BMT Group Ltd

Directors' Reports & Accounts 2024

Company No: 1887373

Accounting Date:

30 September 2024

BMT GROUP LIMITED

DIRECTORS

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Ms S L Kenny OBE	- Chief Executive
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The Directors submit their Strategic Report along with the Directors' Report & Accounts of BMT Group Limited (also referred to as the "Company") for the year ended 30 September 2024.

BUSINESS AND FINANCIAL REVIEW

BMT delivered a strong financial performance this year. Overall, the group achieved a profit after tax and profit sharing schemes of £8.9m (2023: £5.4m). The group achieved a significant increase in turnover of £18.8m (up 10%) over the reporting period, with a resultant operating profit of £23.4m (2023: £12.4m). At the close of the reporting period BMT's cash position was £12.7m above the previous year's level. BMT's performance during this year enabled us to reward our employees with a total profit distribution related to the financial year of £9.8m (2023: £7.3m).

Because we exist to help navigate some of the most important and impactful engineering challenges of our time, solid performance matters; it gives us the foundation we need to continually increase the scale and positive impact that our products and services deliver. From energy transition and marine biodiversity to climate risk mitigation and national security, we are helping our customers find sustainable solutions to their most complex challenges.

In our biggest market, the UK, performance was strong during the reporting period. A significant highlight was the successful delivery of the first stage of our work as a key supplier and subcontractor to the Royal Navy's Fleet Solid Support (FSS) programme, but we also saw progress across our UK-focused portfolio. The UK general election in June 2024 delayed some decision-making, and then the subsequent change of government affected spending across all government departments, resulting in some slowing of our Q4 revenue. However, as the government's forthcoming Strategic Defence Review and Defence Industrial Strategy review complete, and other key policy and spending decisions are made, we are confident that BMT will be well-positioned in terms of market share going forward.

Our Canada defence business performed well during the year, as the government maintained a steady rate of defence spending, although this situation is likely to change with a new administration imminent. In the USA our business is predominantly in the asset monitoring and sustainment of offshore oil and gas infrastructure, and these areas saw strong demand as customers chose to invest residual cash balances, perhaps buoyed by the prospect of an incoming Trump administration. Our renewable energy-related services mean that we also remained well-positioned for investment in green infrastructure in the USA.

After several years of challenging trading, our Asia Pacific (APAC) regional business has improved and is returning towards profit, and we saw new wins aligned to our growth strategy during the reporting year. The publication of both the Australian Defence Strategic Review and Surface Fleet Review was welcome, providing greater clarity and opportunities ahead. But it was our APAC environment business that saw the strongest growth, with significant wins in offshore wind farm development off the coast of Gippsland, South Australia. Our services were also in demand across APAC and beyond as port owners sought to update their assets to meet future needs. Our innovative ship design work was also recognised and highly sought after in the region, one example being the launch of our design for an exciting new 48m service operation vessel.

While our broad portfolio of services and capabilities across multiple sectors and geographies have long offered us diversification, we continued to further build resilience by reducing our dependence on a small number of large customers. In this respect, the financial year was a notable success, winning new customers for our wind farm work and in new markets related to our autonomous maritime data collection vessels.

Guided by our strategy, we have been decisive in adjusting our portfolio, reaching mutual agreement to exit the UK-based Lateral Naval architects joint venture to our partner, in order to allocate our resources to more value-additive operations.

BMT profit sharing schemes

As the increase in profits surpassed budgeted targets and we continued to grow our cash balances, we were able to significantly increase distributions in line with our status as an Employee Benefit Trust (EBT). This enabled us to better reward our people, who are both central to our success and increasingly in demand from competitors. Total distribution to employees during the reporting period was £9.8m, up from £7.3m in the previous year.

Financial Highlights and Key Performance Indicators

Results summary:

	2024 £m	2023 £m
Turnover	203.5	184.7
EBITDA (as below)	25.5	14.2
BMT profit sharing schemes *	(9.8)	(7.0)
Profit after tax	8.9	5.4

**FY24 excludes amounts payable to Senior Management which have been classified within EBITDA in the Profit and Loss. FY23 amount for comparative purposes on a consistent basis is £5.1m*

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

	2024	2023
	£m	£m
Group Operating Profit	23.4	12.4
Depreciation & amortisation	2.1	1.8
EBITDA	25.5	14.2

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

	2024	2023 As restated
Financial related:		
Sales Order Intake^	£178.9m	£285.9m
Sales Order growth	(37)%	68%
Turnover	£203.5m	£184.7m
Turnover growth	10%	18%
EBITDA Margin	12.5%	7.7%

^ *Sales Orders are tracked within internal management information*

Sales Order Intake has reduced from the previous year primarily as a result of the UK Ministry of Defence's Fleet Solid Support (FSS) ships contract being awarded to BMT as part of a consortium in 2023, which was the biggest order in BMT's history and spans 10 years.

Turnover increased by 10% to £203.5m with turnover from our largest market, the UK, increasing by 20%, which in part reflects the FSS contract. Turnover also increased in APAC, but there were reductions in turnover in Rest of Europe, North America and Rest of World.

EBITDA margin increased by 600bps demonstrating our drive to improve delivery efficiency and cost control despite inflationary cost pressures, and investment in the innovation and expertise that can drive higher margins is beginning to deliver. The implementation of a new ERP system in the UK was pivotal to enabling enhanced visibility of project performance across the portfolio and was an enabler to improving margins.

Discontinued operations results

On 30 August 2024, BMT sold its interest in the joint venture Lateral Naval Architects Ltd to our joint venture partner. Its results to disposal have been disclosed as a discontinued operation in the current and previous year. Lateral generated a £1.0m operating profit in the year (2023: loss of £0.4m) and there was a gain on disposal of £0.3m. In the prior year a gain of £1.9m was recognised following a reassessment of the amounts recoverable by the Group from the trustee in bankruptcy, in relation to BMT Designers and Planners Inc, whose independent Board filed for Chapter 7 of the US Bankruptcy Code on 1 February 2022. For further information on discontinued operations, please see Note 4 of the accounts.

Group Balance Sheet and Cash Flows summarised

The Group generated a positive cash flow from operations of £22.2m (2023: £15.5m) which included pension funding contributions of £3.2m (2023: £3.0m). This includes cash received in advance on certain contracts which will be completed over future years, with income in advance increasing by £2.8m to £23.0m. The Group spent £1.7m (2023: £1.7m) on capital improvements (primarily computer equipment). The Group distributed £7.2m to employees as part of the BMT profit sharing schemes which was accrued in the previous financial year. This led to an overall cash increase of £12.7m (2022: £9.0m) in the year to £53.2m (2023: £40.5m) including a foreign exchange movement loss of £0.7m (2023: £0.4m loss).

The Group had net assets before the pension deficit and associated deferred tax of £55.7m (2023: £49.2m) (see table on the following page). The assets increased by £6.5m with the increase in cash of £12.7m being offset by increases in profit sharing scheme accruals and corporation tax liability as a function of strong trading and the start of the depreciation of the ERP system on go live (£0.5m).

Including the net pension deficit, the consolidated Group had net assets of £45.0m (2023: £35.7m), a £9.3m increase from prior years due to the cash generated in the year and a £2.8m reduction in the pension deficit net of deferred tax. The Group has an agreed deficit funding plan with the Pension Trustees this is currently being reviewed as part of the current triennial valuation.

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

	2024	2023
Group Balance Sheet re-presented	**£m**	**£m**
Fixed assets	12.6	13.3
Cash and cash equivalents *	53.2	40.5
Other net assets / (liabilities) before pension deficit	(8.9)	(2.8)
Provisions for liabilities & charges	(1.2)	(1.8)
Net assets before net pension deficit	**55.7**	**49.2**
Pension deficit	(14.3)	(18.0)
Pension related net deferred tax asset	3.6	4.5
Net assets	**45.0**	**35.7**
Profit & loss reserves	53.7	47.1
Revaluation reserves	2.0	2.0
Non-controlling interests	0.0	0.1
Equity before Pension reserve	**55.7**	**49.2**
Pension reserve	(10.7)	(13.5)
Total Equity	**45.0**	**35.7**

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

BMT Group Limited, the parent entity, had net assets of £26.3m on 30 September 2024 (2023: £23.4m), including the UK pension deficit. The increase in net assets of £2.9m is primarily due to a gain of £2.8m on the defined benefit pension valuation net of tax. During the year BMT Group Limited increased its investments in subsidiaries by £10.7m including recapitalisation of its Australia business to facilitate a post year end acquisition and future growth plans as well as smaller investments in Singapore, Netherlands and Belgium.

Event After the Balance Sheet Date

On 2 December 2024, BMT purchased the entire share capital of Australia Maritime Technologies Pty Ltd for £3.5m, including £0.6m of deferred consideration. This is a strategic investment in our defence and security advice and services offerings in Australia.

OWNERSHIP, PURPOSE, VISION & VALUES

BMT's Ownership Structure

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

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

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

Our Purpose

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

Our Vision

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

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

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

Who we are

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

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

STRATEGY

Our Core Business and Our Strategy

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

We summarise this as:

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

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

1) Maritime design and consultancy
2) Asset monitoring and sustainment
3) Environment and climate solutions
4) Defence and security advice & services

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

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

Our Goals

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

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

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

Our headline strategic targets are:

Financial related: -

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

Non- financial related: -

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

Employee Value Proposition ('EVP')

Our EVP (BMT Employee Promise) is our distinctive employee offering encompassing salary, benefits, our culture, purpose and values, as well as our policies and practices around a healthy work-life balance, a supportive working environment, career development and personal growth. In 2024, we continued to invest in our culture and working environment and what attracts people to work for us, with a special focus on ensuring that our systems as well as the office spaces support flexible working and enable employees to connect with their colleagues and the business.

Also embedded in our EVP are:

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

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

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

MANAGING RISK AND UNCERTAINTY

The Board has ultimate responsibility for determining the nature and extent of the risks that the business is willing to take. It is supported by the Audit Committee and by the Internal Audit function who review the effectiveness of key aspects of the internal control framework. Executive and Regional Management are responsible for risk management and controls within the business, providing Internal Audit with certification of compliance with company policies and procedures for their respective areas of responsibility.

Principal Risks

The risks related to delivery of BMT's strategy are shown in the table following and include market and operational risks.

An unprecedented number of countries have held or are planning elections while many continue to face ongoing economic challenges and high sovereign debt levels. A combination of global economic uncertainty and government spending constraints could negatively impact the timing, value, and nature of key customer orders in the near term, particularly across the defence and energy markets. However, in the medium to long term we see growth opportunities in those markets through a renewed focus on national security, on core infrastructure investment, and on transition to clean energy.

Risks mitigations for BMT include maintaining our supplier status in core defence markets, while remaining competitive across all markets. We continue to work very closely with our customers to understand their immediate and longer-term priorities. We are strengthening our internal management reporting capabilities through our new ERP system, which combined with closer customer engagement, will enable us to better pre-empt and respond to volatility across our pipeline particularly in our largest market. We are actively working to rebalance our portfolio across industries and regions which will over time reduce market concentration risks.

We have and continue to invest in our delivery organisation, with better through-life project risk management from the bidding phase through contracting and into delivery. The aim is to have the right capabilities engaged at the right time whether those are from sales, commercial, technical, financial or project management teams. We are developing our programme governance to ensure we can anticipate potential issues earlier and respond as needed.

Our people are core to what we do and having the right skills, experience, and commitment is key to successful delivery. After a tightening in the recruitment market following Covid we now see more flexibility, and our investment in talent acquisition experts, in our overall employee proposition, and in graduate training programmes are having an impact. We are also rolling out a new skills-based system to allow us to map and analyse our capabilities and to inform future planning and development.

We work to improve employee wellbeing and more broadly, to protect the health and safety of all stakeholders including our employees, contractors, and third parties. We have implemented a cloud-based global organisational safety software system that facilitates more real-time management and reporting of health and safety risks.

While we hold no debt, we still maintain careful cashflow management and funding strategies to allow us to respond to short-term changes in market conditions as well as meet our long-term commitments. During the year we saw the appointment of an experienced corporate trustee to manage the DB Pension Scheme and future deficit funding plans will be agreed based on the actuarial review.

System and Data security risks remain high due to the persistent cybersecurity threats, many using artificial intelligence (AI). We are investing continually in our regional IT networks, our systems, and processes to support active deterrence, detection, and defence responses. This has enabled us to avail of cyber insurance in our largest market. In the year ahead, we are rolling out a series of senior leadership workshops to help assess our business resilience and to improve our crisis management processes.

Emerging Risks

The international geopolitical situation is constantly evolving, and we monitor developments globally, working closely with our customers and third parties. Rapid technological change empowered by AI is now a reality and poses benefits and threats. We have invested in targeted digital and innovation programmes and are incorporating new technologies to create process efficiencies. The ongoing focus on sustainability, decarbonisation, and commitment to net zero targets provides opportunities and challenges. We continue to meet our reporting commitments and implement tools to help us track progress against targets. We are working to support our customers in the clean energy transition and to incorporate sustainability across all service areas, from maritime design through to critical coastal infrastructure and environmental management solutions.

Risk Appetite

In 2024 we reviewed our risk appetite to ensure it continues to reflect BMT's strategy.

Our risk appetite remains balanced and supports taking measured risk in pursuit of our strategic objectives whilst being eager to challenge existing practices. We will accept more risk to accelerate pipeline growth and foster innovation in areas that we are confident will deliver value for BMT and for our customers. We seek to minimise legal and operational risks in areas such as compliance, cybersecurity, and safety, with a more cautious approach to management. Our risk appetite is supported by multiple levers that we use to manage risks and is monitored to assess our overall capacity to absorb shocks.

Risk	Link to our Strategy	Why it Matters	How we Manage it
Strategy, Future Business & Brand Management Risks	Sustain the Core Invest in Innovation	We remain heavily weighted toward the Defence sector and UK market in particular. We are reliant on long-term relationships and framework agreements with several key customers and partners. To deliver our strategy we need to maintain our key supplier status and retain the trust to provide competitive solutions.	Our key account managers work closely with our core customers to understand their strategic goals and spending plans, and we undertake in-depth market analysis to inform business development activities. We remain alert to changing customer priorities and work to balance the market risk by offering a diverse portfolio of services and growing our regional businesses.
External Market Factors including geopolitical risks	Sustain the Core	External factors including changes to national governments in core markets, ongoing geopolitical volatility, and economic uncertainty could lead to significant changes to the type, scope, and timing of customer orders. Our ability to deliver on schedule and on budget could be impacted by these external market factors.	Our annual integrated strategic planning exercises are stress tested for a range of outcomes across all our markets. We continually monitor the economic and political environment and the likely impact on our customers and suppliers. We focus on cost control and maintain cash reserves in response to business or market volatility. We adapt our ways of working to minimise the delivery risks as required.
Programme and Project Delivery Risks	Sustain the Core Grow through Collaboration	Failure to assess adequately the contractual, technical, and delivery risks at the outset could result in material financial losses, legal claims, and reputational damage. We undertake some complex projects which carry material delivery risks and could lead to potentially onerous contracts without good project management and robust contract change control processes.	Our project lifecycle processes are supported by relevant policies, procedures, and management systems. Our opportunity gate reviews allow more in-depth risk identification during the crucial bidding phase. We have reorganised the delivery function to ensure we have the relevant project governance and technical capabilities to meet the standards required. For certain large projects, we apply additional governance and oversight proportionate to the risk, and work with our customers to implement contract change control processes as required.
People: Attraction & Retention.	Sustain the Core Grow through Collaboration	We achieve success through our people, and we need to be able to recruit and retain the requisite skills to meet our customers' needs and to drive the business forward. We face competitive markets for the right talent.	Targeted recruitment campaigns help us attract the best people, and we benchmark our Employee Value Proposition with the market. We offer several platforms for training, employee engagement, and career development and we provide a range of resources to support employee wellbeing.

Risk	Link to our Strategy	Why it Matters	How we Manage it
Health & Safety, Wellbeing	Sustain the Core	We undertake a small number of higher risk activities in the pockets of the business and need to adhere to the H&S and Environment regulations across several geographies.	We ensure our people have the requisite qualifications and we encourage a safety-first culture, investing in processes, mandatory training, and risk reporting systems. Additionally, many of our customers provide bespoke Health & Safety training programmes.
Physical and Data Security Risks	Sustain the Core Exploit and Invest in Innovation	A breach of physical or data security, cyber-attack or system failure could adversely impact on our business and our stakeholders, and may lead to a breach of regulations, exposing the company to financial and reputational losses. The increasing use of artificial intelligence tools makes the detection and management of cyber-threats more difficult.	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. The rollout of regional networks allows for the application of more consistent ways of working adapted to industry standards. All employees undertake mandatory training and regular refresher training. We avail of cyber-insurance in our largest market.
Innovation – new technologies and digitalisation; market disruptors	Exploit and Invest in Innovation Grow through Collaboration	New technologies and industry trends continue to change how our customers operate, and constant innovation is needed just to stay competitive and relevant. Deployment of artificial intelligence tools has the potential to disrupt aspects of how we and our customers / partners work and to unlock huge benefits but also challenges.	We invest in targeted innovation that aligns with our overall strategy, and we allocate R&D funding to approved projects that are most likely to deliver a return on that investment. We develop Digital, Data, and IT strategies to drive efficiencies and support innovation and to sustain the skills necessary. We are also working on the safe deployment of AI tools in selected areas to enhance our capabilities and improve productivity.
Long-term Liabilities: Defined Benefit Pension Commitments	Sustain the Core	We hold a defined benefit (DB) pension scheme which is now closed. A material and sustained drop in the value of the pension fund assets or an increase in liabilities beyond actuarial assumptions could require additional funding to manage the deficit.	We manage the DB scheme liabilities by applying appropriate funding strategies based on actuarial valuations. A Corporate Trustee was appointed to ensure the right governance and management processes are in place to protect the scheme's assets, to manage liabilities, and to ensure compliance with the relevant legislation.

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT

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

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

Our Customers & Partners

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

In the reporting year, the Board supported the acquisition of Australia Maritime Technologies Pty Ltd in Australia, as a strategic investment in our defence and security advice and services offerings in-country. The acquisition completed after year end and as part of this decision there was a recapitalisation of the Australia business to fund the acquisition. The Board were also involved in the decision to transfer Lateral Naval Architects Ltd wholly to our joint venture partner.

Our People

Our people continue to be in the centre of the Board's activities. Competitive compensation & benefits packages and ample opportunities for career development as well as a focus on employee engagement, wellbeing and DEI (Diversity, Equity, Inclusion) enable us to attract and retain the right talent. Our annual employee engagement survey has confirmed the success of our employee value proposition with considerably improved year on year results.

Throughout the year, the views of our people are directly represented at Board meetings via our Employee Director and member of the Board, Mick Dewhirst, and presentations of the Employee Engagement Group (EEG) members on employee feedback across the business.

Our ERP system has now been live for a year in the UK, with the global rollout currently in preparation. The Board closely monitored the success of this implementation and the impact on our people. In addition, the Board continued to be involved in the review and assessment of our office property portfolio which is constantly evolving and included several office changes or amendments in Australia, the UK and Singapore.

We ensure that people constantly have access to current information about the business through various different channels, including Navigator, our Intranet site, regular regional and global town halls and email updates. The information given includes a regular narrative and dashboard describing the financial performance and progress against strategy, the economic factors affecting our business, and an overview of any key internal and external events and projects.

During 2024 we ran the Gallup employee engagement survey for the second year. 992 employees participated in the survey (75% of all employees) and our overall engagement mean increased from 3.84 to 3.94 (out of 5). At a global level, we have increased our engagement scores on 12 out of the 13 questions, some of them significantly.

A payment was made during the year from the BMT profit sharing schemes based on the performance in the preceding financial year. A profit share has also been agreed for the current financial year which is paid in the following year.

In order to achieve our ambitions for growth and diversification and deliver the best possible results for our clients, our people need to work safely and collaboratively across BMT. All actions of the Board aim to achieve sustainable and profitable growth in order to create long-term value for our employees.

Our Suppliers

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

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

Our Wider Community

The Board fully support our approach to promoting volunteering and engagement with charities and community partnerships, which creates real and enduring value for BMT and those we work with. Recognising the strategic importance of delivering value and a positive impact in our local communities, we harness our expertise to deliver environmental projects whilst also minimising detrimental impacts of our operations. Our commitment to community engagement, by supporting national and local initiatives such as STEM and targeting growth by focusing on a sustainable future, continues to inspire both current and future workforce of BMT.

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. During the year the Board decided to appoint a Professional Corporate Sole Trustee to modernise and professionalise the scheme management in recognition of the increasing complexity and regulation of the pension scheme industry. Capital Cranfield were appointed in September 2024. They are managing the triennial valuation of the scheme and discussions regarding this between The Company and Capital Cranfield are progressing.

Our Industry Bodies

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

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

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

FUTURE DEVELOPMENT OF THE BUSINESS

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

Our ambitious net zero targets and sustainability strategy are aligned to two prioritised Sustainable Development Goals (SDGs). These are SDG 9: Industry, Innovation & Infrastructure and SDG 13: Climate Action and they are at the heart of our future business growth and ambition. We have continued to make successful progress towards our Science Based Target Initiative (SBTi) validated targets of a 65% reduction in our biggest sources of emissions by 2030 and achieving net zero in 2035. Over the coming year we will continue to embed sustainability into all parts of our business and culture and further support our proposition to our customers, enabling them to achieve more sustainable outcomes.

We are now realising the benefits of our implementation of organisational and management information system changes in the reporting year which have been powerful enablers of our delivery and commitment to customers access to the full breadth of BMT's capabilities. The investment we have made in our digital strategy, strategic campaigns and our approach to innovation are yielding positive results and will continue through the coming year. Our ambitious targets will be realised through both organic and acquisitive growth.

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

These elements combined with an already strong employee value proposition (BMT Employee Promise) 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 satisfaction and wellbeing.

Following the trend of recent years, we will continue to invest further in building customer relationships and intimacy to understand their current and future needs, and ensure they are represented in all aspects of our thinking.

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

Our strategic priorities are therefore:

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

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

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

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

As approved by the Board and signed on its behalf:

Sarah Kenny OBE
Chief Executive Officer
12 March 2025

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 2024.

Principal Activities

Our principal activities are focused on the provision of multi-disciplinary engineering and technology consultancy, specialising in design, design support and risk and contract management across the defence, energy and environment and marine transport market sectors. We are a people business and our success is a reflection of the hardwork and dedication of our worldwide team of experts who seek technical excellence and innovation in all aspects of the business. The consultancy is supported by significant scientific research and development investment.

Corporate Governance Arrangements

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

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

We conduct evaluations to assess the effectiveness of our Board to identify any areas for improvement and to ensure we are well equipped to guide BMT toward future success. Regular evaluation is an important aspect of governance and reflects best practice in terms of promoting transparency and accountability.

Strategic Report

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

BMT Employee Benefit Trust

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

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

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

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

Directors

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

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

Mr I P Tyler (appointed 1 May 2023) *(Chair)*
Ms S L Kenny OBE *(Chief Executive)*
Mr M A Dewhirst (appointed 1 October 2022) *(Employee Director)*
Mrs S M Mackenzie
Mr G F Hill
Mr G W Taylor
Mr D R Webb (resigned 31 December 2023)

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

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

Results and Profit Sharing

The financial highlights are set out in the Strategic Report. Total Group operating profit was £23.4m (2023: £12.4m) and profit after tax was £8.9m (2023: £5.4m). Profit after tax includes a profit share of £9.8m to eligible employees in relation to the FY2023/24 (2023: £5.1m).

Streamlined Energy Carbon Reporting ('SECR')

Emissions are reported in accordance with "The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018". Legal Entities outside of 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 BMT's UK emissions. This is our fifth year of SECR reporting.

		2024	**2023**
Total Scope 1 Emissions (tCO2e)	Emissions from the combustion of gas	50	51
	Emissions from the combustion of fuel for transport purposes	0	0
Total Scope 2 Emissions (tCO2e	Emissions from purchased electricity (A location-based method)	108	119
Total Scope 3 Emissions (tCO2e)	Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel	186	186 (PR 148)
Total Scope 3 Emissions (tCO2e) (continued)	Emissions from employee business travel where the company is not responsible for purchasing the fuel (Scope 3) / tCO2e)	626	401 (PR 353)
	Fuel-and energy-related activities not included in Scope 1 or Scope 2	34	47
Total gross CO2e based on above (tCO2e)		1,004	804 (PR 671)
Intensity ratio (tCO2e per £m of revenue)		4.93	4.35 (PR 3.63)
Energy Consumption (kWh)	Gas	274,158	281,472
	Electricity	520,032	572,688

To increase the accuracy of this year's reporting, we have included scope 3 well-to-tank greenhouse gas (GHG) emissions from the production, processing, and delivery of gas and electricity used in travel and fuel-and energy-related activities. Previously reported figures, not including well-to-tank, are in brackets and labelled 'PR' (Previously Reported), to meet the requirements of SECR.

Energy Efficiency Action

We have developed scope 1, 2 and 3 science-based targets to reduce GHG emissions in line with the latest climate science. These have been reviewed and have been validated by the Science Based Targets initiative (SBTi) to ensure the necessary steps are being taken to reduce GHG emissions.

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

Travel emissions totalled 812 tCO2e, representing 44% of our 2018/19 base year. While this marks an increase from last year as activities continue to rebound post-COVID, we are capping emissions and remain on track to meet our science-based target.

During the reporting year, we focused on reducing business travel and energy use in offices, in line with ISO14001. Some of the actions we have taken include:

Travel

- Development of an Enterprise Resource Planning system that automates the expensing of business travel, increasing reliability and enabling more detailed reporting on data such as car size and fuel type.
- Registration with a taxi provider account that gives employees the option to choose an electric vehicle for their journey. The platform enables us to track sustainability metrics, such as the percentage of low-emission journeys.
- Changed rail providers, to provide a more accessible booking service and enable split ticketing. This offers a more affordable option for longer rail journeys and incentivises employees to use public transport.
- Continued promotion of an Electric Vehicle Salary Sacrifice Scheme and Cycle to Work Scheme.

Energy

- Moving premises to a new office in Bath, consolidating two less efficient offices into one space designed for improved energy efficiency and daylight-saving lighting. This transition is still taking place. In the meantime, we have downsized one of our current offices. This, along with switching off gas boilers during warmer months, has resulted in a 13% reduction in energy use.
- Transferred on-premises data storage to a cloud-based system with good sustainability credentials. This shift has been completed in our Southampton office, where energy use has decreased by 37% compared to the previous reporting year.
- Formulation of an IT consolidation strategy that removes the duplication of IT services across the business and moves operations to a single cloud service.
- In support of our Net Zero roadmap, office leases include an option to terminate after five years. This flexibility enables BMT to transition to offices with higher energy efficiency ratings and Net Zero capabilities as they become more readily available.
- Set a GHG emissions target to reduce absolute energy use in UK offices by 10% between 2022 and 2025.

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 (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).

The following sources of emissions are included in this report:

Direct emissions:

• Stationary combustion – combustion fuels in stationary equipment e.g. boilers, heaters, and engines

• Mobile combustion – combustion of fuels in transportation devices e.g. automobiles and aircraft In-Direct Emissions.

In-Direct Emissions:

• Emissions from the generation or 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 with BMT's annual reporting period - 12 months to 30 September. BMT reports GHG emissions against the two previous year's reporting. These are normalised against Group revenue to give an intensity ratio with the units Tonnes of CO_2 equivalent per million pounds ($tCO_2e/£m$).

Emission Factors

BMT has followed the GHG Protocol Corporate Accounting and Reporting Standard as guidance. For the 12 months ending 30 September 2024 (FY23/24), the Group's scope 1, 2, and 3 emissions have been calculated using the UK Government Conversion Factors for GHG reporting. Primary source data has been collected in the appropriate units (kilowatt hours, kilometres) and converted into the associated GHG emissions using the relevant conversion factors. In instances where this data is not accessible (e.g. energy use of a serviced office) a conversion factor based on existing usage (e.g. £/ sq ft) has been applied.

Emissions Data

Data collection was conducted at year-end in October 2024. Data was requested from BMT's Enterprise Resource Planning System, Travel Management Companies, Facilities, and Operations.

Global Research & Development

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

PEOPLE

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

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

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

Ethics are a defining feature of our corporate culture, and all employees are required to conduct themselves in accordance with a Code of Conduct to ensure common standards of ethical behaviour. Knowledge and acceptance of the Code of Contact are tested regularly across all employees. The objectives of the policy are to:

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

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

We strive to create a workplace free from discrimination, driven by actively inclusive behaviours and policies. Our recruitment practices aim to ensure we give full and fair consideration to applications for employment from disabled persons. Where an employee becomes disabled, the Group endeavours to make reasonable adjustments to continue their employment, provided there are duties the employee is capable of performing. When acquiring or modifying properties, the Group endeavours to make the property accessible to individuals with a disability.

Health and Safety ("H&S")

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

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

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

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

Wellbeing

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

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

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

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

EVENT AFTER THE BALANCE SHEET DATE

On 2 December 2024, BMT purchased the entire share capital of Australia Maritime Technologies Pty Ltd for £3.5m, including £0.6m of deferred consideration. This is a strategic investment in our defence and security advice and services offerings Australia.

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE ACCOUNTS

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

AUDITOR AND STATEMENT OF DISCLOSURE

The directors who were in office on the date of approval of the annual reports and financial statements have confirmed that, as far as they are aware:
- there is no relevant audit information of which the auditor is unaware;
- they have taken all the steps which they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor; and
- they have taken all the steps which they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

As approved by the Board and signed on its behalf:

Gareth Taylor
Chief Financial Officer
12 March 2025

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2024 and of the Group's profit for the year then ended;

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BMT Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2024 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 material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

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

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Parent Company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

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

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

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

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

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

Non-compliance with laws and regulations

Based on:

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

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

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

Our procedures in respect of the above included:

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

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

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

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

Our procedures in respect of the above included:

- 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 Group;
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- 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;

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

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

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

Use of our report

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

DocuSigned by:
Mark Cardiff
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Mark Cardiff (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
12 March 2025

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	2024			2023		
		Continuing operations	**Discontinued operations**	**Total**	**Continuing operations** Restated	**Discontinued operations** Restated	**Total**
		£000	£000	£000	£'000	£000	£000
Group turnover	2	**198,447**	**5,029**	**203,476**	**179,828**	**4,858**	**184,686**
Group operating costs	3	(176,046)	(4,063)	(180,109)	(166,999)	(5,275)	(172,274)
Group operating profit	5	**22,401**	**966**	**23,367**	**12,829**	**(417)**	**12,412**
Fixed asset investments:							
- Gain on disposal of operations	4	-	280	280	-	1,889	1,889
Net interest receivable / (payable)	10	129	-	129	(318)	6	(312)
Profit before BMT profit sharing schemes and tax		**22,530**	**1,246**	**23,776**	**12,511**	**1,478**	**13,989**
BMT profit sharing schemes	1,8	(9,762)	-	(9,762)	(7,040)	-	(7,040)
Profit before tax		**12,768**	**1,246**	**14,014**	**5,471**	**1,478**	**6,949**
Taxation	11	(4,865)	(250)	(5,115)	(1,222)	(337)	(1,559)
Profit after tax retained for the year		**7,903**	**996**	**8,899**	**4,249**	**1,141**	**5,390**

Profit for the year attributable to:

	2024			2023		
	Continuing operations	**Discontinued operations**	**Total**	**Continuing operations**	**Discontinued operations**	**Total**
	£000	£000	£000	£000	£000	£000
Owners of the parent	7,903	900	**8,803**	4,249	1,141	5,390
Non-controlling interest	-	96	**96**	-	-	**-**
Profit for the year	**7,903**	**996**	**8,899**	**4,249**	**1,141**	**5,390**

Further information on Discontinued operations is provided in Note 4.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2024	2023
	£000	£000
PROFIT FOR THE YEAR	8,899	5,390
Other comprehensive income / (loss):		
Movement on defined benefit pension schemes		
Return on scheme assets (excluding amount included in net interest expense) (Note 22)	4,525	(15,879)
Actuarial (losses) / gains on liabilities (Note 22)	(2,437)	11,928
Movement in deferred tax relating to actuarial gain on pensions	(521)	883
Deferred tax rate change on opening pension scheme deficit	-	202
Exchange movement on foreign pensions	-	(22)
Gain / (loss) on defined benefit pension plans	1,567	(2,888)
Revaluation of freehold land and buildings (Note 13)	-	(2,343)
Movement in associated deferred tax on revaluation (Note 11)	-	426
Revaluation of freehold land and buildings net of deferred tax	-	(1,917)
Disposal of non-controlling interest	(228)	-
Unrealised net exchange movement on foreign equity investments	(1,001)	(735)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR	**9,237**	**(150)**

None of the above Other Comprehensive Income was attributable to non-controlling interests (2023: nil).

CONSOLIDATED BALANCE SHEET

Company Number 1887373

	Notes	2024 £000	2023 £000
FIXED ASSETS			
Intangible assets	12	4,445	4,939
Tangible assets	13	8,159	8,408
		12,604	13,347
CURRENT ASSETS			
Stock		211	233
Debtors			
amounts falling due within one year	15	52,187	48,022
amounts falling due after one year	15	2,700	4,762
Cash at bank and in hand	16,17	53,223	40,517
		108,321	93,534
CREDITORS: amounts falling due within one year	18	(60,490)	(51,360)
NET CURRENT ASSETS		47,831	42,174
TOTAL ASSETS LESS CURRENT LIABILITIES		60,435	55,521
CREDITORS: amounts falling due after more than one year	19	-	(36)
PROVISIONS FOR LIABILITIES AND CHARGES	20	(1,191)	(1,765)
NET ASSETS EXCLUDING PENSION LIABILITY		**59,244**	**53,720**
Defined benefit pension liability	22	(14,260)	(17,973)
NET ASSETS INCLUDING PENSION LIABILITY		**44,984**	**35,747**
CAPITAL AND RESERVES			
Profit and loss account	23	53,651	47,066
Other reserves – Pension	22	(10,695)	(13,479)
Other reserves – Revaluation reserve	23	2,028	2,028
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**44,984**	**35,615**
NON-CONTROLLING INTERESTS		-	132
TOTAL EQUITY		**44,984**	**35,747**

The accounts on pages 23 to 61 were approved by the Board of Directors and authorised for issue on 12 March 2025 and are signed on its behalf by:

S L Kenny OBE
Director

G W Taylor
Director

PARENT COMPANY BALANCE SHEET Company Number 1887373

	Notes	2024 £000	2023 £000
FIXED ASSETS			
Intangible assets	12	4,445	4,939
Tangible assets	13	2,979	3,117
Investments	14	19,632	10,988
		27,056	19,044
CURRENT ASSETS			
Debtors			
amounts falling due within one year	15	8,009	5,563
amounts falling due after one year	15	10,017	12,299
Cash at bank and in hand	17	4,346	11,658
		22,372	29,520
CREDITORS: amounts falling due within one year	18	(7,730)	(5,620)
NET CURRENT ASSETS		14,642	23,900
TOTAL ASSETS LESS CURRENT LIABILITIES		41,698	42,944
CREDITORS: amounts falling due after more than one year	19	(746)	(819)
PROVISIONS FOR LIABILITIES AND CHARGES	20	(382)	(717)
NET ASSETS EXCLUDING PENSION LIABILITY		**40,570**	**41,408**
Defined benefit pension liability	22	(14,260)	(17,973)
NET ASSETS INCLUDING PENSION LIABILITY		**26,310**	**23,435**
CAPITAL AND RESERVES			
Profit and loss account	23	35,223	35,132
Other reserves - Pension	22	(10,695)	(13,479)
Other reserves - Revaluation reserve	23	1,782	1,782
TOTAL EQUITY		**26,310**	**23,435**

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 income for the year were £1,308,000 (2023: loss £5,302,000) and £2,875,000 (2023: loss £10,099,000) respectively. The accounts on pages 23 to 61 were approved by the Board of Directors and authorised for issue on 12 March 2025 and are signed on its behalf by:

S L Kenny OBE
Director

G W Taylor
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent					
	Profit and loss account	Defined Benefit Pension reserve	Revaluation reserve	Controlling interests	Non-controlling interests	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 October 2022	**43,463**	**(11,643)**	**3,945**	**35,765**	**132**	**35,897**
Profit for the year	5,390	-	-	5,390	-	5,390
Other comprehensive income:						
Loss on defined benefit pension plans*	-	(3,973)	-	(3,973)	-	(3,973)
Unrealised net exchange movement on foreign equity investments	(735)	-	-	(735)	-	(735)
Revaluation of freehold land and buildings*	-	-	(2,343)	(2,343)	-	(2,343)
Taxation in respect of other comprehensive loss		1,085	426	1,511	-	1,511
Total Comprehensive (Loss) / Income	4,655	(2,888)	(1,917)	(150)	-	(150)
Transfer between reserves:						
Pension Costs	(1,052)	1,052	-	-	-	-
Total movements in the year	3,603	(1,836)	(1,917)	(150)	-	(150)
Balance at 30 September 2023	**47,066**	**(13,479)**	**2,028**	**35,615**	**132**	**35,747**
Profit for the year	8,803	-	-	8,803	96	8,899
Other comprehensive income:						
Gain on defined benefit pension plans*	-	2,088	-	2,088	-	2,088
Unrealised net exchange movement on foreign equity investments	(1,001)	-	-	(1,001)	-	(1,001)
Taxation in respect of other comprehensive income	-	(521)	-	(521)	-	(521)
Total Comprehensive Income	7,802	1,567	-	9,369	96	9,465
Transactions with owners:						
Disposal of shares	-	-	-	-	(228)	(228)
Transfer between reserves:						
Pension Costs	(1,217)	1,217	-	-	-	-
Total movements in the year	6,585	2,784	-	9,369	(132)	9,237
Balance at 30 September 2024	**53,651**	**(10,695)**	**2,028**	**44,984**	**-**	**44,984**

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

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Profit and loss account £000	Defined Benefit Pension reserve £000	Revaluation reserve £000	Total £000
Balance at 1 October 2022	**41,679**	**(11,858)**	**3,711**	**33,532**
Loss for the year	(5,302)	-	-	(5,302)
Other comprehensive loss:				
Revaluation of land and buildings	-	-	(2,355)	(2,355)
Loss on defined benefit pension plan	-	(3,951)	-	(3,951)
Taxation in respect of other comprehensive loss	-	1,085	426	1,511
Total Comprehensive Loss	(5,302)	(2,866)	(1,929)	(10,097)
Transfer between reserves:				
Pension scheme	(1,245)	1,245	-	-
Total movements in the year	(6,547)	(1,621)	(1,929)	(10,097)
Balance at 30 September 2023	**35,132**	**(13,479)**	**1,782**	**23,435**
Profit for the year	1,308	-	-	1,308
Other comprehensive income:				
Gain on defined benefit pension plan	-	2,088	-	2,088
Taxation in respect of other comprehensive loss	-	(521)	-	(521)
Total Comprehensive Loss	1,308	1,567	-	2,875
Transfer between reserves:				
Pension scheme	(1,217)	1,217	-	-
Total movements in the year	91	2,784	-	2,875
Balance at 30 September 2024	**35,223**	**(10,695)**	**1,782**	**26,310**

CONSOLIDATED STATEMENT OF CASH FLOWS

	2024 £000	2023 £000
OPERATING ACTIVITIES		
Cash generated from operations on page 30	22,228	15,483
Interest paid	(4)	-
Income taxes paid	(1,633)	196
NET CASH GENERATED FROM OPERATING ACTIVITIES	20,591	15,679
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(1,659)	(1,724)
Purchase of intangible fixed assets	-	(46)
Sale of business operations, net of cash disposed of (Note 4)	610	-
Interest and similar income received	1,075	406
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	26	(1,364)
NET CASH INFLOW BEFORE FINANCING ACTIVITIES	20,617	14,315
FINANCING ACTIVITIES		
BMT profit sharing schemes payment to employee members	(7,218)	(4,907)
Repayments of short-term loans	-	-
NET CASH USED IN FINANCING ACTIVITIES	(7,218)	(4,907)
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,399	9,408
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	40,517	31,528
Effect of foreign exchange rate changes on opening cash	(693)	(419)
CASH AND CASH EQUIVALENTS AT END OF YEAR	53,223	40,517

Relating to:		
Bank balances and short-term deposits included in cash at bank and in hand	53,223	40,517

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	2024 £000	2023 £000
RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS		
Profit after tax	8,899	5,390
Adjustments for:		
Amortisation & impairment of intangible assets and goodwill	494	46
Depreciation of tangible fixed assets	1,609	1,793
Loss on disposal of tangible fixed assets	18	-
Defined benefit pension contributions paid	(3,194)	(3,028)
Defined benefit pension scheme administrative expenses	641	629
Defined benefit pension scheme past service cost	-	(63)
US Defined benefit pension funds returned to sponsor	-	847
Net interest on defined benefit pension liabilities	928	721
Net interest (receivable) excluding pension scheme interest	(1,057)	(409)
Foreign exchange differences	190	57
(Gain) on disposal of discontinued operations	(280)	-
BMT profit sharing schemes (Profit and Loss Account charge)	9,762	7,040
Taxation	5,115	1,559
OPERATING CASHFLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	23,125	14,582
Decrease in stock	22	98
Increase in debtors	(5,007)	(2,895)
Increase in creditors	4,644	4,556
Decrease in provisions	(556)	(858)
CASH GENERATED FROM OPERATIONS	22,228	15,483

	2024 **£000**	**2023** **£000**
RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN FUNDS		
Increase in cash	12,706	8,989
Net movement in current asset investments	-	-
Net movement on loans	-	-
	12,706	8,989
Net funds as at 1 October 2023	40,517	31,528
Net funds as at 30 September 2024	**53,223**	**40,517**

	2024 **£000**	**2023** **£000**
ANALYSIS OF NET FUNDS		
Net cash at bank and in hand	53,223	40,517
Bank loans	-	-
	53,223	**40,517**

1. PRINCIPAL ACCOUNTING POLICIES

General Information

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

The Company's and the Group's principal activities are set out in the Directors' Report on page 14.

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.

Presentation of employee profit-sharing schemes

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 in total 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'. Other than the senior management scheme in the current year the nature and scale of the BMT profit sharing schemes arise from being an EBT and any payments under the arrangement are discretionary and therefore 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.

Starting in the current financial year there is also a non-discretionary scheme for Senior Management and its payments are considered to be employee remuneration as the targets are set at the start of the year and are therefore fixed. Those bonuses are included within Wages and Salaries and form part of staff costs included within Operating Profit'.

Reduced disclosures

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

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

Going concern

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

Functional and presentational currencies

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Prior year restatement

Retrospective restatement of the financial statements has been made for the following item:

- the disposal of Lateral Naval Architects Limited, the results of which have been reclassified as discontinued operations in the statement of comprehensive income for the current and prior year - please also refer to note 4.

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.

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.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

Goodwill totalling £2.1m that arose prior to 1 October 1998 was written off to retained profit and loss reserves in prior years. Goodwill arising on acquisitions occurring since 1 October 1998 has been capitalised in the balance sheet and will be amortised through the profit and loss account over the acquisition's useful economic life. Goodwill is amortised over three to fifteen years, reflecting the Directors' estimate of the useful economic life of each acquisition. Where it is not possible to estimate the useful economic life, the intangible is amortised over a period of 5 years.

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

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

Freehold buildings and leasehold property/improvements	20 to 50 years or length of the lease term
Computers and instruments	3 to 5 years
Motor vehicles	4 to 10 years
Other equipment	4 to 10 years

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

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

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of fixed assets (continued)

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 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 it is delivered, and legal title has passed, and the Group has no continuing managerial involvement associated with ownership or effective control of the goods sold. This is generally when goods have been checked and accepted by the customer on delivery at the specified location.

Research and development expenditure

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

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received. They are credited to the Statement of Comprehensive Income in the period to which they relate and are separately disclosed in Note 3 Group Operating Costs.

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.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

Provisions

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

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

Onerous leases

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

Retirement Benefits

Defined benefits plan

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

A pension scheme liability is recognised to the extent that the Group has a legal or constructive obligation to settle the liability. A surplus is only recognised to the extent that it is recoverable through reduced contributions in the future or through refunds from the plan.

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

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Retirement Benefits

Defined benefits plan (continued)

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.

Financial Instruments

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

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

Basic financial assets

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

Investments

Investments are measured at fair value through the profit and loss account. Where fair value cannot be measured reliably, investments are measured at cost less impairment. In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment.

Basic financial liabilities

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

Key accounting estimates and assumptions

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

Revenue recognition

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

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

In one contract, a significant judgement relates to the quantum of revenue to be recognised, when customer approval is required, but has not been received at the year end. The company has developed a range of potential outcomes based on reasonable expectations as to the likely outcome of commercial discussions, assessment of contract terms and market practice. The range of revenue outcomes is between £2.3m and £5.9m and the company has selected a mid-point of this range for the purposes of revenue recognition.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Key accounting estimates and assumptions (continued)

Pension scheme liabilities

Significant impacts arise within the financial statements as a result of the changes in the assumptions in respect of the valuation of the pension scheme. In order to obtain a fair valuation, the directors take advice from external actuaries as to the assumptions to be used taking account of market data and conditions at the year end. The directors also benchmark the estimates against those used by comparable schemes during the year. Included within Note 22 are sensitivities to those assumptions.

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.

Useful economic life of ERP system

The ERP system is disclosed as an Intangible Asset in the balance sheet. The system's useful economic life has been estimated by management to be 10 years; therefore, the system is being amortised over 10 years from the date of the UK rollout i.e. from 1 October 2023 on a straight-line basis.

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:

	2024			2023		
	Continuing operations	Discontinued operations	Total	Continuing operations Restated	Discontinued operations Restated	Total Restated
	£000	£000	£000	£000	£000	£000
United Kingdom	124,823	1,270	**126,093**	105,101	396	**105,497**
Continental Europe	4,398	3,541	**7,939**	6,657	4,108	**10,765**
North America	32,230	11	**32,241**	33,078	77	**33,155**
Asia Pacific	36,193	39	**36,232**	32,800	-	**32,800**
Rest of the World	803	168	**971**	2,192	277	**2,469**
	198,447	**5,029**	**203,476**	**179,828**	**4,858**	**184,686**

3. GROUP OPERATING COSTS

	2024			2023		
	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	47,885	225	**48,110**	47,167	893	**48,060**
Staff costs before BMT profit sharing schemes (Note 8)	102,897	2,480	**105,377**	94,180	3,211	**97,391**
Depreciation, amortisation & impairment of fixed assets	2,060	43	**2,103**	1,784	56	**1,840**
Government grants	-	-	**-**	(1)	-	**(1)**
R&D tax credits	(684)	11	**(673)**	(523)	52	**(471)**
Other operating charges	24,089	1,304	**25,393**	25,034	1,063	**26,097**
Other operating income	(201)	-	**(201)**	(642)	-	**(642)**
	176,046	**4,063**	**180,109**	**166,999**	**5,275**	**172,274**

4. DISCONTINUED OPERATIONS

During the year, the Group sold its investment in Lateral Naval Architects Limited for £1.3m and therefore, its results have been shown in discontinued operations, with the prior year results restated accordingly. The profit on disposal has been calculated as follows: .

	£'000
Cash Consideration	1,309
Net assets sold	(1,257)
Non-controlling interest at sale	228
Gain on disposal of operations	**280**

The net cash inflow in respect of the sale of Lateral Naval Architects Limited is:

	£'000
Cash Consideration	1,309
Cash transferred on disposal	(699)
Net inflow of cash	**610**

Prior year
In addition to the results of Lateral Naval architects Limited, the prior year discontinued operations include a gain on sale of £1,889,000 reflecting a reassessment of amounts recoverable to the Group from the Trustee based on the latest position, following BMT Designers and Planners Inc entering a formal insolvency process in February 2022.

5. OPERATING PROFIT

This is stated after charging / (crediting):

	2024	**2023**
	£000	£000
Operating lease rentals receivable - buildings	(39)	(413)
Operating leases payable	2,684	3,101
Depreciation on owned assets	1,609	1,793
Amortisation of intangible assets	494	46
Gain on disposal of tangible fixed assets	18	-
Foreign exchange losses	239	57

6. AUDITORS' REMUNERATION

	2024 £000	2023 £000
Audit services:		
Statutory audit	172	285
Tax services:		
Compliance *	9	11
Advisory services *	12	27
Other services:		
Auditing of accounts of subsidiary companies	320	266
Auditing of accounts of subsidiary companies by auditor's associates *	143	179

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

7. DIRECTORS' REMUNERATION

	2024 £000	2023 £000
Emoluments (excluding pension contributions)	924	1,135
Employer defined contribution pension	81	64
Bonus	517	-
Directors' remuneration before BMT profit sharing schemes	1,522	1,199
BMT profit sharing schemes (includes social security costs)*	2	373
	1,524	**1,572**
Highest paid director:		
Aggregate emoluments	809	514
BMT profit sharing schemes (includes social security costs)*	1	257
	810	771
Defined contribution scheme:		
Employer contributions	38	37

**The presentation of BMT profit sharing schemes for Senior Management has changed in the current year, as the nature of these schemes has been revised to non-discretionary arrangements and are now akin to traditional bonus schemes. Accordingly, such amounts are presented within directors' emoluments above, in the current year. The BMT profit sharing scheme that was in place in the prior year was discretionary and arose from BMT's EBT arrangements, so were shown separate to directors' emoluments.*

As at the year end, no directors were members of the UK defined benefit pension scheme. Retirement benefits are accruing to two directors under a defined contribution scheme at the year end.

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

8. STAFF COSTS

	2024	2023
Group	**£000**	**£000**
Wages and salaries	91,968	83,753
Social security costs	7,936	6,963
Pension and post retirement costs	5,474	6,675
Staff costs before BMT profit sharing schemes	105,378	97,391
BMT profit sharing schemes (includes social security costs)*	9,762	7,040
Total staff costs	**115,140**	**104,431**

	2024	2023
Company	£000	£000
Wages and salaries	8,993	7,751
Social security costs	1,146	861
Pension and post retirement costs	640	598
Staff costs before BMT profit sharing schemes	10,779	9,210
BMT profit sharing schemes (includes social security costs)*	651	1,272
Total staff costs	**11,430**	**10,482**

**The presentation of BMT profit sharing schemes for Senior Management has changed in the current year, as the nature of these schemes has been revised to non-discretionary arrangements and are now akin to traditional bonus schemes. Accordingly, such amounts are presented within Wages and Salaries above, in the current year. The BMT profit sharing scheme that was in place in the prior year was discretionary and arose from BMT's EBT arrangements, so were shown separate to Wages and Salaries. Prior year amounts for comparative purposes on a consistent basis are £5.1m and £0.4m for Group and Company respectively.*

9. EMPLOYEE NUMBERS

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

	Full Time Equivalents (FTE)		**Headcount**	
Group	**2024**	**2023**	**2024**	**2023**
	No.	No.	No.	No.
Scientific and technical	972	929	1,051	987
Administrative and support	317	321	346	348
Total staff numbers	**1,289**	**1,250**	**1,397**	**1,335**
Company	**2024**	**2023**	**2024**	**2023**
	No.	No.	No.	No.
Scientific and technical	-	-	-	-
Administrative and support	82	85	93	91
	82	**85**	**93**	**91**

10. NET INTEREST RECEIVABLE/ (PAYABLE)

	2024 £000	2023 £000
Interest receivable:		
Bank interest	1,075	383
Other interest	-	26
Total interest receivable	1,075	409
Interest payable:		
Bank loans and overdrafts	(18)	-
Net interest on defined benefit pension liabilities	(928)	(721)
Total interest payable	(946)	(721)
Net interest receivable / (payable)	129	**(312)**
Net interest receivable / (payable) is summarised below:		
Net interest on bank deposits less loans and overdrafts	1,057	383
Net interest on defined benefit pension liabilities	(928)	(721)
Managed fund interest received	-	26
Net interest receivable / (payable)	**129**	**(312)**

11. TAXATION

	2024	2023
	£000	£000
Current tax:		
- UK corporation tax on profits in the year	3,368	751
- adjustments in respect of prior periods	(213)	101
- foreign tax	471	794
Total current tax	3,626	1,646
Deferred tax:		
- UK deferred tax	91	53
- overseas deferred tax	406	518
- adjustments in respect of prior periods	584	(511)
- pension scheme	408	(147)
Total deferred tax	1,489	(87)
Tax on result	**5,115**	**1,559**

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 25% (2023: 22%).

	2024	2023
	£000	£000
Profit before tax	14,014	6,949
Profit at the effective rate of corporation tax in the UK of 25% (2023: 22%)	3,504	1,529
Effects of:		
- items not deductible for tax purposes	191	(99)
- prior year adjustment	370	(410)
- impact of tax losses	446	723
- adjustment in respect of overseas tax rates	(64)	142
- effect of changes in tax rates and laws	-	(28)
- other tax adjustments	668	(298)
Total tax charge for the period	**5,115**	**1,559**

In addition to the amounts charged to the profit and loss account, £521,000 (2023: credited £1,085,000) has been charged to other comprehensive income in relation to the deferred tax on pension liabilities. A further £nil (2023: £426,000) has been credited to other comprehensive income in the year in respect of the revaluation of freehold land and buildings.

The UK government has increased the main rate of corporation tax to 25% from 19% with effect from 1 April 2024. This change was substantially enacted following the third reading of the Finance Act 2023 on 24 May 2023. As a result, deferred tax has been calculated at a rate of 25% on all assets or liabilities.

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill £000	Vessel Design Portfolio £000	ERP System Software £000	Total £000
Cost				
At 1 October 2023	9,937	1,900	4,939	16,776
Additions	-	-	-	-
Disposals	-	-	-	-
Exchange differences	-	-	-	-
At 30 September 2024	9,937	1,900	4,939	16,776
Amortisation				
At 1 October 2023	9,937	1,900	-	11,837
Provided during the year	-	-	494	494
Disposals	-	-	-	-
Exchange differences	-	-	-	-
At 30 September 2024	9,937	1,900	494	12,331
Net book value at 30 September 2024	**-**	**-**	**4,445**	**4,445**
Net book value at 30 September 2023	-	-	4,939	4,939

Company

	ERP System Software £000	Total £000
Cost		
At 1 October 2023	4,939	4,939
Additions	-	-
At 30 September 2024	4,939	4,939
Amortisation		
At 1 October 2023	-	-
Provided during the year	494	494
At 30 September 2024	494	494
Net book value at 30 September 2024	**4,445**	**4,445**
Net book value at 30 September 2023	4,939	4,939

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 2023	3,596	3,397	13,450	20,443
Additions	-	221	1,438	1,659
Disposals	-	(62)	(405)	(467)
Revaluations	-	-	-	-
Exchange differences	(15)	(108)	(554)	(677)
At 30 September 2024	3,581	3,448	13,929	20,958
Depreciation				
1 October 2023	-	2,348	9,687	12,035
Provided during the year	-	305	1,304	1,609
Disposals	-	(23)	(339)	(362)
Revaluation adjustment	-	-	-	-
Exchange differences	-	(59)	(424)	(483)
At 30 September 2024	-	2,571	10,228	12,799
Net book value				
At 30 September 2024	**3,581**	**877**	**3,701**	**8,159**
At 30 September 2023	**3,596**	**1,049**	**3,763**	**8,408**

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 £2.9m were revalued as at 30 September 2024 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. The directors have not deemed the assessed movement in value to be material to recognise in the accounts in the financial year.

Land and buildings in Belgium with a carrying amount of £652,000 were revalued as at 30 September 2024 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 directors consider the revaluation was not material to recognise in the accounts in the financial year

The historical cost of Freehold Land and Buildings is £2.559m (2023: £2.559m).

13. TANGIBLE FIXED ASSETS (continued)

Company

	Freehold land and buildings £000	Long leasehold properties and improvements £000	Other equipment £000	Total £000
Cost/Valuation				
1 October 2023	2,945	708	586	4,239
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	-	-	-
At 30 September 2024	2,945	708	586	4,239
Depreciation				
1 October 2023	-	628	494	1,122
Provided during the year	-	77	61	138
Disposals	-	-	-	-
At 30 September 2024	-	705	555	1,260
Net book value				
At 30 September 2024	**2,945**	**3**	**31**	**2,979**
At 30 September 2023	**2,945**	**80**	**92**	**3,117**

The historical cost of Freehold Land and Buildings is £2.095m (2023: £2.095m). See above for note regarding revaluation of land and buildings.

14. FIXED ASSET INVESTMENTS

Company

	Group undertakings £000	Total £000
Cost/Valuation		
At 1 October 2023	22,331	22,331
Additions	10,697	10,697
Disposals	(3,771)	(3,771)
At 30 September 2024	29,257	29,257
Provisions		
1 October 2023	11,343	11,343
Impairment in year	1,279	1,279
Impairment reversals in year	(556)	(556)
Disposals	(2,441)	(2,441)
At 30 September 2024	9,625	9,625
Net book value		
At 30 September 2024	**19,632**	**19,632**
At 30 September 2023	**10,988**	**10,988**

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

The net impairment loss recognised on fixed asset investments in the period was £723,000 (2023: £1,051,000) and is included in Company operating costs, with no impact on the consolidated Group results. The loss relates to the impairment of: BMT Holdings (Australia) Pty Ltd of £1,037,000; BMT Singapore Pte Ltd of £62,000, and BMT Netherlands B.V. of £180,000, and a release of the prior year impairment of the investment in BMT International Inc. of £484,000 and BMT UK Ltd of £72,000.

The disposals relate to BMT Engineering International Ltd and BMT Malaysia Sdn Bhd which were dissolved, and the sale of Lateral Naval Architects Limited.

15. DEBTORS

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	25,487	25,221	23	8
Amounts owed by subsidiary undertakings	-	-	2,735	2,297
Amounts recoverable on contracts	16,760	15,170	-	-
Other debtors	2,780	1,490	1,823	844
Corporation tax	1,233	724	1,219	775
Other taxation and social security	655	585	655	585
Prepayments and accrued income	5,272	4,832	1,554	1,054
	52,187	**48,022**	**8,009**	**5,563**
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	7,397	8,712
Deferred tax asset (see Note 21)	2,700	4,762	2,620	3,587
	2,700	**4,762**	**10,017**	**12,299**

16. CASH AND CASH EQUIVALENTS - GROUP

Analysis of balances:	**2024** £000	**2024** Change in year £000	**2023** £000	**2023** Change in year £000	**2022** £000	**2022** Change in year £000
Current assets:						
Cash at bank and in hand	53,223	12,706	40,517	8,989	31,528	(9,806)
Net position at 30 September 2024	**53,223**	**12,706**	**40,517**	**8,989**	**31,528**	**(9,806)**

Sub-analysed as follows:	**2024** £000	**2024** Change in year £000	**2023** £000	**2023** Change in year £000	**2022** £000	**2022** Change in year £000
Group’s own net cash	53,223	12,706	40,517	8,989	31,528	(9,806)
Net position at 30 September 2024	**53,223**	**12,706**	**40,517**	**8,989**	**31,528**	**(9,806)**

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

The impact of foreign currency translation on the opening cash balance included in the year-on-year change was a decrease of £693,000 (2023: £419,000). These amounts are included in foreign exchange differences in the Consolidated Statement of Cash Flows.

17. CASH AND CASH EQUIVALENTS RECONCILIATION

Group

	1 October 2023 £000	Cash flows £000	Disposal of subsidiaries £000	30 September 2024 £000
Cash at bank and in hand	40,517	12,096	610	53,223
Cash and cash equivalents	**40,517**	**12,096**	**610**	**53,223**

Company

	1 October 2023 £000	Cash flows £000	30 September 2024 £000
Cash at bank and in hand	11,658	(7,312)	4,346
Cash and cash equivalents	**11,658**	**(7,312)**	**4,346**

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*	
	2024	**2023**	**2024**	**2023**
	£000	£000	£000	£000
Income in advance	23,026	20,247	-	-
Trade creditors	6,110	4,445	1,079	918
Amounts owed to subsidiary undertakings	-	-	1,309	-
Corporation tax	2,266	760	-	-
Other taxation and social security	5,311	5,036	1,615	1,580
Other creditors	645	1,369	126	255
Accruals and deferred income	23,132	19,503	3,601	2,867
	60,490	**51,360**	**7,730**	**5,620**

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

	Group		*Company*	
	2024	**2023**	**2024**	**2023**
	£000	£000	£000	£000
Other creditors	-	36	-	-
Amounts owed to subsidiary undertakings	-	-	746	819
	-	**36**	**746**	**819**

20. PROVISIONS FOR LIABILITIES AND CHARGES

Group

	Onerous Leases Contracts £000	Other Onerous Contracts £000	Dilapidations Provision £'000	Legacy Claims £000	Total £000
At 1 October 2023	244	387	960	174	1,765
Charge to profit and loss	-	91	82	-	173
Released in year	(203)	(231)	(121)	(174)	(729)
Exchange differences	(4)	(14)	-	-	(18)
At 30 September 2024	**37**	**233**	**921**	**-**	**1,191**

Company

	Onerous Leases Contracts £000	Dilapidations Provision £'000	Legacy Claims £000	Total £000
At 1 October 2023	153	390	174	717
Charge to profit and loss	-	-	-	-
Released in year	(153)	(8)	(174)	(335)
At 30 September 2024	**-**	**382**	**-**	**382**

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. Management have reassessed the provision during the year based on history of claims and have made the decision to release in full.

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.

The main movement relates to the onerous lease provision relating to an unused half of a building which the Company leases from a third party. This has been released in the year as a decision was made to refurbish and use the full site as part of a regional review of office space.

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.

Other Onerous Contracts
The provision relates to two contracts (including associated litigation risk), one of which became onerous during the 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

	2024	2023
	£000	£000
At 1 October	4,762	3,193
Transfer to profit and loss	(1,489)	87
Exchange differences	(52)	(30)
Transfer from other comprehensive income	(521)	1,512
At 30 September	**2,700**	**4,762**

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) comprise the following:

	2024	2023
	£000	£000
Tax losses	366	963
Short-term timing differences	306	979
Defined benefit pension scheme	3,565	4,494
Capital allowances in excess of depreciation	(1,537)	(1,674)
Amount included within Debtors	**2,700**	**4,762**

21. DEFERRED TAXATION (continued)

Company

	2024	2023
	£000	£000
At 1 October	3,587	2,460
Transfer from profit and loss	(446)	(384)
Transfer from other comprehensive income	(521)	1,511
At 30 September	**2,620**	**3,587**

The deferred tax asset of the Company comprises:

	2024	2023
	£000	£000
Tax losses	84	117
Short-term timing differences	39	106
Defined benefit pension scheme	3,565	4,494
Capital allowances in excess of depreciation	(1,068)	(1,130)
Amount included within Debtors (see Note 15)	**2,620**	**3,587**

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 £8.8m (gross) in Australia, Singapore, Belgium and Netherlands in respect of which a Deferred Tax Asset has not been recognised and further gross unutilised R&D tax credits of £0.9m in Australia which have not been recognised, due to significant uncertainty to their recoverability.

22. PENSION SCHEMES

The Group participates in a defined benefit pension schemes in the UK and participated in a scheme in the USA which was terminated in September 2023. 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 2023 and a new deficit recovery plan agreed. BMT US Scheme was closed to future accrual on 1 November 2001 and was terminated in September 2023 with the Pension Obligations to Pensioners being settled by way of Annuity purchases.

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£000	£000	£000	£000
Present value of funded obligations	(103,963)	(100,642)	(103,963)	(100,642)
Fair value of plan assets	89,703	82,669	89,703	82,669
Present value of unfunded obligations in the Balance Sheet	**(14,260)**	**(17,973)**	**(14,260)**	**(17,973)**
Related deferred tax assets (Note 21)	3,565	4,494	3,565	4,494
Net pension liability	**(10,695)**	**(13,479)**	**(10,695)**	**(13,479)**

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
	£000	£000	£'000
At 1 October 2023	**82,669**	**(100,642)**	**(17,973)**
Administrative expenses	(641)	-	(641)
Interest income on plan assets / (cost)	4,533	(5,461)	(928)
Actuarial losses	-	(2,437)	(2,437)
Return on plan assets excluding interest income	4,525	-	4,525
Benefits paid	(4,577)	4,577	-
Contributions by group	3,194	-	3,194
At 30 September 2024	**89,703**	**(103,963)**	**(14,260)**

22. PENSION SCHEMES (Continued)

The actual return on plan assets was:

	2024	2023
	£000	£000
Interest income on plan assets	4,533	4,703
Return on plan assets excluding interest income	4,525	(15,879)
Actual return on plan assets	**9,058**	**(11,176)**

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

	2024	2023
	£000	£000
Included in other operating charges: Past service cost reversal	-	63
Included in other operating charges: Administration expenses	(641)	(629)
Net interest charge on the net defined benefit pension liability	(928)	(721)
	(1,569)	**(1,287)**

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

Analysis of actuarial movements in Other Comprehensive Income

	2024	2023
	£000	£000
Actual return less interest income included in net interest income	4,525	(15,879)
Actuarial (losses)/ gains	(2,437)	11,928
Exchange movements of foreign pensions	-	(77)
	2,088	**(4,028)**

The actuarial gain consists of a loss of £5,105,000 from changes in financial assumptions offset by an experience gain of £138,000 and a demographic change gain of £2,530,000.

Major categories of plan assets	2024	2023
	£000	£000
Global equities	30,578	33,525
Liability driven investments	26,745	22,779
Corporate bonds	9,172	6,382
Derivatives – equity options	1,104	4,995
Alternative assets	15,646	9,751
Annuities	2,474	2,569
Cash	3,984	2,668
	89,703	**82,669**

The alternative assets shown above comprise other asset classes such as properties, private equity, infrastructure, and multi-asset funds.

22. PENSION SCHEMES (Continued)

Principal assumptions used in producing the balance sheet valuations:

	BMT UK Scheme		BMT US Scheme	
	2024	**2023**	**2024**	**2023**
Rate of increase in pensions payment	3.60%	3.69%	N/A	0.0%
Discount rate	5.06%	5.55%	N/A	5.00%
Inflation assumption – RPI	3.22%	3.46%	N/A	0.0%
Inflation assumption – CPI	2.76%	3.01%	N/A	0.0%
Rate of increase to deferred pensions	2.76%	3.01%	N/A	0.0%

	2024 Years	**2023 Years**
The assumed average life expectancy (in years) for a member who is 65 on the reporting date is:		
Male	86.9	86.9
Female	89.2	89.0
The assumed average life expectancy (in years) at age 65 for a member who is aged 45 at the reporting date is:		
Male	87.8	87.7
Female	90.0	89.9

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	120,377	105,437	**103,693**	102,523	90,916
Discount rate	4.06% pa	4.96% pa	**5,06% pa**	5.16% pa	6.06%

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	97,110	103,189	**103,693**	104,756	112,594
Discount rate	2.22% pa	3.12% pa	**3.22% pa**	3.32% pa	4.22% pa

22. PENSION SCHEMES (Continued)

Impact of the Virgin Media Case

There was a Court of Appeal judgment made on 25 July 2024 in the Virgin Media Ltd v. NTL Pension Trustees Ltd case. The case was considering the position re amendments made to Defined Benefit Pension Schemes during a period 6 April 1997 to 5 April 2016, when schemes could "contract-out" of the State Second Pension, under Section 37 of the Pension Schemes Act 1993. Contracting out required schemes to provide members with benefits that were "broadly at least as good" as the pension benefits under the additional State Pension and the sponsoring employer would pay National Insurance contributions at a reduced rate.

There is a divergence of views amongst lawyers and trustees about how the detail will be interpreted and dealt with, and the pension sector expects that there are likely to be further legal cases or future changes in legislation which will clarify or change the position.

The Company has carried out a high-level initial review of the amendments made to its Defined Benefit Pension Scheme during this period, but it is unable to assess the level of risk or financial impact at this stage, given the uncertainty that remains regarding the application of this judgement across the UK pensions sector.

Therefore, there could be a contingent liability in respect of the Company's Defined Benefit Pension Scheme, but the risks are not yet known, and the quantum of any potential liability is as yet unknown as is the timing of any associated outflow (if any) that might prove necessary.

Defined Contribution Scheme

The Group operates a mixture of state and private defined contribution schemes. Contributions to these schemes during the year amounted to £5,474,000 (2023: £6,665,000).

23. SHARE CAPITAL AND RESERVES

Share capital

The Company is limited by guarantee without share capital.

Reserves

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

Profit and loss account reserve
Cumulative profit and loss retained.

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

24. CONSTITUTION AND CONTROL

In September 2023, 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	
	2024	**2023**	**2024**	**2023**
	£000	£000	£000	£000
Group				
Operating leases which expire:				
- within one year	2,432	3,017	239	274
- in the second to fifth years inclusive	4,829	6,774	430	529
- after five years	1,160	729	-	4
	8,421	**10,520**	**669**	**807**
Company				
Operating leases which expire:				
- within one year	814	786	-	-
- in the second to fifth years inclusive	1,230	2,136	-	-
- after five years	-	-	-	-
	2,044	**2,922**	**-**	**-**

26. RELATED PARTY TRANSACTIONS

Transactions with subsidiary companies, where 100% of the voting rights of the subsidiary are controlled within the Group, have been eliminated on consolidation in the Group accounts.

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

	Group Subsidiaries not wholly owned		***Company*** Subsidiaries not wholly owned	
	2024 £000	**2023** £000	**2024** £000	**2023** £000
Sales of services in year	5,939	7,847	343	378
Purchases of services in year	103	336	-	3
Amounts owed by related parties at 30 September	-	630	-	237
Provisions for uncollectable receivables	-	208	-	208
Expense in the year for bad and doubtful debts	-	-	-	-
Amounts owed to related parties at 30 September	-	-	-	-

During the year, the Group sold its investment in Lateral Naval Architects for £1.3m to our joint venture partner, resulting in a gain on disposal of £0.3m, see note 4.

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 Limited	Services to the defence industry, naval architecture and marine engineering	*
BMT UK Ltd	Naval architecture and marine engineering	*
Lateral Naval Architects Ltd (75%)	Naval architecture and marine engineering	* #
England & Wales: dormant companies		
BMT Pension Trustee Ltd	Dormant company	*
BMT Market Collections Ltd	Dormant company	* ○
BMT UK 2 Ltd	Dormant company	*
Netherlands:		
BMT Netherlands B.V.	Marine Surveying	Rivium Quadrant2, 2909 LC Capelle a/d IJssel, Rotterdam
Singapore:		
BMT Singapore Pte Ltd	Maritime consultancy	8 Wilkie Road, #03-01 Wilkie Edge, Singapore, 228095, Singapore
United States of America:		
BMT Designers & Planners Inc.	In insolvency	c/o Salvatore LaMonica, LaMonica Herbst & Maniscalco, LLP, 3305 Jerusalem Avenue, Wantagh, NY11793, United States ^
BMT International Inc	Intermediate holding company	c/o The Corporation Trust Incorporated, 2405 York Road, Ste 201, Lutherville Timonium, MD 21093-2264, United States ♦
BMT Commercial USA Inc	Marine and offshore equipment and consultancy	355 West Grand Avenue, Suite 5, Escondido CA 92025, United States
Technology Financing Inc	Intermediate holding company	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Newcastle, DE 19801, United States ♦

27. LISTING OF SUBSIDIARY & ASSOCIATED COMPANIES (Continued)

Overseas companies dormant during the year but either dissolved or shareholding disposed of at Balance Sheet date

Hong Kong:		
BMT Engineering International Ltd	Intermediate holding company	22nd floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong *θ*
Indonesia:		
PT BMT Asia Indonesia (5%)	Environmental consultancy	Gedung Cibis Nine 12th FL, N-1, CIBIS Park, JL TB, No. 2, Jakarta Selatan 12520, Indonesia ^^
Malaysia:		
BMT Malaysia Sdn Bhd (30%)	Marine and offshore equipment consultancy	Level 10, Menara Hap Seng, No 1 & 3, Jalan P. Ramlee, 50250, Kuala Lumpur, Malaysia Ω

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

 # 75% shareholding in company sold on 30 August 2024

^ Company in insolvency

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

Ω Company dissolved on 23 February 2024

Θ Company dissolved on 14 June 2024

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

♦ Companies not preparing separate financial statements

28. CONTINGENT LIABILITIES

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

A high-level initial review of the Company's Defined Benefit Pension Scheme in the light of the Virgin Media S37 Appeal Court ruling has been carried out. There could be a contingent liability arising, but the risks are not yet known, and the quantum of any potential liability is as yet unknown as is the timing of any associated outflow (if any) that might prove necessary. Please refer to the pension note 22 for more detail.

29. EVENT AFTER THE BALANCE SHEET DATE

On 2 December 2024, the Group acquired 100% of the issued share capital of Australia Maritime Technologies Pty Ltd, an Australian engineering services company and is a strategic investment in our defence and security advice and services offerings in-country.

The total purchase consideration was £3,350,000, £2,953,000 cash consideration and £577,000 deferred consideration. The deferred consideration is determined by the achievement of a certain level of profit and work in hand at the end of the assessment period. This has been calculated for the initial acquisition based on latest forecast information of the acquired company, which management believe is currently the most accurate assessment.

The provisionally determined fair values of the assets and liabilities recognised as at the date of acquisition are as follows:

	£'000
Fixed assets – tangible assets	112
Cash and cash equivalents	612
Debtors	1,577
Creditors	(727)
Fair value of net assets acquired	**1,574**
Goodwill	1,956
Total purchase consideration	**3,530**