	19	(36)	(45)
PROVISIONS FOR LIABILITIES AND CHARGES	20	(1,765)	(2,941)
NET ASSETS EXCLUDING PENSION LIABILITY		**53,720**	**50,736**
Defined benefit pension liability	22	(17,973)	(14,839)
NET ASSETS INCLUDING PENSION LIABILITY		**35,747**	**35,897**
CAPITAL AND RESERVES			
Profit and loss account	23	47,066	43,463
Other reserves – Pension	22	(13,479)	(11,643)
Other reserves – Revaluation reserve	23	2,028	3,945
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**35,615**	**35,765**
NON-CONTROLLING INTERESTS		132	132
TOTAL EQUITY		**35,747**	**35,897**

The accounts on pages 22 to 58 were approved by the Board of Directors and authorised for issue on 3 April 2024 and are signed on its behalf by:

S L Kenny OBE
Director

G W Taylor
Director

PARENT COMPANY BALANCE SHEET

Company Number 1887373

	Notes	2023 £000	2022 £000
FIXED ASSETS			
Intangible assets	12	4,939	4,939
Tangible assets	13	3,117	5,718
Investments	14	10,988	12,039
		19,044	22,696
CURRENT ASSETS			
Debtors			
amounts falling due within one year	15	5,563	4,751
amounts falling due after one year	15	12,299	13,942
Cash at bank and in hand	17	11,658	15,667
		29,520	34,360
CREDITORS: amounts falling due within one year	18	(5,620)	(6,050)
NET CURRENT ASSETS		23,900	28,310
TOTAL ASSETS LESS CURRENT LIABILITIES		42,944	51,006
CREDITORS: amounts falling due after more than one year	19	(819)	(896)
PROVISIONS FOR LIABILITIES AND CHARGES	20	(717)	(878)
NET ASSETS EXCLUDING PENSION LIABILITY		**41,408**	**49,232**
Defined benefit pension liability	22	(17,973)	(15,700)
NET ASSETS INCLUDING PENSION LIABILITY		**23,435**	**33,532**
CAPITAL AND RESERVES			
Profit and loss account	23	35,132	41,679
Other reserves - Pension	22	(13,479)	(11,858)
Other reserves - Revaluation reserve	23	1,782	3,711
TOTAL EQUITY		**23,435**	**33,532**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company's loss for the year and total comprehensive loss for the year were £5,302,000 (2022: profit £3,642,000) and £10,099,000 (2022: profit £17,039,000) respectively. The accounts on pages 22 to 58 were approved by the Board of Directors and authorised for issue on 3 April 2024 and are signed on its behalf by:

S L Kenny OBE
Director

G W Taylor
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent					
	Profit and loss account	Defined Benefit Pension reserve	Revaluation reserve	Controlling interests	Non-controlling interests	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 October 2021	**39,961**	**(26,202)**	**3,873**	**17,632**	**132**	**17,764**
Profit for the year	3,441	-	-	3,441	-	3,441
Other comprehensive income:						
Gain on defined benefit pension plans*	-	13,512	-	13,512	-	13,512
Unrealised net exchange movement on foreign equity investments	1,108	-	-	1,108	-	1,108
Revaluation of freehold land and buildings*	-	-	72	72	-	72
Total Comprehensive Income	4,549	13,512	72	18,133	-	18,133
Transfer between reserves:						
Pension Costs	(1,047)	1,047	-	-	-	-
Total movements in the year	3,502	14,559	72	18,133	-	18,133
Balance at 30 September 2022	**43,463**	**(11,643)**	**3,945**	**35,765**	**132**	**35,897**
Profit for the year	5,390	-	-	5,390	-	5,390
Other comprehensive income:						
Gain/ (loss) on defined benefit pension plans	-	(3,973)	-	(3,973)	-	(3,973)
Unrealised net exchange movement on foreign equity investments	(735)	-	-	(735)	-	(735)
Revaluation of freehold land and buildings	-	-	(2,343)	(2,343)	-	(2,343)
Taxation in respect of other comprehensive loss		1,085	426	1,511	-	1,511
Total Comprehensive (Loss) / Income	4,655	(2,888)	(1,917)	(150)	-	(150)
Transfer between reserves:						
Pension Costs	(1,052)	1,052	-	-	-	-
Total movements in the year	3,603	(1,836)	(1,917)	(150)	-	(150)
Balance at 30 September 2023	**47,066**	**(13,479)**	**2,028**	**35,615**	**132**	**35,747**

*Amounts are shown net of deferred taxation, see Consolidated Statement of Comprehensive income for further information.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Profit and loss account £000	Defined Benefit Pension reserve £000	Revaluation reserve £000	Total £000
Balance at 1 October 2021	**38,984**	**(26,202)**	**3,711**	**16,493**
Profit for the year	3,642	-	-	3,642
Other comprehensive income:				
Revaluation of land and buildings	-	-	-	-
Gain on defined benefit pension plan	-	17,616	-	17,616
Taxation in respect of other comprehensive income	-	(4,219)	-	(4,219)
Total Comprehensive Income	3,642	13,397	-	17,039
Transfer between reserves:				
Pension scheme	(947)	947	-	-
Total movements in the year	2,695	14,344	-	17,039
Balance at 30 September 2022	**41,679**	**(11,858)**	**3,711**	**33,532**
Loss for the year	(5,302)	-	-	(5,302)
Other comprehensive income:				
Revaluation of land and buildings	-	-	(2,355)	(2,355)
Loss on defined benefit pension plan	-	(3,951)	-	(3,951)
Taxation in respect of other comprehensive loss	-	1,085	426	1,511
Total Comprehensive Loss	(5,302)	(2,866)	(1,929)	(10,097)
Transfer between reserves:				
Pension scheme	(1,245)	1,245	-	-
Total movements in the year	(6,547)	(1,621)	(1,929)	(10,097)
Balance at 30 September 2023	**35,132**	**(13,479)**	**1,782**	**23,435**

CONSOLIDATED STATEMENT OF CASH FLOWS

	2023 £000	2022 £000
OPERATING ACTIVITIES		
Cash (used by) / generated from operations on page 29	15,483	(570)
Interest paid	-	(22)
Income taxes paid	196	(205)
NET CASH GENERATED FROM / (USED BY) OPERATING ACTIVITIES	15,679	(797)
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(1,724)	(2,773)
Purchase of intangible fixed assets	(46)	(1,121)
Proceeds on disposal of tangible fixed assets	-	31
Interest and similar income received	406	79
NET CASH USED IN INVESTING ACTIVITIES	(1,364)	(3,784)
NET CASH INFLOW / (OUTFLOW) BEFORE FINANCING ACTIVITIES	14,315	(4,581)
FINANCING ACTIVITIES		
BMT profit sharing schemes payment to employee members	(4,907)	(6,416)
Repayments of short-term loans	-	(11)
NET CASH USED IN FINANCING ACTIVITIES	(4,907)	(6,427)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	9,408	(11,008)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,528	41,334
Effect of foreign exchange rate changes on opening cash	(419)	1,202
CASH AND CASH EQUIVALENTS AT END OF YEAR	40,517	31,528

Relating to:		
Bank balances and short-term deposits included in cash at bank and in hand	40,517	31,528

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	2023 £000	2022 £000
RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit after tax	5,390	3,441
Adjustments for:		
Amortisation & impairment of intangible assets and goodwill	46	
Depreciation of tangible fixed assets	1,793	1,642
(Gain) on disposal of tangible fixed assets	-	(15)
Defined benefit pension contributions paid	(3,028)	(2,905)
Defined benefit pension scheme administrative expenses	629	959
Defined benefit pension scheme past service cost	(63)	(761)
US Defined benefit pension funds returned to sponsor	847	-
Net interest on defined benefit pension liabilities	721	769
Net interest (receivable) excluding pension scheme interest	(409)	(64)
Foreign exchange differences	57	(213)
Loss on disposal of discontinued operations	-	1,291
BMT profit sharing schemes (Profit and Loss Account charge)	7,040	5,200
Taxation	1,559	2,469
OPERATING CASHFLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	14,582	11,813
Decrease in stock	98	16
Increase in debtors	(2,895)	(12,344)
Increase in creditors	4,556	3,929
Decrease in provisions	(858)	(3,984)
CASH GENERATED FROM / (USED BY) OPERATIONS	15,483	(570)

	2023 **£000**	**2022** **£000**
RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN FUNDS		
Increase / (decrease) in cash	8,989	(9,806)
Net movement in current asset investments	-	-
Net movement on loans	-	11
	8,989	(9,795)
Net funds as at 1 October	31,528	41,323
Net funds as at 30 September	**40,517**	**31,528**

	2023 **£000**	**2022** **£000**
ANALYSIS OF NET FUNDS		
Net cash at bank and in hand	40,517	31,528
Bank loans	-	-
	40,517	**31,528**

1. PRINCIPAL ACCOUNTING POLICIES

General Information

BMT Group Limited ("the Company") is a private company, limited by guarantee, domiciled, and incorporated in England. The address of the Company's registered office and principal place of business is Part Level 5, Zig Zag Building, 70 Victoria Street, London, England, SW1E 6SQ. 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 13.

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 property.

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

The Group is an Employee Benefit Trust (EBT) and exists to provide benefit to all employees. The Group operates a number of profit-sharing schemes, which are now all based on the overall results of the Group, and they are designed to reward performance as well as loyalty. The Directors have modified the format of the Group Statement of other Comprehensive Income as permitted by FRS 102 paragraph 5.5C, as these profit share payments are different in nature to employee remuneration, which is included within 'Operating profit'. The BMT profit sharing schemes arise from being an EBT and any payments under the arrangement are presented as a charge immediately above 'Profit before tax' and not within 'Operating profit'. The payment of these items is included within 'Financing activities' in the Cash Flow Statement. The Directors believe this presentation better reflects the EBT benefits enjoyed by the employees of the Group.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Interest income/expense and net gains/losses for financial instruments not measured at fair value, amount of any impairment loss, risks arising from financial instruments, and transferred financial asset not derecognised, loan defaults or breaches, and descriptions of hedging relationships.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Going concern

The Group and Company remain in a strong position due to the long-term relationships in place with the principal customers, combined with a robust balance sheet and no external debt. At the time of approving the financial statements, the Directors have considered forecasts of trading and cash flows for the company taking consideration of post balance sheet events along with stress tests and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the Directors consider it appropriate to prepare the accounts on the going concern basis.

Functional and presentational currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the Company's functional and the Group's presentation currency.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

Company Profit & Loss Account

As permitted by Section 408 of the Companies Act 2006, no individual profit & loss account is presented for the parent company as it prepares group accounts and the Company's individual balance sheet shows the Company's profit or loss for the financial year.

Discontinued operations

The Group recognises as discontinued, operations components which have been disposed or curtailed which represented a separate major line of business.

Accounting for an Insolvent Subsidiary in the Prior Year

BMT Designers & Planners Inc entered insolvency on 1 February 2022. The prior year financial information for the insolvent entity has been constructed using management accounts information provided before and on insolvency and other records such as bank statements. This is due to the limitations of access to certain core records following insolvency.

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.

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 on the following basis:

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Goodwill	5 to 15 years
Vessel Design Portfolio	10 years
Software	10 years

Goodwill
Goodwill on acquisitions represents the excess of the cost of acquisitions over the fair value of the Group's share of the net identifiable assets acquired. Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

Goodwill totalling £2.1m that arose prior to 1 October 1998 was written off to retained profit and loss reserves in prior years. 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 5 years.

Upon the first-time adoption of FRS102 the Group elected not to apply the provisions of Section 19 to business combinations that were effected before the date of transition of 1 October 2015.

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 or length of the lease term
Computers and instruments	3 to 5 years
Motor vehicles	4 to 10 years
Other equipment	4 to 10 years

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 losses are recognised in profit or loss.

Impairment 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 except for goodwill. 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.

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.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sale of professional services

The Company enters into a number of different forms of contracts with clients, the most common being fixed price lump sum contracts and time and materials contracts based on hourly rates.

Revenue is recognised on the majority of the Company's contracts on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Under the percentage completion method, the percentage of the total forecast revenue reported at any point in time is calculated based upon the proportion of total costs incurred to date as a percentage of total forecast costs or, in some cases, based upon the estimated physical per cent complete of the total work to be performed under the contract. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations.

In some cases, a margin provision is then made, depending on how far progressed each project is and the risk profile of the project. In addition, a provision is made in full for estimated losses and, where the outcome of a contract cannot be reasonably foreseen, profit is taken on completion.

The Company's contract accounting policy is central to how the Company values the work carried out in each financial period/year. The value of contract work in progress comprises the costs incurred on contracts plus an appropriate proportion of overheads and attributable profit.

Fees invoiced on account are deducted from the value of work in progress and the balance is separately disclosed in trade and other receivables as amounts recoverable on contracts unless such fees exceed the value of the work in progress on any contract, in which case the excess is separately disclosed in trade and other payables as income in advance.

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.

Research and development expenditure

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

Government grants

Government grants 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 and are separately disclosed in Note 3 Group Operating Costs.

Exceptional Items

Items which are significant by virtue of their size or nature and/or which are considered non-recurring are classified as an exceptional operating item. Such items are included within the appropriate consolidated profit and loss account category but are highlighted separately within the accounts. Exceptional operating items are excluded from the profit measures used by the Directors to monitor underlying performance. If the exceptional items are within the discontinued operations only, they are separately disclosed within the discontinued note, rather than on the face of the profit and loss account.

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation (continued)
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 liabilities and deferred tax assets and 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.

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
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.

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.

Onerous leases
Provisions are made against operating leases where the unavoidable costs of meeting the contractual lease obligations exceed the economic benefits expected to be received. The provisions made are the net present value of the obligations under the lease.

Retirement Benefits
Defined benefits plan
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. A surplus is only recognised to the extent that it is recoverable through reduced contributions in the future or through refunds from the plan.

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.

When a defined benefit plan is settled in the current period, the defined benefit obligation is decreased or eliminated, and the resulting gain or loss recognised in the profit and loss account within past service cost in the current reporting period.

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Retirement Benefits

Defined contribution plans (continued)

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.

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 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.

Key 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.

FRS 102 requires the disclosure of information about key judgements and assumptions concerning the future, and other sources of estimation uncertainty at the year end, that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In preparing the financial statements, the company has made certain key assumptions in relation to revenue recognition on certain of its contracts.

In one contract, a significant judgement relates to the quantum of revenue to be recognised, when customer approval is required, but has not been received at the year end. The company has developed a range of potential outcomes based on reasonable expectations as to the likely outcome of commercial discussions, assessment of contract terms and market practice. The range of revenue outcomes is between £1.8m and £4.7m and the company has selected a mid-point of this range for the purposes of revenue recognition.

In another contract, the significant judgement relates to whether the outcome of the contract can be estimated reliably, in accordance with FRS 102 paragraph 23.16. The company has concluded that the outcome cannot be reliably estimated given the relatively early stage of the contract that is subject to certain scope changes. The company considered factors such as contract terms, delivery milestones, customer acceptance criteria, schedule duration and contractual obligations on multiple ship deliveries in making this judgement. Revenue recognition has been restricted by circa £1.6m through application of this judgement.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Key accounting estimates and assumptions (continued)

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. Included within Note 22 are sensitivities to those assumptions.

Provisions for liabilities and charges
Provisions are recognised at the balance sheet date at management's best estimate of the expenditure required to settle the present obligation. Non-current amounts are discounted at a rate intended to reflect the time value of money. Provisions are recognised in the period in which an obligation arises, and the amount can be reasonably estimated. The carrying amounts of provisions are regularly reviewed and adjusted for new facts.

Valuation of freehold property
The Group carries its freehold properties at valuation. Property valuations are based on estimates of rental yields, likelihood of resale, current property condition and other external factors. As a result, this is considered a key accounting estimate within the accounts and could fluctuate based on the market conditions at the time.

Accounting for Insolvent Subsidiary In the Prior Year
The prior year financial information for the insolvent entity has been constructed using management accounts information provided before and on insolvency and other records such as bank statements. This is due to the limitations of access to certain core records following insolvency. As a result, judgement has had to be used in the categorisation of items within profit and loss account line items.

2. TURNOVER

Turnover is generated from the Group's principal activity, being a multi-disciplinary engineering and technology consultancy, specialising in design, design support, software sales, 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. The Group recognises revenue primarily from the rendering of services and does not engage in construction contracts.

An analysis of turnover by geographical market is given below:

	2023			2022		
	Continuing operations £000	**Discontinued operations** £000	**Total** £000	**Continuing operations** Restated £000	**Discontinued operations** Restated £000	**Total** Restated £000
United Kingdom	105,497	-	**105,497**	77,683	-	**77,683**
Continental Europe	10,765	-	**10,765**	16,786	-	**16,786**
North America	33,155	-	**33,155**	27,467	8,698	**36,165**
Asia Pacific	32,800	-	**32,800**	34,694	-	**34,694**
Rest of the World	2,469	-	**2,469**	378	-	**378**
	184,686	**-**	**184,686**	**157,008**	**8,698**	**165,706**

3. GROUP OPERATING COSTS

	2023			2022		
	Continuing operations £000	**Discontinued operations** £000	**Total** £000	**Continuing operations** Restated £000	**Discontinued operations** Restated £000	**Total** Restated £000
Subcontract labour, raw materials and consumables	48,060	-	**48,060**	34,919	3,654	**38,573**
Staff costs before BMT profit sharing schemes (Note 8)	97,391	-	**97,391**	91,270	4,635	**95,905**
Depreciation, amortisation & impairment of fixed assets	1,839	-	**1,839**	1,593	49	**1,642**
Government grants	-	-	**-**	(48)	-	**(48)**
R&D tax credits	(471)	-	**(471)**	(743)	-	**(743)**
Other operating charges	26,097	-	**26,097**	21,964	(3,761)	**18,203**
Other operating income	(642)	-	**(642)**	(933)	-	**(933)**
	172,274	**-**	**172,274**	**148,022**	**4,577**	**152,599**

Covid-19 Government Grant Income was received in the current and prior year, and due to its size in the prior year has been shown separately in the Government Grants line within the above disclosure.

4. DISCONTINUED OPERATIONS

Included within discontinued operations are amounts that in the prior year were classified as exceptional items due to their size and nature. Detailed below is the split of discontinued operations before and after exceptional items and changes to those exceptional items in the current year. The basis of preparation for the discontinued operations is disclosed within the discontinued operations accounting policy within Note 1.

	2023			2022		
	Pre-Exceptional £000	**Exceptional Items** £000	**Total** £000	**Pre-Exceptional** £000	**Exceptional Items** £000	**Total** £000
Turnover	-	-	-	6,508	2,190	8,698
Operating Costs	-	-	-	(6,076)	1,499	(4,577)
Operating profit	-	-	**-**	432	3,689	**4,121**
Gain / (Loss) on disposal of business			1,889			(1,291)
Profit before tax			**1,889**			**2,830**

The gain on disposal recognised in the current year reflects a reassessment of amounts recoverable to the Group from the Trustee based on the latest position, following BMT Designers and Planners Inc entering a formal insolvency process in February 2022. In the prior year, an exceptional operating gain of £4.1m was recognised due to (i) the revision of estimates in relation to a single loss-making contract recognised as an exceptional item in previous years and (ii) reassessment of certain assets and liabilities. The size of the loss incurred during the financial year ended 2020 on the loss-making contract merited it to be classified as an exceptional item and subsequent revision in assessment until the point on insolvency were presented as exceptional items in accordance with FRS 102 (Paragraphs 5.9A and 1AC, 32).

The elements comprising the exceptional item are detailed below and the current year movements in those items:

	2023		2022	
	Onerous Customer Contract £000	**Total Exceptional Item** £000	**Onerous Customer Contract** £000	**Total Exceptional Item** £000
Turnover	-	-	2,190	2,190
Operating Costs	-	-	1,499	1,499
Operating profit	**-**	**-**	**3,689**	**3,689**

5. OPERATING PROFIT

This is stated after charging / (crediting):

	2023 £000	**2022** £000
Exceptional profit on a single onerous contract (Note 4)	-	(3,689)
Operating lease rentals receivable - buildings	(413)	(459)
Operating leases payable	3,101	3,304
Depreciation on owned assets	1,793	1,642
Amortisation of intangible assets	46	-
Gain on disposal of tangible fixed assets	-	(15)
Foreign exchange gains	(57)	(319)

6. AUDITORS' REMUNERATION

	2023 £000	2022 £000
Audit services:		
Statutory audit	183	220
Tax services:		
Compliance *	11	15
Advisory services *	27	3
Other services:		
Auditing of accounts of subsidiary companies	266	120
Auditing of accounts of subsidiary companies by auditor's associates *	179	122

*Fees payable to other BDO network member firms, the auditor of the Company and UK subsidiaries

7. DIRECTORS' REMUNERATION

	2023 £000	2022 £000
Emoluments (excluding pension contributions)	1,135	988
Employer defined contribution pension	64	61
Directors' remuneration before BMT profit sharing schemes	1,199	1,049
BMT profit sharing schemes (includes social security costs)	373	35
	1,572	**1,084**
Highest paid director:		
Aggregate emoluments	514	409
BMT profit sharing schemes (includes social security costs)	257	20
	771	429
Defined contribution scheme:		
Employer contributions	37	36

One director (resigned during the year) was a deferred member of the UK defined benefit pension scheme, but there are no benefits accruing as the scheme was closed to future accrual on 31 January 2011. As at the year end, no directors were members of the UK defined benefit pension scheme. Retirement benefits are accruing to two directors under a defined contribution scheme at the year end.

The directors are considered to be the key management personnel of the Group.

8. STAFF COSTS

Group	2023 £000	2022 £000
Wages and salaries	83,753	82,917
Social security costs	6,963	6,619
Pension and post retirement costs	6,675	6,369
Staff costs before BMT profit sharing schemes	97,391	95,905
BMT profit sharing schemes (includes social security costs)	7,040	5,200
Total staff costs	**104,431**	**101,105**

Company	2023 £000	2022 £000
Wages and salaries	7,751	7,757
Social security costs	861	878
Pension and post retirement costs	598	594
Staff costs before BMT profit sharing schemes	9,210	9,229
BMT profit sharing schemes (includes social security costs)	1,272	427
Total staff costs	**10,482**	**9,656**

9. EMPLOYEE NUMBERS

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

	Full Time Equivalents (FTE)		Headcount	
Group	2023	2022	2023	2022
	No.	No.	No.	No.
Scientific and technical	929	937	987	1,008
Administrative and support	321	336	348	370
Total staff numbers	**1,250**	**1,273**	**1,335**	**1,378**
Company	2023	2022	2023	2022
	No.	No.	No.	No.
Scientific and technical	0	0	0	0
Administrative and support	85	92	91	104
	85	**92**	**91**	**104**

In the continuing business, the average number of FTE's increased by 36 to 1,250 in 2023 (2022: 1,214), with scientific and technical FTE's increasing by 44 to 929 (2022: 885), and administrative and support FTE's decreasing by 8 to 321 (2022: 329).

10. NET INTEREST PAYABLE

	2023 £000	2022 £000
Interest receivable:		
Bank interest	383	79
Other interest	26	9
Total interest receivable	409	88
Interest payable:		
Bank loans and overdrafts	-	25
Net interest on defined benefit pension liabilities	721	769
Total interest payable	721	794
Net interest payable	**312**	**706**
Net interest payable is summarised below:		
Bank deposits less loans and overdrafts (net (receivable) / payable)	(383)	(54)
Net interest on defined benefit pension liabilities	721	769
Managed fund interest received	(26)	(9)
Net interest payable	**312**	**706**

11. TAXATION

	2023	2022
	£000	£000
Current tax:		
- UK corporation tax on profits in the year	751	490
- adjustments in respect of prior periods	101	124
- foreign tax	794	51
Total current tax	1,646	665
Deferred tax:		
- UK deferred tax	53	476
- overseas deferred tax	518	266
- adjustments in respect of prior periods	(511)	171
- pension scheme	(147)	891
Total deferred tax	(87)	1,804
Tax on result	**1,559**	**2,469**

Factors affecting tax charge for the period:

The tax assessed for the period is higher than the effective rate of corporation tax in the UK 22% (2022: 19%).

	2023	2022
	£000	£000
Profit before tax	6,949	5,910
Profit at the effective rate of corporation tax in the UK of 22% (2022: 19%)	1,529	1,123
Effects of:		
- items not deductible for tax purposes	(99)	(16)
- prior year adjustment	(410)	295
- impact of tax losses	723	1,018
- adjustment in respect of overseas tax rates	142	(15)
- effect of changes in tax rates and laws	(28)	228
- other tax adjustments	(298)	(164)
Total tax charge for the period	**1,559**	**2,469**

In addition to the amounts charged to the profit and loss account, £1,085,000 (2022: charged £4,219,000) has been credited to other comprehensive income in relation to the deferred tax on pension liabilities. A further £426,000 (2022: £nil) has been credited to other comprehensive income in the year in respect of the revaluation of freehold land and buildings.

The UK government has increased the main rate of corporation tax to 25% from 19% with effect from 1 April 2023. This change was substantially enacted following the third reading of the Finance Act 2022 on 24 May 2022. As a result, deferred tax has been calculated at a rate of 25% on all assets or liabilities.

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill £000	Vessel Design Portfolio £000	ERP System Software £000	Total £000
Cost				
At 1 October 2022	9,937	1,900	4,939	16,776
Additions	46	-	-	46
Disposals	(46)	-	-	(46)
Exchange differences	-	-	-	-
At 30 September 2023	9,937	1,900	4,939	16,776
Amortisation				
At 1 October 2022	9,937	1,900	-	11,837
Provided during the year	46	-	-	46
Disposals	(46)	-	-	(46)
Exchange differences	-	-	-	-
At 30 September 2023	9,937	1,900	-	11,837
Net book value at 30 September 2023	**-**	**-**	**4,939**	**4,939**
Net book value at 30 September 2022	-	-	4,939	4,939

ERP System Software was in development during the year and has not been brought into use until after the year end. Accordingly, it has not been amortised in the period.

Company

	ERP System Software £000	Total £000
Cost		
At 1 October 2022	4,939	4,939
Additions	-	-
At 30 September 2023	4,939	4,939
Amortisation		
At 1 October 2022	-	-
Provided during the year	-	-
At 30 September 2023	-	-
Net book value at 30 September 2023	**4,939**	**4,939**
Net book value at 30 September 2022	4,939	4,939

ERP System Software was in development during the year and has not been brought into use until after the year end. Accordingly, it has not been amortised in the period.

13. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £000	Long leasehold properties and improvements £000	Other equipment £000	Total £000
Cost / valuation				
1 October 2022	5,940	3,249	12,733	21,922
Additions	4	249	1,471	1,724
Disposals	-	(1)	(226)	(227)
Revaluations	(2,343)	-	-	(2,343)
Exchange differences	(5)	(100)	(528)	(633)
At 30 September 2023	3,596	3,397	13,450	20,443
Depreciation				
1 October 2022	-	1,964	8,902	10,866
Provided during the year	-	429	1,364	1,793
Disposals	-	(1)	(225)	(226)
Revaluation adjustment	-	-	-	-
Exchange differences	-	(44)	(354)	(398)
At 30 September 2023	-	2,348	9,687	12,035
Net book value				
At 30 September 2023	**3,596**	**1,049**	**3,763**	**8,408**
At 30 September 2022	5,940	1,285	3,831	11,056

Freehold Land and buildings are held under the revaluation model where their fair value can be reliably measured.

Land and buildings in the UK with a carrying amount of £5.3m were revalued as at 30 September 2023 by an external valuer in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards ("RICS Red Book Global"), who are not connected with the Group/Company. The basis of valuation adopted is Fair Value. Fair value for an occupied, non-specialised property such as this is considered to be equivalent to market value. There was a downward revaluation of £2,355,000 as at 30 September 2023 as advised by the external valuer based on a notable change in the expected rental yields, due to secondary office assets coming onto the market at material discounts compared to previous years.

Land and buildings in Belgium with a carrying amount of £640,000 were revalued upwards by £12,000 as at 30 September 2023 by an external valuer, who are not connected with the Group. The basis of valuation adopted is Fair Value. Fair value for an occupied, non-specialised property such as this is considered to be equivalent to market value.

The historical cost of Freehold Land and Buildings is £2.559m (2022: £2.559m).

13. TANGIBLE FIXED ASSETS (continued)

Company

	Freehold land and buildings £000	Long leasehold properties and improvements £000	Other equipment £000	Total £000
Cost/Valuation				
1 October 2022	5,300	708	586	6,594
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations	(2,355)	-	-	(2,355)
At 30 September 2023	2,945	708	586	4,239
Depreciation				
1 October 2022	-	481	395	876
Provided during the year	-	147	99	246
Disposals	-	-	-	-
At 30 September 2023	-	628	494	1,122
Net book value				
At 30 September 2023	**2,945**	**80**	**92**	**3,117**
At 30 September 2022	5,300	227	191	5,718

The historical cost of Freehold Land and Buildings is £2.095m (2022: £2.095m). See above for note regarding revaluation of land and buildings.

14. FIXED ASSET INVESTMENTS

Company

	Group undertakings £000	Total £000
Cost/Valuation		
At 1 October 2022	22,931	22,931
Additions	-	-
Disposals	(600)	(600)
At 30 September 2023	22,331	22,331
Provisions		
1 October 2022	10,892	10,892
Impairment in year	3,583	3,583
Impairment reversals in year	(2,532)	(2,532)
Disposals	(600)	(600)
At 30 September 2023	11,343	11,343
Net book value		
At 30 September 2023	**10,988**	**10,988**
At 30 September 2022	12,039	12,039

A listing of subsidiary and associated undertakings is set out in Note 27.

The impairment loss recognised on fixed asset investments in the period was £1,051,000 (2022: gain £589,000) and is included in Company operating costs, with no impact on the consolidated Group results. The loss relates to the impairment of: Lateral Naval Architects Limited of £1,370,000; BMT UK Ltd of £921,000; BMT Singapore Pte Ltd of £735,000, and BMT Netherlands B.V. of £557,000, and a release of the prior year impairment of the investment in BMT International Inc. of £2,532,000.

The disposals relate to BMT Smart Limited and BMT Surveys International Limited which were dissolved, and the sale of the 25% holding in BMT Titron Holdings Limited.

15. DEBTORS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	25,221	24,135	8	10
Amounts owed by subsidiary undertakings	-	-	2,297	2,739
Amounts recoverable on contracts	15,170	14,379	-	-
Other debtors	1,490	575	844	47
Corporation tax	724	1,402	775	413
Other taxation and social security	585	1,632	585	285
Prepayments and accrued income	4,832	4,852	1,054	1,257
	48,022	**46,975**	**5,563**	**4,751**
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	8,712	11,482
Deferred tax asset (see Note 21)	4,762	3,397	3,587	2,460
	4,762	**3,397**	**12,299**	**13,942**

16. CASH AND CASH EQUIVALENTS - GROUP

Analysis of balances:	**2023** £000	**2023** Change in year £000	**2022** £000	**2022** Change in year £000	**2021** £000	**2021** Change in year £000
Current assets:						
Cash at bank and in hand	40,517	8,989	31,528	(9,806)	41,334	6,394
Current liabilities:						
Bank overdrafts	-	-	-	-	-	-
Net position at 30 September	**40,517**	**8,989**	**31,528**	**(9,806)**	**41,334**	**6,394**

Sub-analysed as follows:	**2023** £000	**2023** Change in year £000	**2022** £000	**2022** Change in year £000	**2021** £000	**2021** Change in year £000
Cash held for third parties	-	-	-	-	-	(610)
Group's own net cash	40,517	8,989	31,528	(9,806)	41,334	7,004
Net position at 30 September	**40,517**	**8,989**	**31,528**	**(9,806)**	**41,334**	**6,394**

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

The impact of foreign currency translation on the opening cash balance included in the year-on-year change was a decrease of £419,000 (2022: increase £1,202,000). These amounts are included in foreign exchange differences in the Consolidated Statement of Cash Flows.

17. CASH AND CASH EQUIVALENTS RECONCILIATION

Group

	1 October 2022 £000	Cash flows £000	30 September 2023 £000
Cash at bank and in hand	31,528	8,989	40,517
Cash and cash equivalents	**31,528**	**8,989**	**40,517**

Company

	1 October 2022 £000	Cash flows £000	30 September 2023 £000
Cash at bank and in hand	15,667	(4,009)	11,658
Cash and cash equivalents	**15,667**	**(4,009)**	**11,658**

There are no restrictions over the uses of the cash and cash equivalents balances which comprise cash at bank and in hand, and bank overdrafts. Non-cash movements related to foreign exchange movements on cash at bank and in hand are included within cash flow movement.

18. CREDITORS: Amounts falling due within one year

	Group		*Company*	
	2023 £000	**2022** £000	**2023** £000	**2022** £000
Income in advance	20,247	13,804	-	-
Trade creditors	4,445	7,472	918	1,666
Amounts owed to subsidiary undertakings	-	-	-	694
Corporation tax	760	41	-	-
Other taxation and social security	5,036	3,731	1,580	1,389
Other creditors	1,369	685	255	303
Accruals and deferred income	19,503	18,800	2,867	1,998
	51,360	**44,533**	**5,620**	**6,050**

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

	Group		*Company*	
	2023 £000	**2022** £000	**2023** £000	**2022** £000
Other creditors	36	45	-	-
Amounts owed to subsidiary undertakings	-	-	819	896
	36	**45**	**819**	**896**

20. PROVISIONS FOR LIABILITIES AND CHARGES

Group

	Onerous Leases Contracts £000	Other Onerous Contracts £000	Dilapidations Provision £'000	Legacy Claims £000	Deferred Taxation (note 21) £'000	Total £000
At 1 October 2022	427	1,175	916	219	204	2,941
Charge to profit and loss	1	141	71	-	-	213
Released in year	(168)	(830)	(27)	(45)	(204)	(1,274)
Exchange differences	(16)	(99)	-	-	-	(115)
At 30 September 2023	**244**	**387**	**960**	**174**	**-**	**1,765**

The deferred tax position in one tax jurisdiction has moved from asset to liability during the year and therefore the opening deferred tax debtor has been transferred into provisions. The main provisions movement relates to other onerous contracts and is discussed in Note 4 Discontinued Operations.

Company

	Onerous Leases Contracts £000	Dilapidations Provision £'000	Legacy Claims £000	Total £000
At 1 October 2022	241	418	219	878
Charge to profit and loss	-	-	-	-
Released in year	(88)	(28)	(45)	(161)
At 30 September 2023	**153**	**390**	**174**	**717**

Legacy claims

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 2045.

Onerous lease contracts

The onerous lease provision relates to rentals due on leased properties which are no longer occupied by the Group and are the net present value of the obligations under the lease.

Dilapidations Provisions

The Group has a number of operating leases where it has an obligation to maintain the property and return it in good state of repair at the end of the lease. As the leases are for office space, which is mainly open plan, the obligation is primarily created through wear and tear, rather than leasehold improvements and / or structural changes. In the current year, the dilapidations provisions have been reclassified in the Group and Company from accruals and other creditors.

Other Onerous Contracts

The provision relates to two onerous contracts (including associated litigation risk), which became onerous previous years. In accordance with accounting standards the full expected loss has been recognised at the point the contract became loss making; the future element of the total anticipated loss is included with Provisions for Liabilities and Charges in the Balance Sheet. The loss-making provision is reassessed at each balance sheet date and adjusted in line with those estimates.

21. DEFERRED TAXATION

Group

	2023 £000	**2022** £000
At 1 October	3,193	9,149
Transfer to profit and loss	87	(1,804)
Exchange differences	(30)	67
Transfer from other comprehensive income	1,512	(4,219)
At 30 September	**4,762**	**3,193**

The group's deferred tax assets and liabilities have been offset where the Group has the legal right to offset within the same tax jurisdiction, The asset / (liability) recognised in the Group balance sheet within Debtors (Note 15) / Provisions for Liabilities and Charges (Note 20) comprise the following:

	2023			**2022**		
	Debtors £000	**Provisions** £000	**Total** £000	**Debtors** £000	**Provisions** £000	**Total** £000
Tax losses	963	-	963	195	-	195
Short-term timing differences	979	-	979	1,282	524	1,806
Defined benefit pension scheme	4,494	-	4,494	3,842	(646)	3,196
Capital allowances in excess of depreciation	(1,674)	-	(1,674)	(1,922)	(82)	(2,004)
Amount included within Debtors / Provision for Liabilities and Charges ("Provisions")	**4,762**	**-**	**4,762**	**3,397**	**(204)**	**3,193**

21. DEFERRED TAXATION (continued)

Company

	2023	2022
	£000	£000
At 1 October	2,460	7,763
Transfer from profit and loss	(384)	(1,084)
Transfer to current tax	-	-
Transfer from other comprehensive income	1,511	(4,219)
At 30 September	**3,587**	**2,460**

The deferred tax asset of the Company comprises:

	2023	2022
	£000	£000
Tax losses	117	116
Short-term timing differences	106	93
Defined benefit pension scheme	4,494	3,842
Capital allowances in excess of depreciation	(1,130)	(1,591)
Amount included within Debtors (see Note 15)	**3,587**	**2,460**

The timing of the reversal of deferred tax asset is uncertain as it depends on future profitability. The defined benefit pension scheme asset is expected to reverse over the period of the defined benefit pension recovery plan.

The Group has unutilised tax losses of £7.0m (gross) in Australia and Singapore in respect of which a Deferred Tax Asset has not been recognised, due to significant uncertainty to their recoverability.

22. PENSION SCHEMES

The Group participates in a defined benefit pension schemes in the UK and participated in a scheme in the USA which was terminated in September 2022. The UK defined benefit pension scheme is the most significant. The Group also operates defined contribution pension schemes.

Defined Benefit Pension Schemes
BMT UK Scheme was closed to future accrual on 31 January 2011. The date of the last actuarial valuation was 5 April 2021 and this was agreed with the Trustee in July 2022 and a new deficit recovery plan agreed. BMT US Scheme was closed to future accrual on 1 November 2001 and was terminated in September 2022 with the Pension Obligations to Pensioners being settled by way of Annuity purchases.

The net liability of the schemes at the balance sheet date are detailed below.

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£000	£000	£000	£000
Present value of funded obligations	(100,642)	(111,578)	(100,642)	(111,506)
Fair value of plan assets	82,669	96,739	82,669	95,806
Present value of unfunded obligations in the Balance Sheet	**(17,973)**	**(14,839)**	**(17,973)**	**(15,700)**
Related deferred tax assets (Note 21)	4,497	3,196	4,497	3,842
Net pension liability	**(13,479)**	**(11,643)**	**(13,479)**	**(11,858)**

The Company participates in the UK defined benefit scheme and recognised the pension liability in respect of the scheme in its Statement of Financial Position as the sponsoring company.

Reconciliation of net pension scheme liability

	Assets			Liabilities			Net Liability
	UK	**USA**	**Total**	**UK**	**USA**	**Total**	
	£000	£000	£000	£000	£000	£000	£'000
At 1 October 2022	**95,806**	**933**	**96,739**	**(111,506)**	**(72)**	**(111,578)**	**(14,839)**
Past service cost reversal	-	63	63	-	-	-	63
Administrative expenses	(629)	-	(629)	-	-	-	(629)
Interest income on plan assets / (cost)	4,703	-	4,703	(5,424)	-	(5,424)	(721)
Actuarial gains	-	-	-	11,928	-	11,928	11,928
Return on plan assets excluding interest income	(15,879)	-	(15,879)	-	-	**-**	(15,879)
Benefits paid	(4,360)	-	(4,360)	4,360	-	4,360	-
Settlement of obligations	-	(65)	(65)	-	65	65	-
Funds returned to sponsor	-	(847)	(847)	-	-	-	(847)
Contributions by group	3,028	-	3,028	-	-	-	3,028
Exchange difference	-	(84)	(84)	-	7	7	(77)
At 30 September 2023	**82,669**	**-**	**82,669**	**(100,642)**	**-**	**(100,642)**	**(17,973)**

22. PENSION SCHEMES (Continued)

The actual return on plan assets was:

	2023	2022
	£000	£000
Interest income on plan assets	4,703	2,832
Return on plan assets excluding interest income	(15,879)	(38,759)
Actual return on plan assets	**(11,176)**	**(35,927)**

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

	2023	2022
	£000	£000
Included in other operating charges: Past service cost reversal	63	(761)
Included in other operating charges: Administration expenses	(629)	959
Net interest charge on the net defined benefit pension liability	(721)	769
	(1,287)	**967**

The reversal of the past service cost relates to the recognition of the recoverable surplus before taxes on the USA scheme following settlement.

Analysis of actuarial movements in Other Comprehensive Income

	2023	2022
	£000	£000
Actual return less interest income included in net interest income	(15,879)	(38,759)
Actuarial gains	11,928	55,679
Exchange movements of foreign pensions	(77)	148
US surplus derecognised due to uncertainty over its refund	-	738
	(4,028)	**17,806**

The actuarial gain consists of a gain of £10,485,000 from changes in financial assumptions and an experience gain of £494,000 offset by a demographic change loss of £1,937,000.

Major categories of plan assets	2023	2022
	£000	£000
Global equities	33,525	36,695
Liability driven investments	22,779	24,041
Corporate bonds	6,382	8,902
Derivatives – equity options	4,995	5,349
Alternative assets	9,751	21,406
Annuities	2,569	2,812
Cash	2,668	(2,466)
	82,669	**96,739**

The alternative assets shown above comprise other asset classes such as properties, private equity, infrastructure, and multi-asset funds. The cash overdraft is due to a short-term overdraft at the Custodian bank to cope with settlement mismatches at the year end date at a time of significant market volatility.

22. PENSION SCHEMES (Continued)

Principal assumptions used in producing the balance sheet valuations:

	BMT UK Scheme		BMT US Scheme	
	2023	**2022**	**2023**	**2022**
Rate of increase in pensions payment	3.69%	3.80%	0.0%	0.0%
Discount rate	5.55%	4.96%	5.00%	5.00%
Inflation assumption – RPI	3.46%	3.78%	0.0%	0.0%
Inflation assumption – CPI	3.01%	3.42%	0.0%	0.0%
Rate of increase to deferred pensions	3.01%	3.42%	0.0%	0.0%

	2023 Years	**2022 Years**
The assumed average life expectancy (in years) for a member who is 65 on the reporting date is:		
Male	86.9	87.4
Female	89.0	89.4
The assumed average life expectancy (in years) at age 65 for a member who is aged 45 at the reporting date is:		
Male	87.7	88.2
Female	89.9	90.3

To acknowledge that the accounts only show a point in time view of the pension schemes, and to give an illustration of how the pension scheme liabilities (present value of funded obligation) might be affected in future by changes in corporate bond yields, the tables below show a range of sensitivities for the BMT UK Scheme liabilities to changes in the discount rate and the RPI inflation assumption used. The below is only shown to provide an illustration of a potential change – it is not possible to predict how future markets might move.

1) Impact on liabilities to changes in the discount rate assumption

	Lower by 1% pa	**Lower by 0.1% pa**	**Position disclosed at reporting date**	**Higher by 0.1% pa**	**Higher by 1% pa**
Liabilities	116,247	102,045	**100,642**	99,271	88,204
Discount rate	4.55% pa	5.45% pa	**5.55% pa**	5.65% pa	6.55% pa

2) Impact on liabilities to changes in the RPI inflation assumption

	Lower by 1% pa	**Lower by 0.1% pa**	**Position disclosed at reporting date**	**Higher by 0.1% pa**	**Higher by 1% pa**
Liabilities	93,564	99,869	**100,642**	101,473	109,316
Discount rate	2.46% pa	3.36% pa	**3.46% pa**	3.56% pa	4.46% pa

Defined Contribution Scheme

The Group operates a mixture of state and private defined contribution schemes. Contributions to these schemes during the year amounted to £6,665,000 (2022: £6,369,000).

23. SHARE CAPITAL AND RESERVES

Share capital

The Company is limited by guarantee without share capital.

Reserves

Revaluation reserve
The cumulative revaluation gains and losses in respect of fixed assets and transfers of depreciation charges are recognised in profit and loss, except revaluation gains and losses recognised in profit and loss. Transfers between the fixed asset reserve and the profit and loss account reserve are the difference between depreciation on historical cost and the accelerated depreciation rate charged following the fair value adjustment.

Profit and loss account reserve
Cumulative profit and loss retained.

Pension reserve
The cumulative actuarial gains and losses on the defined benefit schemes and transfers of net expenses following initial recognition are in the profit and loss net of all associated deferred taxation.

24. CONSTITUTION AND CONTROL

In September 2022, the Company's constitution was modified by way of a Part 26 Scheme of Arrangement whereby the Research Restriction was removed.

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 Trustees of the EBT have 1 vote each. The employee owners have no voting powers.

25. LEASING COMMITMENTS

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

	Land and Buildings		**Other**	
	2023	**2022**	**2023**	**2022**
	£000	£000	£000	£000
Group				
Operating leases which expire:				
- within one year	3,017	3,159	274	297
- in the second to fifth years inclusive	6,774	8,631	529	418
- after five years	729	1,398	4	8
	10,520	**13,188**	**807**	**723**
Company				
Operating leases which expire:				
- within one year	786	813	-	-
- in the second to fifth years inclusive	2,136	2,840	-	-
- after five years	-	185	-	-
	2,922	**3,838**	**-**	**-**

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 consolidation in the Group accounts.

During the year the Group and the Company had the following transactions, and balances at the year end, with companies related by common ownership and related parties:

	Group Subsidiaries not wholly owned		***Company*** Subsidiaries not wholly owned	
	2023 £000	**2022** £000	**2023** £000	**2022** £000
Sales of services in year	7,847	9,910	378	443
Purchases of services in year	336	31	3	-
Amounts owed by related parties at 30 September	630	2,310	237	617
Provisions for uncollectable receivables	208	615	208	615
Expense in the year for bad and doubtful debts	-	-	-	-
Amounts owed to related parties at 30 September	-	1	-	-

27. 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	Registered Address
Australia:		
BMT Defence and Security Australia Pty Ltd	Services to the defence and maritime industries	Level 5, 99 King Street, Melbourne VIC, 3000 Australia ♦
BMT Commercial Australia Pty Ltd	Environmental and engineering consultancy	Level 5, 348 Edward Street, Brisbane QLD 4000 Australia
BMT Holdings (Australia) Pty Ltd	Intermediate holding company	Level 5, 348 Edward Street, Brisbane QLD 4000 Australia
Belgium:		
BMT Belgium NV	Marine surveying	Kapelsesteenweg 286, 2930 Brasschaat, Belgium
Canada:		
BMT Canada Ltd	Defence services, engineering and materials consultancy	600-1741 Lower Water Street, Halifax NS B3J 0J2, Canada
England & Wales: active companies		
BMT Ltd (formerly BMT Defence and Security UK Ltd)	Services to the defence industry, naval architecture and marine engineering	*
BMT UK Ltd	Naval architecture and marine engineering	*
Lateral Naval Architects Ltd (75%)	Naval architecture and marine engineering	*
England & Wales: dormant companies		
BMT Pension Trustee Ltd	Dormant company	*
BMT Market Collections Ltd	Dormant company	* ○
BMT UK 2 Ltd	Dormant company	*
Hong Kong:		
BMT Engineering International Ltd	Intermediate holding company	22nd floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong
Indonesia:		
PT BMT Asia Indonesia (5%)	Environmental consultancy	Gedung Cibis Nine 12th FL, N-1, CIBIS Park, JL TB, No. 2, Jakarta Selatan 12520, Indonesia ^^
Malaysia:		
BMT Malaysia Sdn Bhd (30%)	Marine and offshore equipment and consultancy	Level 10, Menara Hap Seng, No 1 & 3, Jalan P. Ramlee, 50250, Kuala Lumpur, Malaysia #

27. LISTING OF SUBSIDIARY & ASSOCIATED COMPANIES (Continued)

Netherlands:		
BMT Netherlands B.V.	Marine Surveying	Rivium Quadrant2, 2909 LC Capelle a/d IJssel, Rotterdam
Singapore:		
BMT Singapore Pte Ltd	Maritime consultancy	8 Wilkie Road, #03-01 Wilkie Edge, Singapore, 228095, Singapore
United States of America:		
BMT Designers & Planners Inc.	In insolvency	c/o Salvatore LaMonica, LaMonica Herbst & Maniscalco, LLP, 3305 Jerusalem Avenue, Wantagh, NY11793, United States ^
BMT International Inc	Intermediate holding company	c/o The Corporation Trust Incorporated, 2405 York Road, Ste 201, Lutherville Timonium, MD 21093-2264, United States ♦
BMT Commercial USA Inc	Marine and offshore equipment and consultancy	355 West Grand Avenue, Suite 5, Escondido CA 92025, United States
Technology Financing Inc	Intermediate holding company	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Newcastle, DE 19801, United States ♦

* Part Level 5, Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom

 # Company in liquidation during the year. Dissolved on 23 February 2024

^ Company in insolvency

^^ 5% shareholding in company sold on 5 October 2023

○ Company applied for strike-off during the year and dissolved 26 December 2023

♦ Companies not preparing separate financial statements

28. CONTINGENT LIABILITIES

The Company has given indemnities in respect of overseas offices' overdrafts, performance bonds, and letters of credit issued on its behalf. The indemnities, which arose in the ordinary course of business, are not expected to result in any material financial loss. The Company has also given a cross guarantee in respect of UK subsidiary companies' overdraft facilities in the ordinary course of business.