



BMT Group Ltd

Directors' Reports & Accounts 2022

Company No: 1887373

Accounting Date:

30 September 2022

BMT GROUP LIMITED

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STRATEGIC REPORT

The Directors submit their Strategic Report along with the Statutory Directors' Report & Accounts.

BUSINESS AND FINANCIAL REVIEW

Despite considerable macroeconomic and geopolitical challenges, we delivered a solid performance in the reporting period, with stable revenue and profitability, enabling us to invest in our future, and reward our employees with a total profit distribution of £5.2m (2021: £6.5m). Overall, this has been a pivotal year in which we have built the foundations for significant growth opportunities ahead.

The Continuing business achieved a significant increase in turnover of £19.8m (up 14%) over the reporting period, with a resultant operating profit from continuing operations of £9.0m (2021: £9.2m). This headline picture of rising turnover and flat profits was caused in part by cost inflation, to which we responded by carefully managing overheads and discretionary spend, achieving savings of circa £5m. However, we also saw our productivity hindered, largely through delays in the placement of a small number of large orders, which we had staffed in anticipation of delivery. Pleasingly, the orders lag caught up towards the end of the reporting period, and of particular note was the announcement in late 2022, of the preferred bidder and, award in early 2023 that the UK Ministry of Defence (MoD) had selected BMT (in a consortium with Navantia and Harland & Wolff) to design and build three new support ships for the Royal Navy's aircraft carriers. The Fleet Solid Support (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 field of naval architecture, engineering and support.

It is also pleasing that this project win, along with others, can be seen as a direct result of our willingness to invest in the future, particularly around the areas of innovation and capability. With orders now increasing, we expect to see further benefits from across our transformation programme, including our focus on diligence in project management and oversight, particularly around project close-out and invoicing.

The total employee member distribution in the reporting period comprises an 'Employee Dividend' of £1.3m (2021: £1.4m) and Performance Related Bonus of £3.9m (2021: £5.1m). Overall, the group achieved a profit before tax of £5.9m (2021: £6.0m) and profit after tax of £3.4m (2021: £3.3m)

The Discontinued operations in the year primarily represents our US Defence & Security business, BMT Designers & Planners Inc ("D&P") whose independent Board, filed for Chapter 7 of the US Bankruptcy Code on 1 February 2022. The results were an operating profit of £4.1m (2021: £4.2m), primarily due to the partial release

of an onerous contract provision (including associated litigation risk) taken in 2020, and profit after tax of £3.0m (2021: £3.3m). The results of the Discontinued business are reflected in these financial statements and explained more fully in Note 4.

We continued to manage the consequences of the onerous contract (entered into by D&P). The exit of the D&P business from the BMT portfolio created significant disruption in terms of management time but ultimately it did have the benefit of achieving a clean break, allowing us to focus more firmly on the future. Favourable discussions have ensued with the Trustee in Bankruptcy and the contract customer, and this has led a revision of the early estimates of the costs we have and may incur and the changes are reflected in the results for the year.

Business environment

The UK defence and security sector is the group's largest market and, after a period of stasis, as a result of the pandemic and economic uncertainty, we saw greater activity during the latter part of the reporting year, enabling BMT to grow revenue from that market. The US and Canadian markets also offered growth opportunities, with a strong defence sector being complemented by continuing recovery in the offshore energy sector, driven by higher energy prices.

In Australia and Singapore, our strong customer relationships and skill sets saw us win new projects in the defence and maritime environmental markets, as well as growth in overall revenues from existing work. However, we struggled to fully pass on the salary and other overhead inflation leading to a loss in that region overall. We are addressing this through actively introducing a new operating model which will generate efficiencies.

In commercial shipping, while the war in Ukraine and the related economic uncertainty slowed growth in the luxury yacht market, demand for our specialist vessel expertise, primarily in the design of offshore wind farm support vessels and fast ferries, remained healthy.

Margin

With revenues rising and profits remaining flat, we inevitably experienced margin dilution over the reporting period. We expect this to be short-lived because one reason for those lower margins was our investment in the innovation and expertise that can drive higher margins in the years ahead. Our major FSS win demonstrates the validity of that approach.

Employee distribution

Our ability to once again make a significant employee distribution of £5.2m is particularly pleasing for two reasons. Firstly, it rewards the people who are central to our success. Secondly, it signals our ability to create

STRATEGIC REPORT (continued)

greater consistency in financial performance. This is the result of our strategic focus on activities and markets which can deliver the high value work that delivers consistently high returns.

Continuing operations' results

Financial Highlights and Key Performance Indicators

Results summary:

	2022	2021 <i>Restated</i>
	£m	£m
Turnover	157.0	137.2
EBITDA (as below)	10.6	10.8
Profit before BMT profit sharing schemes and tax	8.3	8.3

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

	2022	2021 <i>Restated</i>
	£m	£m
Group Operating Profit	9.0	9.2
Depreciation & amortisation	1.6	1.6
EBITDA	10.6	10.8

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

	2022	2021 <i>Restated</i>
<i>Financial related:</i>		
Sales Order Intake [^]	£170.1m	£152.8m
Sales Order growth	11%	(2)%
Turnover per employee (£000)	£129.3	£116.3
EBITDA Margin	6.8%	7.9%
<i>Non- financial related:</i>		
Ave. No. of employees (FTEs)	1,214	1,180

[^] Sales Orders are tracked within internal management information

KPIs for our Customer Satisfaction and Sustainability Strategy are being developed and will be reported in future years.

Overall, turnover from continuing operations increased by 14% to £157.0m with revenue increasing in all our main geographic markets. EBITDA margin decreased by 110bps despite higher turnover per employee and a drive to improve delivery efficiency and cost control due to inflationary cost pressures and investment in the innovation and expertise that can drive higher margins in the years ahead. The operating profit in the period

included a one-off gain of £0.8m on the settlement of the USA Defined Benefit pension scheme which had an associated deferred foreign tax charge of £0.6m.

Discontinued Operations

Discontinued operations primarily include 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 prior year results also include the costs of selling several underperforming entities which are not part of the strategic plan, Brazil, India, & Indonesia. The profit before tax on discontinued operations totalled £2.8m (2021: £4.2m) reflecting a revision in the onerous contract provision (including associated litigation risk) and a loss on disposal. For further information on discontinued operations, please see Note 4 of the accounts.

Group result for the year

The group delivered an overall profit before BMT profit sharing schemes and tax of £11.1m (2021: £12.5m), with £8.3m (2021: £8.3m) being delivered by the continuing business:

	2022	2021 <i>Restated</i>
	£m	£m
Continuing operations		
Profit before BMT profit sharing schemes and tax	8.3	8.3
BMT profit sharing schemes	(5.2)	(6.5)
Profit before tax	3.1	1.8
Discontinued Operations profit before tax	2.8	4.2
Total group profit before tax	5.9	6.0

The profit after tax was £3.4m (2021: £3.3m).

Group Balance Sheet and Cash Flows summarised

Considering the context of growth in turnover and investments in capability for the future, BMT generated a negative cash flow from operations of £0.6m (2021: positive cash flow of £2.6m) which included pension funding contributions of £2.9m (2021: £2.8m). The group invested £3.9m (2021: £3.0m) in capital to improve office space and update our enterprise resource planning (ERP) system and distributed £6.4m to employees as part of the BMT profit sharing schemes which was accrued in the previous financial year. This led to an overall cash reduction of £9.8m (2021: £0.6m reduction) in the year to £31.5m (2021: 41.3m).

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 £47.5m (2021: £44.0m). Including the net pension deficit, the consolidated Group had net assets of

STRATEGIC REPORT (continued)

£35.9m (2021: £17.8m). A notable feature of the reporting period was the inexorable, if sometimes unpredictable, rise in interest rates. Broadly speaking, this was good news in terms of our pension liability, which falls as interest rates rise. This must, however, be set against the fact that our pension fund assets, typically fixed-rate bonds, fall in value as interest rates rise. Overall, the net result was positive, with the pension deficit net of deferred tax reduced to £11.6m from the previous year balance of £26.2m.

The interest rate volatility during the reporting period meant that our decision to appoint a fiduciary manager to the pension fund proved beneficial. The fiduciary manager has governance over investment decisions and can act with greater agility. Our UK pension fund fared better than some schemes with limited liquidity issues during the turbulence that followed the UK Government September 2022 'mini budget'.

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

	2022	2021
	£m	£m
<i>Group Balance Sheet re-presented</i>		<i>Restated</i>
Fixed assets	16.0	13.6
Cash and cash equivalents *	31.5	41.3
Other net assets / (liabilities) before pension deficit	2.3	(4.2)
Provisions for liabilities & charges excluding US pension deferred tax liability	(2.3)	(6.7)
Net assets before net pension deficit	47.5	44.0
Pension deficit	(14.8)	(34.6)
Pension related net deferred tax asset	3.2	8.4
Net assets	35.9	17.8
Profit & loss reserves	43.5	40.0
Revaluation reserves	3.9	3.9
Non-controlling interests	0.1	0.1
Equity before Pension reserve	47.5	44.0
Pension reserve	(11.6)	(26.2)
Total Equity	35.9	17.8

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

BMT Group Limited, the parent entity, had net assets of £33.5m on 30 September 2022 (2021 restated: £16.5m), including the UK pension deficit. The increase in net assets is in part due to a £18.9m improvement in the

defined benefit pension valuation, £14.3m net of associated deferred tax.

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 and draws on FRC guidance on s.172 reports.

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'.

STRATEGIC REPORT (continued)

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 per employee (FTE)
- 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, work-life balance, working environment, career growth and development. In 2022, we continued to invest in our culture and working environment and what attracts people to work for us. In the wake of the COVID pandemic we consulted with employees on their preferences around flexible and hybrid working. The outputs of that process are being woven into our Employee Value Proposition - ensuring we continue to provide the right environment for our people to do their best work.

Also embedded in our EVP are:

- A global employee assistance programme 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.
- Our Bursary/Scholarship Fund, aiming to support leading edge skills and thought leadership through further specialisation, and investments in innovation encouraging colleagues to generate new ideas, solutions, and approaches.
- The Employee Dividend and Bonus provide a key financial return to the beneficial owners of the EBT.

STRATEGIC REPORT (continued)

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 and that the risks are effectively managed across the Group. The risk management process continues to evolve and strengthen in line with our governance structures.

BMT has an Internal Audit Function which facilitates the ongoing update of corporate and business function risk registers and conducts an independent programme of activity in order to evaluate and test the working of internal controls in relation to the Group's systems and processes. The results of this ongoing programme are shared with the Executive Committee and the Group Audit Committee.

Principal Risks

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

BMT considers all material risks and while some are outside the immediate control of the Company, over the last couple of years we have demonstrated resilience in responding to significant market shocks including COVID-19, the breakout of war in Europe, and volatile economic and political conditions in our core markets.

With many governments nursing high debt levels, and facing a global 'poly-crisis', we understand that the timing and scope of government and commercial spending may be impacted. While we remain heavily weighted towards the UK Defence market, we continue to enjoy the status of critical engineering delivery partner (EDP) due to our proven track record on delivery and the quality of our designs and capabilities. We balance the UK market and industry concentration risk through maintaining a global footprint while working across several sectors, (including Commercial Shipping, Critical Infrastructure, and Environment), providing a diverse portfolio of services and capabilities.

We have accelerated our transformation to deliver strategic growth, prioritising our digital transformation supported by new technologies to optimise delivery. We are also transforming our organisational structure to ensure we maximise utilisation across our wide range of capabilities and provide the most effective and comprehensive solutions to our clients.

We continue to employ a range of project and change management processes to bring our people through our transformation journey. Attracting and retaining the best people is essential to ensure we can deliver. We have invested in Talent Acquisition resources and campaigns. Our Global Mobility programme and Careers Map

initiatives enable opportunities across the organisation, and we are investing in digital skills training to help our employees optimise a range of tools.

We continue to strengthen our project risk assessment process, growing our technical assurance capabilities and processes to help mitigate the risk of committing to potential onerous contracts. Through the development of a Global Project Management Office (PMO) we will ensure more consistent application of project management processes across our portfolio.

Being debt free, we put a significant focus on cash flow and carefully manage our financial exposures, including long-term liabilities, through pro-active funding strategies. We work closely with our Pension Trustees to ensure we meet our commitments, and we support the appointment of a Fiduciary Investment Manager to optimise returns in a volatile market.

Emerging Risks

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

We expect that the global economic downturn with recession or sluggish growth in major economies including the UK, continued geopolitical tensions, volatility in energy supplies, and persistent inflationary headwinds will drive investment decisions by governments and companies. Additionally, the geopolitical and economic uncertainty is giving rise to increased nationalism with more onshoring of supply chains. Therefore, we expect a greater focus on national security, on energy resilience, and on cost balanced with the environmental impacts. We will continue working with key governmental agencies and companies in these areas, and we have several innovation projects and campaigns targeted to support our customers and stakeholders address these priorities.

Notwithstanding the economic challenges, climate change resulting in more extreme weather events and national commitments to Net Zero carbon emission goals will continue to influence economic policy in the medium to long-term.

We continue to assess our Environmental, Social and Governance (ESG) risks and opportunities to reduce our carbon footprint. Recognising that as a service industry, we rely on people and expect them to adhere to our code of conduct and we assess whether our key suppliers meet global ethical standards. We use our broad engineering expertise to help our customers reduce their environmental impacts as they transition to clean energy.

STRATEGIC REPORT (continued)

MANAGING RISK AND UNCERTAINTY (continued)

Risk Appetite

To achieve our growth strategy, 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.

Risk	Link to our Strategy	Why it Matters	How we Manage it
Strategy, Future Business & Brand Management	Sustain the Core Invest in Innovation	We work across several geographies and industries and are reliant on long-term relationships with several key customers and partners. We are exposed to the investment decisions by governments across those markets and the UK Defence market in particular. The renewed urgency around climate change and environmental sustainability presents opportunities and challenges to provide effective and efficient solutions. We need to maintain the trust to deliver and be competitive.	Our account managers work closely with our key customers to ensure we understand their strategic goals and can provide solutions aligned with their requirements and budgets. We continually review market developments, customer investment priorities, the activity of our competitors and adapt our strategies accordingly. We have invested in our Strategy team to provide in-depth market analysis to inform our business development activities. We target investments to growth opportunities, such as enhancing our digital capabilities to offer integrated environmental and asset lifecycle solutions.
Programmes and Project Delivery Risks	Sustain the Core Grow through Collaboration Exploit and invest in Innovation	We contract and deliver to a wide range of customers across many geographies. Our reputation and performance are at risk if we do not manage our diverse project portfolio consistently and effectively. Failure to assess adequately the contractual, technical, and delivery risks at the outset, could result in financial losses, legal claims and material damage to our reputation and brand and potential onerous contracts.	Our business and project lifecycle processes are controlled by relevant policies, procedures and management systems and reinforced by reviews. We have enhanced our commercial, technical, financial, and legal oversight of potential risks during bidding. Current organisational change activities are focused on optimising our delivery function and strengthening our technical assurance. Through establishing a Global PMO we aim to ensure more consistent project management processes across our diverse portfolio.

STRATEGIC REPORT (continued)

MANAGING RISK AND UNCERTAINTY (continued)

Risk	Link to our Strategy	Why it Matters	How to Manage it
People: Attraction & Retention, Health & Safety	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 also need to manage the health, safety, and wellbeing of our people and third parties.	Targeted recruitment campaigns help us attract the best people, and we benchmark our performance and Employee Value Proposition against other companies. We have increased our talent acquisition capability and campaigns. We maintain a Global Careers Map to enable opportunities for development and progression. We provide several platforms for training and employee engagement. We encourage a safety-first culture, investing in our Health & Safety policies, procedures, trading and risk reporting. Many of our customers require our engineers to undertake bespoke Health & Safety training programmes. We continue to make concerted efforts including investment to promote wellbeing awareness and support mechanisms across the business.
Macroeconomic factors – inflation, volatility in supply chain (including energy), in FX and interest rates, ongoing global pandemic and geopolitical tensions.	Sustain the Core	The combination of several external factors driving economic uncertainty could lead to changes in 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 and safety of our employees and other stakeholders and adopt crisis management planning techniques where needed.
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.	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. All employees undertake mandatory training, and we have a perpetual cycle of refresher training. We have split the role of CISO from Global ICT to enable more focus on Info Security across the organisation given the ever-increasing privacy and security concerns of governments and customers.

STRATEGIC REPORT (continued)

MANAGING RISK AND UNCERTAINTY (continued)

Risk	Link to our Strategy	Risk	How we Manage it
Business Transformation – Organisational Design, and ERP System Implementation	Sustain the Core Grow through Collaboration Exploit and invest in Innovation	We are working through a significant business transformation and organisational change management programme, including the rollout of a global ERP system.	Oversight and governance by our senior leadership team ensures investment decisions are aligned with our strategy. We invest in targeted innovation that will give us a competitive advantage and optimise the return from our existing product portfolio. We apply a range of change management programme disciplines supported by external consultants. We are strengthening our business change management efforts to accelerate the introduction of new technologies.
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.	We invest in innovation that is aligned with our overall strategy. Through targeted spending programmes and by working closely with our customers we continue to mature our approach to delivering more advanced solutions. We launched a digitalisation strategy to help drive efficiencies and sustain the skills necessary to support our customers.
Long-term Liabilities: Defined Benefit Pension Commitments	Sustain the Core	We hold defined benefit (DB) pension schemes which are 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. We also manage the assets by selecting an overall strategy that will both minimise risk to an acceptable level and generate sufficient return to manage the overall cost to the Company. During 2022 we worked with the Trustees of the BMT UK Scheme to employ the services of a Fiduciary Management Investment organisation to execute and manage the approved investment strategies on behalf of the Trustees. A key part of this strategy is to provide protection to the scheme against changes in interest rates and inflation which are the key risks that can cause an increase in the scheme's liabilities.

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT

The Board of Directors, in line with their duties under s.172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s.172 factors. We describe how they have done so below by main stakeholder groups.

As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to broader factors, including the impact of the Company's operations on the community and environment, responsible business practices, reputational risks, and the likely long-term consequences of its decisions.

BMT Designers & Planners Inc

A key event during the year relates to the decision made by the independent Board of BMT Designers & Planners Inc to enter a formal insolvency process as described more fully regarding the Discontinued Operations on pages 3 and 4 of this Strategic Report, in the Accounting Policies on page 34 and in Note 4 Discontinued Operations on page 41 of this Annual Report.

COVID-19

The COVID-19 pandemic has led to changes to how we have engaged with our stakeholders over the last two financial years with fewer in-person events and the advent of wide-scale home working in most of the countries where we operate. This led to the use of more virtual engagement through videoconferencing or web-based communications in various forms. Throughout the pandemic the safety and wellbeing of our employees and everyone associated with our business has been the top priority. As a result of the decisions taken at the start of the pandemic the business has been able to operate effectively through regional COVID-19 restrictions and ensure COVID-secure workplaces.

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 is heard and understood in planning and decision making. In the

current year, the Board was involved in deciding to make significant investment in staff in anticipation of the FSS ships contract and other larger orders.

Our Employees

Our ability to deliver our strategy and the desired outcomes 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 values for our owners.

This year the focus on the employees has continued to be at the forefront of Board decisions with remuneration, wellbeing and career development recognised as vital enablers to the success of the organisation. This has led to continued high levels of employee engagement, which between biennial surveys we evaluate qualitatively through the Employee Engagement Group (EEG).

Throughout the year, the board have ensured they understand the views of the employees through engagement with the EEG. This has led to the creation of a new Employee Director board position, giving a formal structure for representation of the employee voice in board decision making. Mick Dewhurst, Chair of the EEG was appointed into the role on 1st October 2022.

Every month the employees are provided with an overview of business performance via a dedicated intranet site, and once per quarter 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 bonus was paid during the year as a profit share 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 the FY2022/23 financial year. This reinforced confidence in the recovery of the business following the pandemic.

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT (continued)

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.

To support both objectives, 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. In the current year this engagement included the appointment of a fiduciary manager for the pension scheme assets.

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.

STRATEGIC REPORT (continued)

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.	<ul style="list-style-type: none"> • Delivery • Safety • Innovation • Relationship 	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Remuneration and reward • Learning and development • Health and Safety • Diversity & Inclusion (D&I) • Wellbeing 	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Long term stability of the company • Company performance • Returns 	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Regulations, policies, and standards • Thought leadership • Skills deficit 	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Long term relationships • Timely payment • Clear parameters 	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Employment • Health & Safety • Environment • Community investment • Education 	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Employer Covenant • Deficit contributions 	<ul style="list-style-type: none"> • Transparent dialogue • Regular covenant monitoring

STRATEGIC REPORT (continued)

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 these will be embedded into all parts of our business and culture and further support our proposition to our customers, enabling them to achieve more sustainable outcomes.

Over the past five years BMT has been on a journey of evolution from a broad group of businesses to a much more aligned global entity. In the financial year 2023 we will complete the organisational design changes that enable that journey and roll out a new Management Information System.

We are already seeing the benefits of this global alignment in the breadth of capability we are able to offer our customers as our forward looking model for the business creates opportunities across our value chain.

The investment we have made in the business is already showing positive results with significant progress in our development of digital solutions. This will continue in the coming year as our renewed approach to innovation gains momentum. 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 profit distributions 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.

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.

We will continue to become a more outward looking business, investing more time and effort in building customer relationships, understanding their needs, and ensuring they are represented in all aspects of our thinking. Our Future Business team will drive the acquisition of new business, and everyone involved in

delivering projects for customers will help secure repeat and follow-on opportunities.

What are our priorities?

Our priorities and strategic focus remain unchanged. To win 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:

- Performance
- Customers
- People

Our strategy of selective focus on our core markets and sectors is complemented by our expertise in market differentiators like climate resilience and sustainability. Our narrative on ethical & social outcomes means we deliver 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
CEO
18 April 2023

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 2022.

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 hard work and dedication of our worldwide team of experts who seek technical excellence and innovation in all aspects of the business. The consultancy is supported by significant scientific research and development investment.

Corporate Governance

BMT Group Ltd is a large company as defined by the Companies Act. Its long-term policy is, and has been, to comply with the spirit of corporate governance as set out in the Wates Principles insofar as it is applicable to an unlisted company, which is a continuous process overseen at a senior level and instituted throughout the Group.

The Board operates through the following governance committees: Audit, Nominations and Remuneration. The Audit and Remuneration Committee members are all non-executive directors, whilst the Nominations Committee is a mix of non-executive and executive directors. Executive directors and other senior members of staff participate as and when appropriate in these committees. The day to day running of the business continues to be managed by an Executive Committee. During the year the business continued its transition to a functionally aligned global organisation (Business development, Programmes delivery through market led operating units supported by, managed & shared support services) rather than being managed on an individual operating company basis.

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. The information given to meet the requirements of s172 in the Companies Act 2006 has also been included within the Strategic Report.

BMT Employee Benefit Trust

The parent company is limited by guarantee, without any share capital and is in 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:

Ms W J Barnes *(Chair)*
Mr M A Wippell *(Independent Trustee)*
Mr C M Packshaw
Mr D R Webb

Mr M A Wippell was appointed Independent Trustee on 1 January 2023, when Mr G W Morton retired.

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 C M Packshaw *(Chair)*
Ms S L Kenny OBE *(Chief Executive)*
Ms W J Barnes
Mr M A Dewhirst *(Employee Director)*
Mrs S M Mackenzie
Mr D K McSweeney
Mr D R Webb
Mr A Wyllie CBE

BMT's first Employee Director, Mr M A Dewhirst, was appointed on 1 October 2022.

DIRECTORS' REPORT (continued)

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 is currently in force. 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 £13.1m (2021: £13.4m) and profit after tax was £3.4m (2021: £3.3m). Profit after tax includes a profit share of £5.2m to eligible employees (2021: £6.5m).

Sustainability reporting

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

<https://www.bmt.org/media/7015/bmt-sustainability-report-2022.pdf>

PLANET

Streamlined Energy Carbon Reporting ('SECR')

Emissions are reported in accordance with "The Companies (Directors' Report) and Limited Liability Partnerships (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 third year of reporting our UK emissions.

		2022	2021	2020
Total Scope 1 Emissions (tCO₂e)	Emissions from combustion of gas	67	39	41
	Emissions from combustion of fuel for transport purposes	0	0	1

		2022	2021	2020
Total Scope 2 Emissions (tCO₂e)	Emissions from purchased electricity (A location-based method)	102	123	168
Total Scope 3 Emissions (tCO₂e)	Emissions from business travel where company is responsible for purchasing the fuel	96	55	157
	Emissions from employee business travel where company is not responsible for purchasing the fuel (Scope 3) / tCO ₂ e	348	51	523
Total gross CO₂e based on above (tCO₂e)		612	269	889
Intensity ratio (tCO₂e per £M of revenue)		3.69	1.57	5.22
Energy consumption (kWh)	Gas	366,723	214,332	222,695
	Electricity	526,948	563,542	656,698

Energy Efficiency Action

In FY2021/22 we established a global baseline of scope 1, 2 and 3 greenhouse gas emissions (GHG). Our inventory captures 95% of our GHG and has enabled us to establish a roadmap to Net Zero. We also submitted the following science-based emissions reduction targets to the Science-Based Target initiative, for validation. These targets are consistent with keeping global warming to 1.5°C above pre-industrial levels.

DIRECTORS' REPORT (continued)

Long-term

- BMT Commits to reaching Net Zero GHG emissions across the value chain by 2035.

Short-term

- 65% reduction in Scope 1 and 2 GHG emissions by 2030 (vs. 2019 baseline).
- 65% reduction in Scope 3 GHG emissions from discretionary and client-related travel by 2030 (vs. 2019 baseline).

During the reporting year we continued to focus on travel reductions and reducing energy usage across our value chain, in line with ISO14001. The data show an increase in Scope 1 emissions (gas) and Scope 3 emissions (travel) compared to FY2020/21. This is due to the impact of the COVID-19 pandemic forcing a significant reduction in travel and presence in BMT offices in the previous year. Travel emissions in FY2021/22 remain lower than in pre-pandemic years in part due to the ongoing consequences of the pandemic, but also a targeted campaign to reduce travel across the business.

Our electricity usage has not increased since the COVID-19 pandemic due to a reduction in office footprint, coupled with a switch to renewable energy tariffs

We work with landlords at our properties to instigate changes such as the installation of solar panels or enhancing bike storage to enable people to cycle rather than drive. We also continue to work closely with our clients across clean technology, green shipping and aerospace and defence, to support the industry transition to Net Zero.

Methodology to prepare BMT's SECR report

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 within 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.

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 3rd party landlord entity.

Reporting

The SECR report aligns to our annual reporting period - 12 months to 30 September. BMT reports GHG emissions against the two previous years' reporting. These are normalised against Group revenue to give an intensity ratio with the units Tonnes of CO₂ equivalent per million pounds (TCO₂e/£M).

Emission Factors

For the 12 months to 30 September 2022 (FY21/22), BMT has used the GHG reporting conversion factors 2022 for our UK emissions in order to determine the Group's Scope 1, Scope 2 and Scope 3 emissions.

(See: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>)

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 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 in two phases. The first collection captures periods 1-7 of the financial reporting year and was collected in May. Data relating to periods 8-12 was collected at year end in October 2022. Data was requested from Accounts payable, Travel Management Companies, Facilities and Operations. This data was then converted by BMT's Sustainability Manager. The internal audit function provides periodic reviews of future emissions data and conversions to assure 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

DIRECTORS' REPORT (continued)

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 engagement.

Employee engagement, a key metric for our business, is encouraged in several ways including an active BMT Employee Engagement Group 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.

We recognise the importance of communicating effectively with our staff through many channels including our 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. 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 throughout the business.

Our employment policies seek to create a workplace free from discrimination. Our recruitment practices strive to ensure we give full and fair consideration to applications for employment from disabled persons. Where an employee

becomes disabled, the Group endeavours to continue their employment, provided there are duties the employee is capable of performing. When acquiring or modifying properties, the Group endeavours to make the property accessible to individuals with a disability.

Health and Safety ("H&S")

As well as integrating health and safety into our everyday work environment, we strive to work with our clients and supply chains to improve H&S performance continuously and collectively; thus, enabling H&S to be fully integrated in the way that we make decisions and conduct our business.

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. All our training contains subtitles with no time limits, so individuals can read and undertake health and safety training at their own pace. Moving forward employees will also have access to an app which will support those who are visually impaired or colour blind.

As well as training, qualified health and safety representatives and fire wardens are accessible 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. Our local wardens and representatives are supported by qualified health and safety leadership in every operating entity.

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. We also track performance of global health and safety performance, including the total recordable injury rate (TRIR) of our employees.

Wellbeing

BMT believes that a proactive approach to health and wellbeing of our employees is fundamental to the success of our business. This means that we adopt a positive mindset and total commitment to understand and address health and wellbeing inside our organisation.

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

DIRECTORS' REPORT (continued)

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.

As well as equipping our employees with adequate resources to manage the wellbeing of themselves and their colleagues, we also closely monitor Employee Absentee rates across our different departments.

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.

The current financial year's results for BMT Designers & Planners were constructed using management and other information maintained by the company, and overseen by its independent Board, which was regularly returned to the Parent, up to the point of when the subsidiary Board decided to enter the formal insolvency process, along with copy bank information throughout along with certain information from the Accountants retained by the Trustee in Bankruptcy.

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:



David McSweeney
Director
18 April 2023

AUDITOR'S REPORT

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

Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BMT Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2022 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 qualified opinion

As described in Note 1 and Note 4, the company's subsidiary BMT Designers & Planners Inc (D&P) went into Chapter 7 bankruptcy on 1 February 2022. On this date, a court appointed trustee in bankruptcy took over the control of the company, including of its accounting records. We have not been granted access to those books and records and thus did not carry out relevant audit procedures as planned. Specifically, we were unable to satisfy ourselves of the trading performance of D&P for the period from 1 October 2021 to 1 February 2022 by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

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 qualified 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.

AUDITOR'S REPORT (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Other Information, 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves of the trading performance of D&P for the period from 1 October 2021 to 1 February 2022. We have concluded that where the other information refers to the trading performance of the D&P within the consolidated trading position, it may be materially misstated for the same reason.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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.

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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.

Arising solely from the limitation on the scope of our work relating to D&P, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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.

AUDITOR'S REPORT (continued)

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:

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts, which would be contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, UK tax legislation and applicable accounting standards and, in addition, other laws and regulations that may have a material effect on the financial statements.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue recognition, posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our tests included, but were not limited to:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- 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

AUDITOR'S REPORT (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

- 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 and remained alert to any indications of fraud or non-compliance with laws and regulations.

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:

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Mark Cardiff (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
18 April 2023

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		2022			2021 Restated		
Notes	Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £'000	Discontinued operations £000	Total £000	
Group turnover	2	157,008	8,698	165,706	137,242	33,302	170,544
Group operating costs	3	(148,022)	(4,577)	(152,599)	(128,065)	(29,097)	(157,162)
Group operating profit	5	8,986	4,121	13,107	9,177	4,205	13,382
Fixed asset investments:							
- Loss on disposal of operations	4	-	(1,291)	(1,291)	-	(29)	(29)
Net interest payable	10	(706)	-	(706)	(873)	(14)	(887)
Profit before BMT profit sharing schemes and tax		8,280	2,830	11,110	8,304	4,162	12,466
BMT profit sharing schemes	1,8	(5,200)	-	(5,200)	(6,500)	-	(6,500)
Profit before tax		3,080	2,830	5,910	1,804	4,162	5,966
Taxation	11	(2,686)	217	(2,469)	(1,734)	(902)	(2,636)
Profit after tax retained for the year		394	3,047	3,441	70	3,260	3,330

Profit for the year attributable to:

		2022			2021 Restated		
	Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000	
Owners of the parent	394	3,047	3,441	68	3,260	3,328	
Non-controlling interest	-	-	-	2	-	2	
Profit for the year	394	3,047	3,441	70	3,260	3,330	

Further information on Discontinued operations is provided in Note 4. Discontinued operations 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

	2022	2021
	£000	Restated £000
PROFIT FOR THE YEAR	3,441	3,330
Other comprehensive income:		
<i>Movement on defined benefit pension schemes</i>		
Return on scheme assets (excluding amount included in net interest expense)	(38,759)	12,725
Actuarial gains on liabilities	55,679	231
Net assets in US Scheme derecognised in prior year due to uncertainty on recovery	738	(738)
Movement in deferred tax relating to actuarial gain on pensions	(4,219)	(2,342)
Deferred tax rate change on opening pension scheme deficit	-	2,055
Exchange movement on foreign pensions	73	54
Gain on defined benefit pension plans (Note 22)	13,512	11,985
Revaluation of freehold land and buildings	72	469
Movement in associated deferred tax on revaluation	-	(153)
Revaluation of freehold land and buildings net of deferred tax	72	316
Unrealised net exchange movement on foreign equity investments	1,108	209
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR	18,133	15,840

None of the above Other Comprehensive Income was attributable to non-controlling interests (2021: nil).

CONSOLIDATED BALANCE SHEET

Company Number 1887373

	Notes	2022	2021
		£000	Restated £000
FIXED ASSETS			
Intangible assets	12	4,939	3,819
Tangible assets	13	11,056	9,753
		<u>15,995</u>	<u>13,572</u>
CURRENT ASSETS			
Stock		360	333
Debtors			
amounts falling due within one year	15	46,975	38,851
amounts falling due after one year	15	3,397	9,149
Cash at bank and in hand	16,17	31,528	41,334
		<u>82,260</u>	<u>89,667</u>
CREDITORS: amounts falling due within one year	18	<u>(44,533)</u>	<u>(44,169)</u>
NET CURRENT ASSETS		<u>37,727</u>	<u>45,498</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		53,722	59,070
CREDITORS: amounts falling due after more than one year	19	(45)	(53)
PROVISIONS FOR LIABILITIES AND CHARGES	20	<u>(2,941)</u>	<u>(6,670)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		50,736	52,347
Defined benefit pension liability	22	<u>(14,839)</u>	<u>(34,583)</u>
NET ASSETS INCLUDING PENSION LIABILITY		35,897	17,764
CAPITAL AND RESERVES			
Profit and loss account	23	43,463	39,961
Other reserves – Pension	22	(11,643)	(26,202)
Other reserves – Revaluation reserve	23	3,945	3,873
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		35,765	17,632
NON-CONTROLLING INTERESTS		132	132
TOTAL EQUITY		35,897	17,764

The accounts on pages 24 to 61 were approved by the Board of Directors and authorised for issue on 18 April 2023 and are signed on its behalf by:



S L Kenny OBE
Director



D K McSweeney
Director

PARENT COMPANY BALANCE SHEET

Company Number 1887373

	Notes	2022 £000	2021 Restated £000
FIXED ASSETS			
Intangible assets	12	4,939	3,819
Tangible assets	13	5,718	5,940
Investments	14	12,039	6,389
		<u>22,696</u>	<u>16,148</u>
CURRENT ASSETS			
Debtors			
amounts falling due within one year	15	4,751	4,188
amounts falling due after one year	15	13,942	23,810
Cash at bank and in hand	17	15,667	17,544
		<u>34,360</u>	<u>45,542</u>
CREDITORS: amounts falling due within one year	18	<u>(6,050)</u>	<u>(9,495)</u>
NET CURRENT ASSETS		<u>28,310</u>	<u>36,047</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		51,006	52,195
CREDITORS: amounts falling due after more than one year	19	(896)	-
PROVISIONS FOR LIABILITIES AND CHARGES	20	<u>(878)</u>	<u>(1,119)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		49,232	51,076
Defined benefit pension liability	22	<u>(15,700)</u>	<u>(34,583)</u>
NET ASSETS INCLUDING PENSION LIABILITY		33,532	16,493
CAPITAL AND RESERVES			
Profit and loss account	23	41,679	38,984
Other reserves - Pension	22	(11,858)	(26,202)
Other reserves - Revaluation reserve	23	3,711	3,711
TOTAL EQUITY		33,532	16,493

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 profit for the year and total comprehensive profit for the year were £3,642,000 (2021: loss £2,456,000) and £17,039,000 (2021: £9,035,000) respectively. The accounts on pages 24 to 61 were approved by the Board of Directors and authorised for issue on 18 April 2023 and are signed on its behalf by:



S L Kenny OBE
Director



D K McSweeney
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent					Total Restated £000
	Profit and loss account Restated £000	Defined Benefit			Non- controlling interests £000	
		Pension reserve Restated £000	Revaluation reserve £000	Controlling interests Restated £000		
Balance at 1 October 2020 as previously stated	37,071	(39,708)	3,557	920	130	1,050
Prior year adjustment (Note 29)	-	874	-	874	-	874
Balance at 1 October 2020 as restated	37,071	(38,834)	3,557	1,794	130	1,924
Profit for the year	3,328	-	-	3,328	2	3,330
<i>Other comprehensive income:</i>						
Gain on defined benefit pension plans*	-	11,985	-	11,985	-	11,985
Unrealised net exchange movement on foreign equity investments	209	-	-	209	-	209
Revaluation of freehold land and buildings*	-	-	316	316	-	316
Total Comprehensive Income	3,537	11,985	316	15,838	2	15,840
<i>Transfer between reserves:</i>						
Pension Costs	(647)	647	-	-	-	-
Total movements in the year	2,890	12,632	316	15,838	2	15,840
Balance at 30 September 2021	39,961	(26,202)	3,873	17,632	132	17,764
Profit for the year	3,441	-	-	3,441	-	3,441
<i>Other comprehensive income:</i>						
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
<i>Transfer between reserves:</i>						
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

*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 Restated £000	Defined Benefit Pension reserve Restated £000	Revaluation reserve £000	Total Restated £000
Balance at 1 October 2020 as previously stated	42,104	(38,984)	3,464	6,584
Prior year adjustment (Note 29)	-	874	-	874
Balance at 1 October 2020 as restated	42,104	(38,110)	3,464	7,458
Loss for the year	(2,456)	-	-	(2,456)
<i>Other comprehensive income:</i>				
Revaluation of land and buildings	-	-	400	400
Gain on defined benefit pension plan	-	11,338	-	11,338
Taxation in respect of other comprehensive income	-	(94)	(153)	(247)
Total Comprehensive Income / (loss)	(2,456)	11,244	247	9,035
<i>Transfer between reserves:</i>				
Pension scheme	(664)	664	-	-
Total movements in the year	(3,120)	11,908	247	9,035
Balance at 30 September 2021	38,984	(26,202)	3,711	16,493
Profit for the year	3,642	-	-	3,642
<i>Other comprehensive income:</i>				
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	-	16,439
<i>Transfer between reserves:</i>				
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

CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 £000	2021 £000
OPERATING ACTIVITIES		
Cash (used by) / generated from operations on page 31	(570)	2,846
Interest paid	(22)	(147)
Income taxes paid	(205)	(126)
NET (USED BY) / CASH GENERATED FROM OPERATING ACTIVITIES	<u>(797)</u>	<u>2,573</u>
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(2,773)	(1,525)
Purchase of intangible fixed assets	(1,121)	(1,456)
Proceeds on disposal of tangible fixed assets	31	47
Interest and similar income received	79	23
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,784)</u>	<u>(2,911)</u>
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES	<u>(4,581)</u>	<u>(338)</u>
FINANCING ACTIVITIES		
BMT profit sharing schemes payment to employee members	(6,416)	-
Repayments of short-term loans	(11)	(51)
NET CASH USED IN FINANCING ACTIVITIES	<u>(6,427)</u>	<u>(51)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(11,008)</u>	<u>(389)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	41,334	41,940
Effect of foreign exchange rate changes on opening cash	1,202	(217)
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>31,528</u>	<u>41,334</u>
Relating to:		
Bank balances and short-term deposits included in cash at bank and in hand	<u>31,528</u>	<u>41,334</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	2022	2021
	£000	Restated £000
RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS		
Profit after tax	3,441	3,330
Adjustments for:		
Depreciation of tangible fixed assets	1,642	2,677
(Gain) / Loss on disposal of tangible fixed assets	(15)	143
Defined benefit pension contributions paid	(2,905)	(2,776)
Defined benefit pension scheme administrative expenses	959	993
Defined benefit pension scheme past service cost	(761)	-
Net interest on defined benefit pension liabilities	769	763
Net interest (receivable) / payable excluding pension scheme interest	(64)	124
Foreign exchange differences	(213)	460
Loss on disposal of discontinued operations	1,291	29
BMT profit sharing schemes (Profit and Loss Account charge)	5,200	6,500
Taxation	2,469	2,636
OPERATING CASHFLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	11,813	14,879
Decrease in stock	16	67
Increase in debtors	(12,344)	(4,963)
Increase / (decrease) in creditors	3,929	(6,352)
Decrease in provisions	(3,984)	(785)
CASH (USED BY) / GENERATED FROM OPERATIONS	(570)	2,846
	2022	2021
	£000	£000
RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN FUNDS		
(Decrease) / increase in cash	(9,806)	6,394
Net movement in current asset investments	-	(7,000)
Net movement on loans	11	51
	(9,795)	(555)
Net funds as at 1 October	41,323	41,878
Net funds as at 30 September	31,528	41,323
	2022	2021
	£000	£000
ANALYSIS OF NET FUNDS		
Net cash at bank and in hand	31,528	41,334
Bank loans	-	(11)
	31,528	41,323

NOTES TO THE ACCOUNTS

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 Third Floor, 1 Park Road, Teddington, London, TW11 0AP. 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 15.

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.

Prior year restatements

Retrospective restatement of the financial statements has been made in relation to the defined benefit pension scheme. Following a change in actuary and a validation of input data, it was found that an annuity had been excluded from the asset values at 30 September 2020 and 30 September 2021 included in the FRS102 Actuarial Report. It was found that the net assets for the Group and the Company balance sheet had been understated by £818,000 in 2021 and £874,000 in 2020, due to the error in an actuarial report. The balance sheet restatement value reflects the adjustment to the defined benefit pension scheme obligation net of deferred tax.

Further information in relation to these retrospective amendments is provided in Note 29.

NOTES TO THE ACCOUNTS (continued)

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. In the current year several additional operations were curtailed leading to a recalculation of the results of the prior year discontinued operations.

Accounting for an Insolvent Subsidiary in the Prior Year

The insolvency of BMT Designers & Planners Inc on 1 February 2022 was treated as an adjusting post balance sheet event in the prior year accounts. Consequently, the assets and liabilities of BMT Designers and Planners Inc. at 30 September 2021 were assessed on a 'break-up' basis with assets and liabilities held at their respective amounts recoverable or payable by the company before it filed for a Chapter 7 insolvency process. The impact of the insolvency and the in-year trading have been reclassified within discontinued operations in the current year results, with the results split between pre-exceptional and exceptional in Note 4.

The basis of the reassessment of asset and liability values was as follows:

- Fixed assets have been written down to net realisable value for the period to insolvency.
- Trade debtors and amounts received under contracts have been written down to the cash realised before insolvency.
- Trade creditors and other creditors and accruals have been released if the liability was not paid prior to insolvency and where no claim is likely to be payable.
- Income in advance has been released, and recognised as revenue, following a reassessment on what was earned under the contract in the period prior to insolvency given the change in circumstances.

Accounting for Insolvent Subsidiary in the Current Year

The current 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.

NOTES TO THE ACCOUNTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

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:

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

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 Operating Profit.

Tangible fixed assets

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

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

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.

NOTES TO THE ACCOUNTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE ACCOUNTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

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.

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.

NOTES TO THE ACCOUNTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

Defined contribution plans

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

Restructuring

Provisions for restructuring costs are recognised when the Group/Company has a legal obligation or a constructive obligation arising from a detailed formal plan for the restructuring which has been notified to affected parties.

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.

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.

NOTES TO THE ACCOUNTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

Classification of exceptional items

The Group classifies items of a material nature, which result from an event or circumstance, such as an onerous contract, as exceptional. The Group believes these exceptional items, by definition, should be separately disclosed to assist in the understanding of the underlying financial performance of the Group. Management considers this to be an area of judgement due to the assumption made that the item is material in size and one-off in nature. Exceptional operating items are excluded from the profit measures used by the directors to monitor underlying performance.

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

a. Prior Year

Following the decision of the independent Board of Directors of BMT Designers & Planners Inc to enter a formal insolvency process the carrying values of its assets and liabilities were reassessed in the prior year; the continuation to separate the impact of the revision of the onerous contract and revaluation of the remaining assets and liabilities was done on a break-up basis as it was no longer a going concern. The revaluation, whilst containing estimates, was also guided by cash movements up to 1 February 2022.

b. Current Year

The current 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.

NOTES TO THE ACCOUNTS (continued)

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:

	2022			2021		
	Continuing operations	Discontinued operations	Total	Continuing operations Restated	Discontinued operations Restated	Total Restated
	£000	£000	£000	£000	£000	£000
United Kingdom	77,683	-	77,683	74,194	-	74,194
Continental Europe	16,786	-	16,786	11,485	-	11,485
North America	27,467	8,698	36,165	21,403	32,675	54,078
Asia Pacific	34,694	-	34,694	28,563	608	29,171
Rest of the World	378	-	378	1,597	19	1,616
	157,008	8,698	165,706	137,242	33,302	170,544

3. GROUP OPERATING COSTS

	2022			2021		
	Continuing operations	Discontinued operations	Total	Continuing operations Restated	Discontinued operations Restated	Total Restated
	£000	£000	£000	£000	£000	£000
Subcontract labour, raw materials and consumables	34,919	3,654	38,573	28,391	7,351	35,742
Staff costs before BMT profit sharing schemes (note 8)	91,270	4,635	95,905	84,325	13,732	98,057
Depreciation, amortisation & impairment of fixed assets:						
- pre-exceptional	1,593	49	1,642	1,605	170	1,775
- exceptional	-	-	-	-	902	902
Government grants	(48)	-	(48)	(996)	-	(996)
R&D tax credits	(743)	-	(743)	(564)	-	(564)
Other operating charges	21,964	(3,761)	18,203	16,256	6,944	23,200
Other operating income	(933)	-	(933)	(952)	(2)	(954)
	148,022	4,577	152,599	128,065	29,097	157,162

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.

In the prior year, an impairment loss of £0.9m on the tangible fixed assets (equipment) of BMT Designers & Planners Inc. was included in depreciation in the consolidated profit and loss account.

NOTES TO THE ACCOUNTS (continued)

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 results due to the limitations in access to current year financial information, given the insolvency of BMT Designers and Planners Inc, is disclosed within the discontinued operations accounting policy within Note 1.

	2022			2021		
	Pre- Exceptional £000	Exceptional Items £000	Total £000	Pre- Exceptional £000	Exceptional Items £000	Total £000
Turnover	6,508	2,190	8,698	25,835	7,467	33,302
Operating Costs	(6,076)	1,499	(4,577)	(24,490)	(4,607)	(29,097)
Operating profit	432	3,689	4,121	1,345	2,860	4,205
Loss on disposal of business			(1,291)			(29)
Net interest payable			-			(14)
Profit before tax			2,830			4,162

In the prior year, an exceptional operating gain of £2.9m (2020: operating loss of £16.1m) was incurred 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 following BMT Designers and Planners Inc entering a formal insolvency process in February 2022. 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. The onerous contract provision was further revised following changes to estimates in the current year by £3.7m and continue to be reported separately 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:

	2022			2021		
	Subsidiary Insolvency adjustment £000	Onerous Customer Contract £000	Total Exceptional Item £000	Subsidiary Insolvency adjustment £000	Onerous Customer Contract £000	Total Exceptional Item £000
Turnover	-	2,190	2,190	908	6,559	7,467
Operating Costs	-	1,499	1,499	734	(5,341)	(4,607)
Operating profit	-	3,689	3,689	1,642	1,218	2,860

5. OPERATING PROFIT

This is stated after charging / (crediting):

	2022 £000	2021 £000
Exceptional profit on a single onerous contract (Note 4)	(3,689)	(1,218)
Operating lease rentals receivable - buildings	(459)	(363)
Operating leases payable	3,304	3,942
Depreciation on owned assets	1,642	2,677
(Gain) / loss on disposal of tangible fixed assets	(15)	143
Foreign exchange (gains) / losses	(319)	316

NOTES TO THE ACCOUNTS (continued)

6. AUDITORS' REMUNERATION

	2022 £000	2021 £000
Audit services:		
Statutory audit	220	140
Tax services:		
Compliance	15	1
Advisory services	3	1
<i>Other services:</i>		
Auditing of accounts of subsidiary companies	120	145
Auditing of accounts of subsidiary companies by auditor's associates *	122	116

*Fees payable to BDO LLP, the auditor of the Group and Company

7. DIRECTORS' REMUNERATION

	2022 £000	2021 £000
Emoluments (excluding pension contributions)	988	966
Employer defined contribution pension	61	61
BMT profit sharing schemes (includes social security costs)	35	60
	1,084	1,087
Highest paid director:		
Aggregate emoluments	409	401
BMT profit sharing schemes (includes social security costs)	20	35
	429	436
Defined contribution scheme:		
Employer contributions	36	35

One director is 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. Retirement benefits are accruing to one director under a defined contribution scheme.

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

NOTES TO THE ACCOUNTS (continued)

8. STAFF COSTS

	2022	2021
Group	£000	£000
Wages and salaries	82,917	85,059
Social security costs	6,619	6,767
Pension and post retirement costs	6,369	6,231
Staff costs before BMT profit sharing schemes	95,905	98,057
BMT profit sharing schemes (includes social security costs)	5,200	6,500
Total staff costs	101,105	104,557
	2022	2021
Company	£000	£000
Wages and salaries	7,757	6,332
Social security costs	878	704
Pension and post retirement costs	594	462
Staff costs before BMT profit sharing schemes	9,229	7,498
BMT profit sharing schemes (includes social security costs)	427	640
Total staff costs	9,656	8,138

9. EMPLOYEE NUMBERS

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

Group	Full Time Equivalents (FTE)		Headcount	
	2022	2021	2022	2021
	No.	No.	No.	No.
Scientific and technical	937	1,016	1,008	1,080
Administrative and support	336	349	370	380
Total staff numbers	1,273	1,365	1,378	1,460
	2022	2021	2022	2021
Company	No.	No.	No.	No.
Scientific and technical	0	0	0	0
Administrative and support	92	83	104	91
	92	83	104	91

In the continuing business, the average number of FTE's increased by 34 to 1,214 in 2022 (2021: 1,180), with scientific and technical FTE's increasing by 26 to 885 (2021: 859), and administrative and support FTE's increasing by 8 to 329 (2021: 321).

NOTES TO THE ACCOUNTS (continued)

10. NET INTEREST PAYABLE

	2022	2021
	£000	Restated £000
Interest receivable:		
Bank interest	79	15
Other interest	9	8
Total interest receivable	<u>88</u>	<u>23</u>
Interest payable:		
Bank loans and overdrafts	25	147
Net interest on defined benefit pension liabilities	769	763
Total interest payable	<u>794</u>	<u>910</u>
Net interest payable	<u>706</u>	<u>887</u>
Net interest payable is summarised below:		
Bank deposits less loans and overdrafts (net (receivable) / payable)	(54)	132
Net interest on defined benefit pension liabilities	769	763
Managed fund interest received	(9)	(8)
Net interest payable	<u>706</u>	<u>887</u>

NOTES TO THE ACCOUNTS (continued)

11. TAXATION

	2022	2021
	£000	Restated £000
Current tax:		
- UK corporation tax on profits of the year	490	(150)
- adjustments in respect of prior periods	124	(223)
- foreign tax	51	597
Total current tax	<u>665</u>	<u>224</u>
Deferred tax:		
- UK deferred tax	476	645
- overseas deferred tax	266	304
- adjustments in respect of prior periods	171	1,269
- pension scheme	891	194
Total deferred tax	<u>1,804</u>	<u>2,412</u>
Tax on result	<u>2,469</u>	<u>2,636</u>

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 (19%).

	2022	2021
	£000	Restated £000
Profit before tax	<u>5,910</u>	<u>5,966</u>
Profit at the effective rate of corporation tax in the UK of 19% (2021: 19%)	1,123	1,134
Effects of:		
- items not deductible for tax purposes	(16)	103
- prior year adjustment	295	1,046
- impact of tax losses	1,018	122
- adjustment in respect of overseas tax rates	(15)	(8)
- effect of changes in tax rates and laws	228	186
- other tax adjustments	(164)	53
Total tax charge for the period	<u>2,469</u>	<u>2,636</u>

In addition to the amounts charged to the profit and loss account, £4,219,000 (2021: £2,342,000) has been charged to other comprehensive income in relation to the deferred tax on pension liabilities. In the prior year, a credit of £440,000 was recognised including £287,000 in relation to pension liabilities and £153,000 was recognised from the movement of deferred tax relating to the revaluation of freehold land and buildings.

The current UK corporation tax rate for is 19% (2021: 19%). However, the UK government has signalled its intention to increase 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 19% on any assets or liabilities which are expected to unwind prior to 1 April 2023 and at a deferred tax rate of 25% on all other assets and liabilities which are expected to be realised after that date.

NOTES TO THE ACCOUNTS (continued)

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill £000	Vessel Design Portfolio £000	ERP System Software £000	Total £000
Cost				
At 1 October 2021	9,937	1,900	3,819	15,656
Additions	-	-	1,120	1,120
Disposals	-	-	-	-
Exchange differences	-	-	-	0
At 30 September 2022	9,937	1,900	4,939	16,776
Amortisation				
At 1 October 2021	9,937	1,900	-	11,837
Provided during the year	-	-	-	-
Disposals	-	-	-	-
Exchange differences	-	-	-	-
At 30 September 2022	9,937	1,900	-	11,837
Net book value at 30 September 2022	-	-	4,939	4,939
Net book value at 30 September 2021	-	-	3,819	3,819

ERP System Software is currently in development and has not been brought into use. Accordingly, it has not been amortised in the period.

Company

	ERP System Software £000	Total £000
Cost		
At 1 October 2021	3,819	3,819
Additions	1,120	1,120
At 30 September 2022	4,939	4,939
Amortisation		
At 1 October 2021	-	-
Provided during the year	-	-
At 30 September 2022	-	-
Net book value at 30 September 2022	4,939	4,939
Net book value at 30 September 2021	3,819	3,819

ERP System Software is currently in development and has not been brought into use. Accordingly, it has not been amortised in the period.

NOTES TO THE ACCOUNTS (continued)

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 2021	5,859	4,492	12,172	22,523
Additions	-	593	2,180	2,773
Disposals	-	(2,022)	(2,258)	(4,280)
Revaluations	72	-	-	72
Exchange differences	9	186	639	834
At 30 September 2022	5,940	3,249	12,733	21,922
Depreciation				
1 October 2021	-	3,430	9,340	12,770
Provided during the year	-	373	1,269	1,642
Disposals	-	(1,998)	(2,211)	(4,209)
Revaluation adjustment	-	-	-	-
Exchange differences	-	159	504	663
At 30 September 2022	-	1,964	8,902	10,866
Net book value				
At 30 September 2022	5,940	1,285	3,831	11,056
At 30 September 2021	5,859	1,062	2,832	9,753

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 2021 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 no change in valuation required as at 30 September 2022 as advised by the external valuer.

Land and buildings in Belgium with a carrying amount of £640,000 were revalued as at 30 September 2022 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 (2021: £2.559m).

NOTES TO THE ACCOUNTS (continued)

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 2021	5,300	708	667	6,675
Additions	-	-	58	58
Disposals	-	-	(139)	(139)
Revaluations	-	-	-	-
At 30 September 2022	5,300	708	586	6,594
Depreciation				
1 October 2021	-	344	391	735
Provided during the year	-	137	141	278
Disposals	-	-	(137)	(137)
At 30 September 2022	-	481	395	876
Net book value				
At 30 September 2022	5,300	227	191	5,718
At 30 September 2021	5,300	364	276	5,940

The historical cost of Freehold Land and Buildings is £2.095m (2021: £2.095m). See above for note regarding revaluation of land and buildings.

NOTES TO THE ACCOUNTS (continued)

14. FIXED ASSET INVESTMENTS

Company

	Group undertakings £000	Total £000
Cost/Valuation		
At 1 October 2021	20,056	20,056
Additions	5,066	5,066
Disposals	(2,191)	(2,191)
At 30 September 2022	22,931	22,931
Provisions		
1 October 2021	13,667	13,667
Impairment in year	(589)	(589)
Disposals	(2,186)	(2,186)
At 30 September 2022	10,892	10,892
Net book value		
At 30 September 2022	12,039	12,039
At 30 September 2021	6,389	6,389

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

During the year, BMT Group Ltd purchased BMT UK Ltd's 75% holding in Lateral Naval Architects Ltd for £3,700,000, 100% of the shares in BMT Netherlands B.V. from BMT Surveys International Ltd for £709,000, and additional share capital in BMT Singapore Pte. Ltd for £657,000.

The impairment gain recognised on fixed asset investments in the period was £589,000 (2021: £3,787,000) and is included in Company operating costs, with no impact on the consolidated Group results. The gain relates to release of the prior year impairment of the investment in BMT International Inc. of £1,121,317 and in BMT UK Ltd of £1,071,000 and impairment of the investments in Lateral Naval Architects Ltd of £1,000,000, BMT Singapore Pte. Ltd of £458,000, and BMT Netherlands B.V. of £145,000.

The disposals relate to BMT International Ltd and BMT Ship and Coastal Dynamics Ltd which were dissolved, BMT Hong Kong Ltd which was liquidated and the sale of the 20% holding in Infoplaza Marine Holdings B.V. (formerly BMT ARGOSS Holding B.V. and Infoplaza Marine Weather B.V. (formerly BMT ARGOSS B.V.)).

NOTES TO THE ACCOUNTS (continued)

15. DEBTORS

	Group		Company	
	2022	2021 <i>Restated</i>	2022	2021 <i>Restated</i>
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	24,135	23,115	10	1
Amounts owed by subsidiary undertakings	-	-	2,739	2,922
Amounts recoverable on contracts	14,379	9,585	-	-
Other debtors	575	414	47	15
Corporation tax	1,402	1,050	413	386
Other taxation and social security	1,632	352	285	338
Prepayments and accrued income	4,852	4,335	1,257	526
	46,975	38,851	4,751	4,188
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	11,482	16,047
Deferred tax asset (see Note 21)	3,397	9,149	2,460	7,763
Prepayments and accrued income	-	-	-	-
	3,397	9,149	13,942	23,810

16. CASH AND OVERDRAFTS - GROUP

	2022	2022 Change in year	2021	2021 Change in year	2020	2020 Change in year
	£000	£000	£000	£000	£000	£000
Analysis of balances:						
Current assets:						
Cash at bank and in hand	31,528	(9,806)	41,334	6,394	34,940	9,740
Current liabilities:						
Bank overdrafts	-	-	-	-	-	98
Net position at 30 September	31,528	(9,806)	41,334	6,394	34,940	9,838
<i>Sub-analysed as follows:</i>						
Cash held for third parties		-	-	(610)	610	(836)
Group's own net cash	31,528	(9,806)	41,334	7,004	34,330	10,674
Net position at 30 September	31,528	(9,806)	41,334	6,394	34,940	9,838

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 an increase of £1,202,000 (2021: reduction £217,000). These amounts are included in foreign exchange differences in the Consolidated Statement of Cash Flows.

NOTES TO THE ACCOUNTS (continued)

17. CASH AND CASH EQUIVALENTS RECONCILIATION

Group

	1 October 2021	Cash flows	30 September 2022
	£000	£000	£000
Cash at bank and in hand	41,334	(9,806)	31,528
Bank loans	(11)	11	-
Cash and Cash Equivalents	41,323	(9,795)	31,528

Company

	1 October 2021	Cash flows	30 September 2022
	£000	£000	£000
Cash at bank and in hand	17,544	(1,877)	15,667
Cash and Cash Equivalents	17,544	(1,877)	15,667

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	
	2022	2021	2022	2021
	£000	£000	£000	£000
Bank loans (Note 17)	-	11	-	-
Income in advance	13,804	15,811	-	-
Trade creditors	7,472	6,058	1,666	925
Amounts owed to subsidiary undertakings	-	-	694	4,308
Corporation tax	41	51	-	-
Other taxation and social security	3,731	3,992	1,389	1,269
Other creditors	685	1,011	303	360
Accruals and deferred income	18,800	17,235	1,998	2,633
	44,533	44,169	6,050	9,495

Bank loans and overdrafts are secured over the assets of the companies to which they relate.

NOTES TO THE ACCOUNTS (continued)

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

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Other creditors	45	53	-	-
Amounts owed to subsidiary undertakings	-	-	896	-
	45	53	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 2021	626	4,964	680	400	-	6,670
Charge to profit and loss	21	1,303	242	-	422	1,988
Transfer from debtors	-	-	-	-	(214)	(214)
Released in year	(268)	(5,092)	(6)	(181)	-	(5,547)
Exchange differences	48	-	-	-	(4)	44
At 30 September 2022	427	1,175	916	219	204	2,941

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.

Company

	Onerous Leases Contracts £000	Dilapidations Provision £'000	Legacy Claims £000	Total £000
At 1 October 2021	329	390	400	1,119
Charge to profit and loss	-	34	-	34
Released in year	(88)	(6)	(181)	(275)
At 30 September 2022	241	418	219	878

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.

NOTES TO THE ACCOUNTS (continued)

20. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

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), one of which became onerous two years ago and one which became onerous in the current year. 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

	2022	2021
	£000	Restated £000
At 1 October	9,149	12,165
Transfer to profit and loss	(1,804)	(2,412)
Exchange differences	67	(163)
Transfer from other comprehensive income	(4,219)	(441)
At 30 September	3,193	9,149

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:

	2022			2021 Restated		
	Debtors £000	Provisions £000	Total £000	Debtors £000	Provisions £000	Total £000
Tax losses	195	-	195	844	-	844
Short-term timing differences	1,282	524	1,806	1,049	-	1,049
Defined benefit pension scheme	3,842	(646)	3,196	8,381	-	8,381
Capital allowances in excess of depreciation	(1,922)	(82)	(2,004)	(1,125)	-	(1,125)
Amount included within Debtors / Provision for Liabilities and Charges ("Provisions")	3,397	(204)	3,193	9,149	-	9,149

NOTES TO THE ACCOUNTS (continued)

21. DEFERRED TAXATION (continued)

Company

	2022	2021 Restated
	£000	£000
At 1 October	7,763	8,679
Transfer from profit and loss	(1,084)	(668)
Transfer to current tax	-	-
Transfer from other comprehensive income	(4,219)	(248)
At 30 September	2,460	7,763

The deferred tax asset of the Company comprises:

	2022	2021 Restated
	£000	£000
Tax losses	116	290
Short-term timing differences	93	150
Defined benefit pension scheme	3,842	8,381
Capital allowances in excess of depreciation	(1,591)	(1,058)
Amount included within Debtors (see note 15)	2,460	7,763

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 £7.5m (gross) in Australia and Singapore in respect of which a Deferred Tax Asset has not been recognised.

NOTES TO THE ACCOUNTS (continued)

22. PENSION SCHEMES

The Group participates in two defined benefit pension schemes, in the UK and in the USA. 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 current year surplus of £861,000 before excise and other taxes in the BMT US Scheme has been recognised to the extent it will be recoverable through the profit and loss account within the past service cost reversal with an associated deferred tax charge of £646,000 related to corporate and excise taxes.

The net liability of the schemes at the balance sheet date are detailed below. The 2021 results have been restated as disclosed in Note 29.

	Group		Company	
	2022	2021 Restated	2022	2021 Restated
	£000	£000	£000	£000
Present value of funded obligations	(111,578)	(177,526)	(111,506)	(169,425)
Fair value of plan assets	96,739	143,681	95,806	134,842
Present value of unfunded obligations (before deferred tax)	(14,839)	(33,845)	(15,700)	(34,583)
US surplus derecognised due to uncertainty over its refund	-	(738)	-	-
Present value of unfunded obligations in the Balance Sheet	(14,839)	(34,583)	(15,700)	(34,583)
Related deferred tax assets (Note 21)	3,196	8,381	3,842	8,381
Net pension liability	(11,643)	(26,202)	(11,858)	(26,202)

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 £000	USA £000	Total £000	UK £000	USA £000	Total £000	£'000
At 1 October 2021 (restated)	134,842	8,839	143,681	(169,425)	(8,101)	(177,526)	(33,845)
Past service cost reversal	-	-	-	-	761	761	761
Administrative expenses	(959)	-	(959)	-	-	-	(959)
Interest income on plan assets / (cost)	2,696	136	2,832	(3,375)	(226)	(3,601)	(769)
Actuarial gains / (losses)	-	-	-	56,602	(923)	55,679	55,679
Return on plan assets excluding interest income	(38,986)	227	(38,759)	-	-	-	(38,759)
Benefits paid	(4,692)	(896)	(5,588)	4,692	896	5,588	-
Settlement of obligations	-	(8,070)	(8,070)	-	8,070	8,070	-
Contributions by group	2,905	-	2,905	-	-	-	2,905
Exchange difference	-	697	697	-	(549)	(549)	148
At 30 September 2022	95,806	933	96,739	(111,506)	(72)	(111,578)	(14,839)

NOTES TO THE ACCOUNTS (continued)

22. PENSION SCHEMES (Continued)

The actual return on plan assets was:

	2022	2021 Restated
	£000	£000
Interest income on plan assets	2,832	2,141
Return on plan assets excluding interest income	(38,759)	12,818
Actual return on plan assets	<u>(35,927)</u>	<u>14,959</u>

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

	2022	2021 Restated
	£000	£000
Included in other operating charges: Past service cost reversal	(761)	-
Included in other operating charges: Administration expenses	959	993
Net interest charge on the net defined benefit pension liability	769	763
	<u>967</u>	<u>1,756</u>

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

	2022	2021 Restated
	£000	£000
Actual return less interest income included in net interest income	(38,759)	12,725
Actuarial gains	55,679	231
Exchange movements of foreign pensions	148	66
US surplus derecognised due to uncertainty over its refund	738	(738)
	<u>17,806</u>	<u>12,284</u>

The actuarial gain consists of a gain of £71,324,000 from changes in financial assumptions offset by an experience loss of £12,101,000 and a demographic change loss of £3,544,000.

Major categories of plan assets

	2022	2021 Restated
	£000	£000
Global equities	36,695	22,646
Liability driven investments	24,041	13,281
Corporate bonds	8,902	1,956
Derivatives – equity options	5,349	-
Alternative assets	21,406	101,017
Annuities	2,812	4,101
Cash	(2,466)	680
	<u>96,739</u>	<u>143,681</u>

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.

NOTES TO THE ACCOUNTS (continued)

22. PENSION SCHEMES (Continued)

Principal assumptions used in producing the balance sheet valuations:

	BMT UK Scheme		BMT US Scheme	
	2022	2021	2022	2021
Rate of increase in pensions payment	3.80%	2.30%-3.90%	0.0%	0.0%
Discount rate	4.96%	2.02%	5.00%	2.75%
Inflation assumption – RPI	3.78%	3.81%/3.52%	0.0%	0.0%
Inflation assumption – CPI	3.42%	2.91%/3.42%	0.0%	0.0%
Rate of increase to deferred pensions	3.42%	2.91%/3.42%	0.0%	0.0%
			2022	2021
			Years	Years
The assumed average life expectancy (in years) for a member who is 65 on the reporting date is:				
Male			87.4	86.7
Female			89.4	89.1
The assumed average life expectancy (in years) at age 65 for a member who is aged 45 at the reporting date is:				
Male			88.2	87.7
Female			90.3	90.2

Impact of market events around the reporting date

Around the time of the year-end reporting date, investment markets in the UK were particularly volatile, due to a combination of factors including rising inflation and higher energy costs, the Bank of England raising interest rates, and a 'mini-Budget' announced, and then largely reversed by the Government. Around that time, corporate bond yields, which are used to set the discount rate assumption, rose and fell significantly, as did the yields on other market instruments.

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	131,740	113,381	111,506	109,664	94,397
Discount rate	3.96% pa	4.86% pa	4.96% pa	5.06% pa	5.96% 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	102,660	110,589	111,506	112,526	122,137
Discount rate	2.78% pa	3.68% pa	3.78% pa	3.88% pa	4.78% 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 £6,369,000 (2021: £6,321,000).

NOTES TO THE ACCOUNTS (continued)

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	
	2022	2021	2022	2021
	£000	£000	£000	£000
Group				
Operating leases which expire:				
- within one year	3,159	4,362	297	464
- in the second to fifth years inclusive	8,631	11,523	418	864
- after five years	1,398	2,384	8	278
	13,188	18,269	723	1,606
Company				
Operating leases which expire:				
- within one year	813	661	-	-
- in the second to fifth years inclusive	2,840	3,460	-	-
- after five years	185	885	-	-
	3,838	5,006	-	-

NOTES TO THE ACCOUNTS (continued)

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		Company	
	Subsidiaries not wholly owned		Subsidiaries not wholly owned	
	2022	2021	2022	2021
	£000	£000	£000	£000
Sales of services in year	9,910	7,995	443	-
Purchases of services in year	31	13	-	-
Amounts owed by related parties at 30 September	2,310	1,382	617	964
Provisions for uncollectable receivables	615	587	615	587
Expense in the year for bad and doubtful debts	-	-	-	-
Amounts owed to related parties at 30 September	1	-	-	-

NOTES TO THE ACCOUNTS (continued)

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	Part Level 5, Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom
BMT UK Ltd	Naval architecture and marine engineering	*
Lateral Naval Architects Ltd (75%)	Naval architecture and marine engineering	*
BMT Surveys International Ltd	Intermediate holding company	*o
BMT Titron (UK) Ltd (25%)	Ship Design	Ship Design Centre, The Town Hall Business Centre, High Street East, Wallsend, Tyne & Wear, NE28 7AT, United Kingdom
BMT Smart Ltd	In liquidation	4th Floor Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG, United Kingdom #
England & Wales: dormant companies		
BMT Pension Trustee Ltd	Dormant company	*
BMT Market Collections Ltd	Professional Fees collection agency serving insurance markets	*
BMT UK 2 Ltd	Fluid and structural mechanics consultancy	*
Hong Kong:		
BMT Engineering International Ltd	Intermediate holding company	22nd floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong
BMT Titron Holdings Ltd (25%)	Intermediate holding company	5F, FWD Financial Centre, 308 Des Voeux Road, Central, Hong Kong
BMT Titron Marine Ltd (25%)	Ship design	5F, FWD Financial Centre, 308 Des Voeux Road, Central, Hong Kong
Indonesia:		
PT BMT Asia Indonesia (5%)	Environmental consultancy	Gedung Cibis Nine 12 th 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 #

NOTES TO THE ACCOUNTS (continued)

27. LISTING OF SUBSIDIARY & ASSOCIATED COMPANIES (Continued)

Netherlands:

BMT Netherlands B.V.	Marine Surveying	Rivium Quadrant2, 2909 LC Capelle a/d IJssel, Rotterdam
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Singapore:

BMT Singapore Pte Ltd	Maritime consultancy	8 Wilkie Road, #03-01 Wilkie Edge, Singapore, 228095, Singapore
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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 [♦]

* Third Floor, 1 Park Road, Teddington, London, TW11 0AP, United Kingdom

Companies in liquidation during the year

[^] Company in insolvency

○ Company applied for strike-off during the year and dissolved 01 November 2022

♦ 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. As described in Note 20, the onerous customer contract provisions are subject to an assessment based on the possible outcomes of future events which, therefore, may give rise to changes both more, or less, than the estimates made. The Company has also given a cross guarantee in respect of UK subsidiary companies' overdraft facilities in the ordinary course of business.

NOTES TO THE ACCOUNTS (continued)

29. PRIOR YEAR ADJUSTMENTS

The accounts contain one prior year adjustment. Following a change in actuary and a validation of input data, it was found that an annuity had been excluded from the asset values at 30 September 2020 and 30 September 2021 as included in the FRS102 Actuarial Report. It was found that the pension scheme asset had been understated by £1,166,000 (£874,000 net of deferred tax). As a result, the UK defined benefit pension scheme assets, the net defined benefit scheme liability and associated deferred tax have been restated for the Consolidated Group and BMT Group Limited company only and the impact is detailed below.

Group	Equity as at 30 Sept 2021 £'000	Equity as at 30 Sept 2020 £'000	Profit for the year ended 30 Sept 2021 £'000	Loss for the year ended 30 Sept 2020 £'000
As previously stated	16,946	1,050	3,316	(14,591)
2020 restatement adjustment	874	-	-	-
Increase in pension scheme asset	-	1,166	-	-
Increase in pension asset interest income	19	-	19	-
Reduce return on plan assets excluding amount included in net interest expense	(93)	-	-	-
Reduction in associated deferred tax asset	18	(292)	(5)	-
As restated	17,764	1,924	3,330	(14,591)

Company	Equity as at 30 Sept 2021 £'000	Equity as at 30 Sept 2020 £'000
As previously stated	15,675	6,584
2020 restatement adjustment	874	-
Increase in pension scheme asset	-	1,166
Increase in pension asset interest income	19	-
Reduce return on plan assets excluding amount included in net interest expense	(93)	-
Reduction in associated deferred tax asset	18	(292)
As restated	16,493	7,458