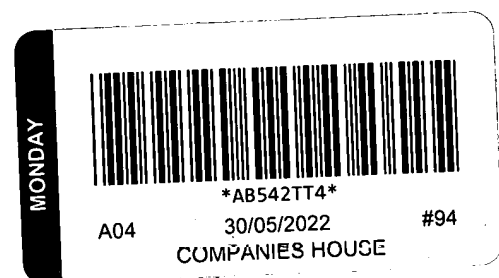


J N Bentley Limited
Annual Report
for the year ended 31 December 2021

Registered Number 01085646



J N Bentley Limited

Annual Report

for the year ended 31 December 2021

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J N Bentley Limited

Directors and advisors

Directors

P R Bentley	(Managing Director)
R Risdon	(Operations Director)
J D Rhodes FCA	(Finance Director)
E G Roud FCA	(Director)
M D Haigh	(Director)
J H K Harris	(Director)

Company Secretary

J D Rhodes FCA

Independent auditor

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Registered office

Snaygill Industrial Estate
Keighley Road
Skipton
North Yorkshire
BD23 2QR

Registered number

01085646

Principal bankers

NatWest
280 Bishopsgate
London
EC2M 4RB

J N Bentley Limited

Strategic Report for the year ended 31 December 2021

Overview of the J N Bentley business model and strategy

J N Bentley Limited (the “Company”) is a construction, civil engineering and MEICA contractor established in 1972. Its primary focus is on serving clients in the water, wastewater and environmental management sectors. The majority of workload is delivered via framework agreements through one of our two joint venture companies: Mott MacDonald Bentley Limited, established in 2000, with our now ultimate shareholder Mott MacDonald Limited (who have a 25% shareholding) and JBA Bentley Limited (with Jeremy Benn Associates being a 25% shareholder).

Our business model is built predominantly on direct delivery through an integrated feasibility, design and build model alongside dedicated design teams from our joint venture partners across various UK office locations, including three directly managed offices. Direct delivery is important to us setting us apart from most competitors through the increased pride taken in delivery and the pricing and quality enhancements this approach delivers. The joint ventures are purposely set up to deliver long-term programmes of work successfully with focus on innovative, sustainable and cost-effective solutions. Collaboration between contract, commercial and design teams, construction sites, client partners and our subcontract supply chain with a constant exchange of ideas and information is key to delivering these successful outcomes.

The operational strategy to support the business model is based on an embedded focus on cost and efficiency through maximising opportunities for direct delivery and use of own plant, cost-effective procurement, delivery to programme and avoiding the requirement for re-work.

Much of our recent growth has been built on the successful AMP6 bidding round with new frameworks with four water company clients (United Utilities, Anglian Water, Northumbrian Water and Dŵr Cymru Welsh Water) from 2015 building on successful AMP5 rounds with both Yorkshire Water and Severn Trent Water. As the AMP7 period started from April 2020 both J N Bentley Limited and Mott MacDonald Bentley Limited have been successful in securing significant levels of work commitments and new frameworks for AMP7 with all these clients (with the current exception of United Utilities where revenue is now reduced significantly) and in addition three significant AMP7 frameworks were also secured in 2020 with Thames Water. Revenue over recent years has also been underpinned by the award of the Environment Agency WEM framework. Whilst JBA Bentley Limited was not successful with the replacement NGS framework there was a significant tail of WEM work into 2021 and other opportunities in this sector.

The market strategy to underpin future growth surrounds selective bidding to secure work with new clients in the UK water and wastewater sector, further development of opportunities with existing water company clients through a differentiated service offering and exploiting opportunities in other sectors as has been the case with clients such as Cadent and Rolls-Royce, with this strategy underpinned by membership of the Mott MacDonald Group and the opportunities to explore new sectors this presents.

The key industry trends that are expected to have greatest potential to impact upon future performance are as follows:

- Increased expectations from many clients for innovation and collaborative working and in particular “alliance” working with other construction partners; this requires careful adaption of our existing working practices to ensure the right outcomes are delivered;
- Ever present cost pressures in the UK construction industry, which at the time of writing are particularly acute, in which the most innovative and agile operators are increasingly reaping the efficiency benefits of digitisation and greater use of technology for design, project management and site operations which requires a skilled and adaptable workforce;
- Regulatory pressure on some of our key water sector clients, for example in connection with discharge levels, and the necessity for us to be agile in our approach to helping clients respond to these pressures; and

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Strategic Report for the year ended 31 December 2021

- The likelihood that future public policy requirements will place significant focus on the requirement to support the move towards a lower carbon and more sustainable construction industry with work being secured increasingly on this basis by contractors who can demonstrate the most credible solutions.

During both 2020 and 2021 the Covid-19 pandemic did cause business disruption leading to some operational inefficiency and the delayed release of some AMP7 work from clients. The business has now adopted the necessary operational and safety practices to operate effectively in the new climate.

Safety and wellbeing

Our vision for health and safety is to achieve zero injuries and to prevent all occupational ill-health. This vision is underpinned by the fundamental belief that all workplace injuries and instances of occupational ill-health are preventable, and, that good health and safety management is good business. Our key health and safety message, “if we cannot do it safely, we will not do it”, is underpinned by rigorous and externally accredited management systems.

Our health and safety performance in 2021 maintained our industry leading levels of engagement with a high level of reporting of unsafe acts and unsafe conditions maintained in order to drive down our level of more serious incidents and, particularly, our incidence of serious near misses relative to the hours worked.

Health and safety KPIs	2019	2020	2021
Hours worked (million)	5.24	5.10	3.7
Talk safes/made safes	58,744	44,683	32,751
Per million hours worked	11,210	8,760	8,915
Positive interventions	44	37	25
Per million hours worked	8.4	7.3	6.8
First aid injuries	93	60	26
Per million hours worked	17.7	11.8	7.1
Medical treatment injuries and lost time injuries	20	17	14
Per million hours worked	3.8	3.3	3.8
RIDDOR reportable incidents	4	7	6
AFR	0.08	0.14	0.16

The current gender split of the workforce is male 87.8%: female 12.2% (2020: 89.2%:10.8%). Inclusivity and diversity forms an important part of our business culture and initiatives have taken place during 2020 and 2021 to promote this further in response to staff feedback; initiatives in this area have included unconscious bias training and reverse mentoring.

Wellbeing and mental health remain an area of focus for us following the appointment of a full-time wellbeing advisor in 2019. Line manager wellbeing training was rolled out in 2020 and a mental health awareness week was also held. All staff have access to a confidential advice line to support their wellbeing.

Financial performance

Profit and loss (£000)	2019	2020	2021
Revenue	311,768	279,694	227,927
Profit before tax	3,911	1,597	841
<i>Profit margin</i>	<i>1.3%</i>	<i>0.6%</i>	<i>0.4%</i>

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Strategic Report for the year ended 31 December 2021

The above results include profits generated via the activities of the two joint venture companies (Mott MacDonald Bentley Limited and JBA Bentley Limited). At a profit before tax level both these companies report a zero profit themselves with returns generated from client frameworks passed on to the shareholders. Mott MacDonald Bentley Limited reported revenue of £193m (2020: £248m) and JBA Bentley Limited reported revenue of £43m (2020: £49m) in 2021.

Revenue was 20% lower than prior year following the end of the AMP6 cycle in March 2020 (quarter 1 2020 having been our peak revenue quarter). Our budget did cater for a small revenue reduction, as is normally the case in the first full year of an AMP period, but this was amplified by both the Covid pandemic and some clients challenging their OFWAT final determination with the Competition and Markets Authority which has affected the pace at which clients have been in a position to release AMP7 work.

With the exception of Anglian Water, revenue has reduced for most existing clients relative to 2020 but there has been some variation by client subject to how quickly their AMP7 workload has built. Anglian Water revenue has now been bolstered by the ramp up of the new Strategic Pipeline Alliance during 2021, which supplements the @One Alliance, so overall it has seen a marked increase. United Utilities and the Environment Agency have seen the most marked reductions in revenue as AMP6 and WEM frameworks, respectively, close out without replacement workload. Revenue with Northumbrian Water has held up relatively strongly and revenue has also been generated for the first time with Thames Water. The order book is healthy for next year (see below) and we expect revenue levels to increase by 17% in 2022 as the AMP7 cycle starts in earnest following the delays of 2021.

Margin performance has been subdued for a third consecutive year. The key driver of this has been our work with United Utilities and Severn Trent Water where we were not able to deliver positive net margins. As above, future work with United Utilities is expected to be at much lower volumes than for previous years. Our work for other larger clients performed in line with expectations and generated positive net margins. Maintaining a high set of operational control standards with clear improvement objectives is seen as key to improving margins in future years and a key area of focus for 2022 is the "Right First Time (R1T)" programme. Future focus will also be placed on workload and resource planning to ensure that delays in AMP7 workload will not place undue operational challenges on the business in future years once work is released and risk margin underperformance.

In-house provision of plant and machinery continues to represent an important value stream for the business and performance has held up well. The level of utilisation achieved in 2021 remained high despite the Covid disruption to sites in 2020 and 2021 and generally lower volumes. Investment in the fleet has continued at high levels with capital expenditure totalling £8.0m (2020: £6.2m) with 106 items of significant plant and machinery purchased (2020: 109). We have also continued our rolling replacement (and expansion) of the van fleet to meet our continued increase in activity levels on site and employee numbers.

The principal financial KPIs monitored by the business are as follows:

- Average weekly revenue levels each month: £6.0m per week is targeted and £4.3m was achieved in 2021.
- Forward revenue visibility by customer and by month. The current forward order book for the MMBC region as at March 2022 stood at £325m (March 2021: £235m): at least one year of forward revenue or above £300m is typically targeted.
- Delivered direct margin by customer being the profitability of underlying contracts less framework management and bidding costs allocated to that customer: a direct margin of above 4.0% is targeted.
- Forward direct margin visibility by customer and by month.
- Operating variance being the returns generated centrally through the deployment of both the own plant fleet and labour and operations staff to contracts at internally set rates.
- Overheads, associated with support functions and senior management, as percentage of revenue and in absolute terms; both before and after recharge to contracts.

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- Working capital efficiency and specifically customer receivables relative to revenue. December 2021 days sales outstanding amounted to 77 (December 2020: 58).

As part of the Mott MacDonald Group the Company manages its cash flow in conjunction with a central treasury team with any surplus funds passed upstream and accounted for as a loan. At 31 December 2021 the cash balance was £6.0m (2020: £18.2m) and the balance on the inter-company funding loan at that point drawn down from Mott MacDonald was £8.0m (2020: £1.0m). As of the date of signing the accounts the balance on the funding loan stands at £nil.

The Company adopts a conservative approach to its tax strategy and, other than the HMRC Research and Development Expenditure Credit scheme, does not participate in any other schemes to manage downwards its tax liabilities.

On 29 December 2021 all assets and liabilities of the Company sponsored J N Bentley Limited Pension and Life Assurance Scheme (a defined benefit arrangement) were transferred to the Mott MacDonald pension scheme. The scheme deficit as at 1 January 2021 had been £8.0m. This deficit had narrowed to £4.9m as at 29 December 2021 with an associated deferred tax asset of £0.9m. In consideration for the transfer of this overall liability (net of the associated deferred tax asset) an intercompany loan of £4.0m has been established with Mott MacDonald Limited. This amount is unsecured and interest bearing at the three-month LIBOR interest rate plus 2%. Whilst it has no fixed date of repayment it is subject to an 18 month notice period for the lender.

Principal risks and uncertainties

Risk or uncertainty	Mitigation
<p><u>Health and safety performance</u></p> <p>We are involved in activities and environments that have the potential to cause injury or serious harm to our workforce, subcontractors and other stakeholders. Failure to operate to high standards with appropriate procedures in place to manage these risks increases the likelihood of such instances occurring which also carry significant financial and reputational penalties.</p>	<ul style="list-style-type: none"> • An established health and safety strategy that is subject to continual improvement and review having had a major refresh during 2020. This is communicated to staff in an engaging and impactful way with particular prominence at a site level through morning briefings, etc. • Significant investment in health and safety and competency training which included a behavioural safety programme, i-care, targeted at all employees (site based and non-site based). • Positive intervention at design stage to ensure that potentially dangerous procedures within the construction process are designed out of schemes. • Development of functionality within the business's ERP system and use of handheld devices to allow effective real time incident reporting. • Procurement and plant procedures designed to ensure that our workforce is provided with the safest equipment and PPE.

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Risk or uncertainty	Mitigation
<p><u>Environmental performance</u></p> <p>We are involved in activities within sensitive environments with particular risk of causing harm to water supply or natural habitats if appropriate procedures are not followed. The occurrence of any such incidents will also risk significant financial and reputational penalties.</p> <p>Longer term this matter will become a key consideration for clients at tender stage.</p>	<ul style="list-style-type: none"> • Operating procedures that are specifically designed to mitigate instances of environmental damage with particular focus on ecology, pollution prevention, waste management and invasive species. The level of positive interventions by staff against these are tracked. • Significant environmental expertise that resides within both our joint venture partners at Mott MacDonald Limited and Jeremy Benn Associates Limited. • Our possible impact on the environment has high visibility and during 2021 we held our Environment Week for employees raising awareness of these issues and how all employees can help to mitigate them. Minimising plastic use and carbon management were areas of specific focus.
<p><u>Appointing and retaining talent</u></p> <p>People are our most valuable resource, and our future success is dependent on being able to attract, retain and develop people with the necessary skills, experience and potential. Competition in the labour market is high for the best people and there is a risk of an industry wide skills shortage post Brexit which is compounding by our current requirement to build capacity in new geographies.</p>	<ul style="list-style-type: none"> • Our people agenda is focussed on providing a positive, enjoyable and challenging workplace that develops skills and enables people to thrive. • All employees participate in the Company bonus scheme (paying a fixed percentage of salary irrespective of seniority) and many of our more senior employees are also Mott MacDonald shareholders. • In recent years we have considerably extended our apprenticeship offering: 99 colleagues are currently on this pathway and 7.1% of our current workforce entered the business via this route. • During the year £0.75m was spent on training programmes for staff (2020: £0.5m) delivering around 35,265 hours of structured training (2020: 11,000 hours). Whilst this is a reduction from 2019 levels delivery has been impacted by the Covid pandemic and 2022 will see a return to more normal levels. • Maintaining high levels of staff engagement is achieved through both the Be Heard forums and Talkabout sessions that regularly take place across the business to obtain staff feedback and the Be Recognised programme where each month deserving employees are recognised for exceptional efforts. • We have a dedicated in-house recruitment team and we believe we are less reliant on labour originating from other EU countries than companies with greater focus on London and South-East England but with expansion into the Thames Water and Anglian Water areas this may be under increased pressure. • Regular pay benchmarking is also undertaken to ensure that rates of pay remain competitive. • We invest significant efforts in supporting schools and other training establishments to open the eyes of young people to opportunities in the construction sector.

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Risk or uncertainty	Mitigation
<p><u>Public policy</u></p> <p>Our core markets, and specifically the water sector, are highly regulated. Whilst OFWAT has significant powers around both pricing and capital investment programmes, which have a direct impact on our water customers expenditure levels which has the potential to cause uncertainty in our workload, the OFWAT final determinations (published in December 2019) give reasonable certainty to the majority of our water sector clients for the next three years. Beyond this date uncertainty is greater with a key theme being the future management of discharge levels by water companies</p>	<ul style="list-style-type: none"> • Close relations are maintained at multiple levels with water company clients ensuring that senior management fully understands the agenda at these businesses and their understanding of the regulatory landscape they are currently facing. • Following the UK general election in December 2019 management do not consider nationalisation of the English and Welsh water sector to be a likely prospect in the short to medium term.
<p><u>Market risk and macroeconomic factors</u></p> <p>Notwithstanding the fact that the majority of workload is delivered via long-term framework agreements, e.g. the AMP frameworks for UK water clients, little of this workload is fully secure long term. Clients are themselves vulnerable to the economic cycle and affordability is a key factor in their investment plans; in a post Covid environment there could be even greater uncertainty over this.</p>	<ul style="list-style-type: none"> • We have a more diversified customer base than in previous years and a key objective remains to find attractive work with new customers in new markets to diversify even further. • Our business model aims to set us apart from our competitors and once on a framework focus is on securing as large a share of the work as possible by being responsive to client needs and considering the long-term objective of having a happy client to ensure work allocation increases rather than diminishes during the course of a framework. • The majority of contracts are cost-plus with some form of pain and gain mechanism; this limits the extent to which customers pursue the more contractual routes when reaching commercial settlement in the event they encounter their own cost pressures. • Regular review of market intelligence including use of the wider Mott MacDonald network. • Recent revenue reductions have been experienced through both Covid related disruption and some clients appealing to the CMA in connection with their OFWAT final determination; both factors have created a backlog of AMP7 workload that will underpin demand in the 2022-25 period.

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Risk or uncertainty	Mitigation
<p><u>Competition with other contractors</u></p> <p>The UK construction sector remains very competitive with delivery of consistently high margins a challenge. Whilst we consider that our level of service, capability and innovation set us apart from many of our competitors, price remains a key consideration in many client procurement decisions even when we are competing within a framework environment (not all work is directly allocated).</p> <p>Competition in non-price measures is also keen and on occasions less predictable given it can be qualitative in nature.</p>	<ul style="list-style-type: none"> • Competitive risk is managed by ensuring the only those schemes and customers where we have the most obvious competitive advantage are pursued to bid stage. • Regular competitor review and recent establishment of a dedicated business development function. • Regular client review and feedback. • Cost and efficiency focus to drive low-cost solutions (see Corporate Governance Report). • An experienced team of estimators and bid managers who have significant experience in presenting tenders and pricing submissions in the most compelling manner having understood precisely the clients' requirements. • Continual focus on building responsive and dedicated client delivery teams who understand clients' priorities and build a long-term trusting relationship.
<p><u>Interdependency with other contractors</u></p> <p>In whole or in part we operate within an alliance capacity within three of our larger frameworks: Severn Trent, Dŵr Cymru Welsh Water and Anglian Water. A feature of these arrangements is the principal of shared pain and gain and accordingly the Company can be exposed to losses that it is not in a position to influence directly.</p>	<ul style="list-style-type: none"> • We embrace the philosophy of alliance working and at its most effective the behaviours that it promotes will increase the likelihood of a gain position being achieved for all participants. • In all cases the Company is in a position to appoint its own senior management into a leadership role within an alliance environment. • Particular focus is placed on maintaining engagement levels with staff who work within an alliance environment to ensure they can operate with the appropriate behaviours but also retain a close link back to J N Bentley.
<p><u>Supply chain</u></p> <p>Successful project delivery is reliant on a robust supply chain for materials, plant and subcontract delivery. Inadequacies in the supply chain in terms of quality, availability and reliability could jeopardise our ability to win future work and the financial performance of our contracts. Issues around future trade arrangements with the EU may heighten these risks in the short-term.</p>	<ul style="list-style-type: none"> • Management undertook a series of measures to address those risks that were identified in connection with both the UK's exit from the EU and the Covid pandemic. On ending the transition period in 2021 no significant supply chain issues have arisen. • A rolling programme of supplier and subcontractor audits are undertaken to ensure that appropriate standards are maintained in terms of quality and safety. These are risk based.

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Risk or uncertainty	Mitigation
<p><u>Tendering and pricing</u></p> <p>Customers typically place work with the Company on a design and build basis. This can present significant challenges in terms of arriving at expected project costs as the design solution evolves and on occasions projects can be under-priced.</p>	<ul style="list-style-type: none"> • There are specific operational procedures focussing on controls over bidding and tendering which involves steps around pre-award review and sign-off. • Appropriate people are brought into the bid process from across the business including from a commercial or legal perspective (and including senior Mott MacDonald management) to ensure we are not exposing ourselves to onerous contract clauses or terms and conditions. • There is a 'lessons learned' process following delivery of larger schemes to ensure that key learnings are captured and fed into future work planning and other operational areas.
<p><u>Project delivery and quality</u></p> <p>The successful delivery of projects requires a high degree of technical expertise in estimating, design, operational delivery (both in terms of contract management and construction) and commercial management. Resource availability at times of high activity, coupled with a desire to adhere to a direct-delivery model as much as possible, can periodically result in inefficiencies in project delivery that reduce profits on the affected projects.</p>	<ul style="list-style-type: none"> • The Company has an established and well controlled integrated management system in place (see Corporate Governance Report). This specifically covers our quality control procedures. • The key element of the operational procedures associated with project delivery surround the concept of three levels of planning in construction; this is a well understood and simple methodology that is replicable across the business. • Regular client dialogue and feedback sessions take place to give senior management at our clients an opportunity to pass on key learnings and concerns. • The direct labour resource is a national pool and it is managed on this basis. Specific focus is placed on getting staff with the right blend of skills and experience on the more complex projects. • Staff management is seen as key to ensuring good operational performance and training issues are dealt with promptly to support all employees in maximising their contribution to the business. All staff in supervisory roles are given the opportunity improve their capabilities. • Insurance arrangements are designed to map directly to the level of risk inherent in the work undertaken and the contractual requirements in place. A management of insurance risk document is reviewed and re-issued annually. • 2021 saw significant investment in new commercial management systems and processes.

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Risk or uncertainty	Mitigation
<p><u>Systems, Data Security and GDPR</u></p> <p>The business is heavily reliant on the smooth operation of its core systems and particularly its ERP system, Xpedeon. System outage or data loss, through a lack of resilience or a security breach would cause significant disruption to operations with a direct impact on our projects and reputation.</p>	<ul style="list-style-type: none"> • Senior management has invested considerable time in the ongoing development of Xpedeon and ensuring that in design and function it is fully aligned to business processes. During 2020 and early 2021 the Company has completed the transition away from legacy systems for HR and commercial management with the Xpedeon platform now in use for both. • A key of focus for the IT function over the past year has been on improving the resilience of the core system infrastructure and continued investment is planned in 2022. During 2020 the Company became Cyber Essentials accredited and a key objective for 2022 is to become certified to ISO27001. • Much of the IT platform, and specifically the security environment, is integrated within the Mott MacDonald environment. Disaster recovery planning remains an important area for continual improvement, and this is regularly tested by the business's IT function. • The risk of potential GDPR breaches is reviewed and actively managed.

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Non-financial key performance indicators

The principal non-financial KPIs for the Company surround health and safety performance and these are set out above.

Other performance metrics have evolved significantly during 2021 given the increased quality of data now available to the business following investment in Xpedeon. The key tool now in use is the Operational Performance Measures dashboard but an extended suite of PowerBI dashboards covering a range of business activities. The most simple and effective of the metrics covered allow monitoring of how close we remain to the optimal direct delivery model and include: design costs as a percentage of total inputs, utilisation of non-owned plant, buying gains and subcontracted construction hours as percentage of the total.

A key future challenge will be ensuring that we are measuring and reporting our carbon impact in the most appropriate way and aligned to our client's requirements.

2021 has continued to be a very successful year in terms of industry and client recognition with a total of 26 award wins, commendations and short-listings (2020: 19) for technical excellence, team-work, health and safety performance and customer service.

Streamlined energy and carbon reporting

This summary has been prepared as a statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) and covers energy use, associated greenhouse gas (GHG) emissions and efficiency actions relating to transport, gas, electricity and other fuels.

The carbon footprint presented in the table below covers the period 1 January 2021 to 31 December 2021. The inventory methodology aligns with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, covering:

- Scope 1: direct emissions from sources owned or controlled by the Company, being the combustion of fuel from office energy, company owned vehicles and stationary equipment
- Scope 2: indirect emissions from the generation of purchased electricity
- Scope 3: indirect emissions from car travel on business use via the grey fleet

Emissions are reported in units of carbon dioxide equivalent (CO₂e), using the most recent conversion factors from the Department for Business, Energy and Industrial Strategy (BEIS, 2021).

Current reporting year: January 2021 – December 2021	2021 ²	2020 ¹
Total energy consumption (kWh)	44,549,014	48,873,071
Office energy: electricity and gas (kWh)	631,369	707,586
Company vehicles and plant energy (kWh)	38,471,674	40,923,282
Grey fleet (kWh)	5,445,971	7,242,203
Total associated GHG emissions (tCO₂e)	11,481	11,490
Scope 1: office gas (tCO ₂ e)	35	32
Scope 1: plant energy (tCO ₂ e)	7,548	9,990
Scope 1: company vehicles ³ (tCO ₂ e)	2,206	included in plant energy.
Scope 2: market-based electricity (tCO ₂ e)	-	8
Scope 3: grey fleet (tCO ₂ e)	1,692	1,550
GHG emissions intensity (tCO₂e per full time equivalent)	7.29	7.30
¹ as a result of undergoing verification of the Company's footprint with the Carbon Trust, increasing emissions scope and reporting market-based figures, the 2020 footprint differ slightly from what was reported in the previous years' SECR report.		
² the figures presented for the 2021 footprints are not finalised and the time the Annual Report and Accounts is produced but any changes are not expected to be material.		
³ company vehicles: includes fuel from personal vehicles on business use.		

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In 2020 and 2021 the Company's carbon footprint underwent external verification by the Carbon Trust, which was verified ISO14064 complaint. In 2021 the Company achieved externally certified carbon neutral status in accordance with PAS2060. In 2021 the carbon footprint of the Company, as well as the rest of the Mott MacDonald Group was offset through the restoration of peatland in Indonesia; these offsets have been externally validated and verified through the Verified Carbon Standard.

The Mott MacDonald Group (including JN Bentley Limited) is committed to net-zero by 2040. To achieve these targets the Company has committed to a carbon neutral plan which includes the following distinct aspirations and activities:

- more robust carbon management;
- be net-zero for scope 1 and 2 (direct) emissions by 2030;
- be net-zero across all operations (scope 1, 2 and 3) by 2040;
- switch offices over to renewable energy, where feasible, as soon as possible;
- continue to invest in greener plant within the plant fleet and work closely with plant hire companies and manufacturers to ensure the plant used on sites is the most sustainable available;
- switch of Company vehicles to a hybrid / electric fleet and communicate with the wider business and supply chain on the electrification road map of how the fleet will become fully electric in the coming years;
- investigate alternative sources for procurement to ensure a low carbon supply chain;
- investigate low carbon choices and mechanisms to ensure employees can reduce their emissions.

Shareholders' funds and dividend

On 31 December 2021 the JN Bentley Limited defined benefit pension scheme was merged with the larger Mott MacDonald Limited scheme. This crystallised a closing deficit of £4.9m which after allowance for the associated deferred tax asset was converted to an intercompany loan between this entity and Mott MacDonald Limited of £4.0m. During the year a actuarial gain of £2.7m was recognised through other comprehensive income but this transaction now removes all future volatility in shareholders' funds that would otherwise have arisen through future changes in pension valuation.

Shareholders' funds as at 31 December 2021 stand at £14.6m (31 December 2020: £10.6m). The Company has an intention to progressively build its shareholders' funds position, as profitability allows, to provide a strong covenant to our supply chain and, where applicable, their trade insurers. The Mott MacDonald Group Limited shareholders' funds position as at 31 December 2021 was £292m (2020: £196m).

There were no dividends declared in either year.

Section 172 of the Companies Act 2006

The Wates Corporate Governance Principles for Large Private Companies (published in November 2018) provide a framework for the Company to not only demonstrate how the Board makes decisions for the long-term success of the Company and its stakeholders (see principle 6 within the Corporate Governance Report), but also having regard to how the Board ensures that the Company complies with the requirements of section 172 the Companies Act 2006. Our reporting against the Wates principles has been included on pages 15 to 18.

Throughout 2022, the Board will continue to review and challenge how the Company can improve engagement with its workforce and other stakeholders.

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Strategic Report for the year ended 31 December 2021

Going concern

The uncertainty as to the future impact on the Company of the regulatory challenges to customers, the Covid pandemic, the war in Ukraine and the end of the Brexit transition period have been considered as part of the Company's adoption of the going concern basis.

Overall, the Company did not experience any major long-term disruption to operations due to the Covid pandemic and the Company remained profitable during 2021. Around 15 sites closed for a period in April and May 2020 and office-based staff were largely home based in the period March 2020 to August 2021 but with no interruption to core business processes. Site operations have had to be adapted for safe Covid working practices and this does come with some cost.

The Covid pandemic did initially affect the speed at which some new work was released by clients. However, as referred to within the financial performance section, a bigger impact on current workload has arisen through some clients challenging their OFWAT final determination with the Competition and Markets Authority. We expect AMP7 workload to build gradually over the next 12 months and then clients will then need to focus on catching up on spend shortfalls in year one and year two of the AMP period from 2022. The end of the Brexit transition period has, so far, not resulted in any major supply chain disruption. The war in Ukraine, combined with the emergence of the global economy from the Covid pandemic has resulted in some extended supply lead times, requiring careful management by project teams, and some inflationary cost pressures. The war in Ukraine poses no direct impact on our client base or supply chain.

In preparing our forecasts for a period through to 30 June 2023 the following key sensitivities were used; margin reductions, as a result of both the current inflationary environment and commercial pressures with clients brought upon by their own affordability issues, and working capital pressures brought upon by delayed client settlements. Given the expenditure shortfalls faced by clients in year 1 and 2 of AMP7 a revenue shortfall is considered a more remote risk to financial performance.

We have performed downside scenarios to consider the potential impact on the Company's financial results of weaker market conditions, including performing stress testing of our forecasts. These scenarios, along with consideration of the mitigating actions that could be taken should they arise, led the directors to consider there to be a remote likelihood of the company not remaining a going concern for the forecast period.

Approved by the Board of Directors on 19 May 2022 and signed on its behalf by:



Paul Bentley
Managing Director

J N Bentley Limited

Corporate Governance Report for the year ended 31 December 2021

Overview

For the year ended 31 December 2021, under the Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council (“FRC”) in December 2018 (and available on the FRC website). These new corporate governance reporting requirements apply to companies reporting for financial years starting on or after 1 January 2019. The Directors have considered each of the six core principles contained within this framework as set out below:

Principle 1 – purpose and leadership

The Company’s corporate values (known as “CARE”) contain three overriding principles, these are designed to bring a sustainable approach to delivery and are regularly reinforced across the business. These are as follows:

1. **When we care for our people, they are happy**
2. **When we take care in our work, we are safe**
3. **When we care about the bottom line, we make some money**

These values underpin everything J N Bentley does as a business and they are driven at Board level from Managing Director down. The workforce is always encouraged to care because “when we care about what we are doing we do it better”. The businesses operating and management structures, set out in further detail below, are fully aligned to the delivery of these values.

Principle 2 – Board composition

In November 2019 operational changes were announced that J N Bentley Limited (along with its joint venture companies Mott MacDonald Bentley Limited (“MMB”) and JBA Bentley Limited) would combine operationally with those operations of Mott MacDonald Limited that provide design input into the MMB joint venture (at that time approximately 350 technical staff). This now operates as a combined business region (called MMBC) within the Mott MacDonald Group. During 2020 and 2021, as these operational changes took effect, consideration was given to the management structures required to operate within this new structure.

The MMBC Operational Board runs the MMBC business and currently comprises 21 members (3 of whom are directors of the company). A further three senior Mott MacDonald directors are directors of the Company but do not participate in the MMBC Operational Board. Eleven of the Operational Board members are operations, commercial or design directors with specific client focus within a defined operational Unit; the remaining ten members have broader business-wide responsibility (both in support roles and operationally, including the Managing Director). On joining new Operational Board members are given the opportunity for formal training on director responsibilities. To supplement the decision-making process of the Operational Board the following Executive Groups are also in place whose terms of reference are re-approved annually by the Operational Board:

1. Health, Safety and Environment Executive Group: focussing of the continual development and maintenance of the Company’s health and safety strategy, monitoring of health and safety performance and review of significant health and safety incidents
2. Client Executive Group: focussing on understanding and developing market opportunities, workload planning and bidding strategies
3. People Executive Group: focussing on recruiting, developing and retaining talent, the maintenance of appropriate human resource policies and staff wellbeing and inclusivity
4. Business Risk Executive Group: focussing on procedural, legal and regulatory compliance, the management of key business risks and insurance arrangements

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Corporate Governance Report for the year ended 31 December 2021

5. Excellence and Digital Delivery Executive Group: focussing on the approach to the achievement of technical excellence to clients and how best to use digital solutions to support this
6. Quality, Cost and Efficiency Executive Group: focussing on the Business Management System and the 'Right First Time' strategy
7. Sustainability Executive Group: focussing on sustainability approach and strategies (social outcomes and carbon), including energy management

A Schedule of Reserved Matters is in place which specifies those areas where decision making is delegated to the relevant Executive Groups and those areas where decision making requires specific approval by either the Board of Bentley Holdings Limited (the immediate parent company) or Mott MacDonald Limited the ultimate shareholder. Three senior directors of Mott MacDonald Limited are also a director of Bentley Holdings Limited.

Achieving better diversity and inclusivity are key priorities for us with emphasis placed on this at all levels and locations. The gender balance of the Operational Board currently stands at 19 male: 2 female (2020: 15:2) and a long-term objective is to increase the level of female representation. The Directors consider that by placing real emphasis on developing our female talent an environment will be fostered to support the long-term progression of our best female employees to more senior roles; during 2019 a reverse mentoring initiative was launched to support this.

In 2020 a Board led task group was established to steer our sustainability and carbon strategy which as noted in the Strategic Report are seen as a key future challenge for the Company and the wider industry. The work of this task Group is now complete with responsibilities being covered by the newly established Sustainability Executive Group.

Principle 3 – Director responsibilities

A key objective of the Operational Board is to ensure that every business decision is made for the right reasons, by applying an objective thought process based on reliable information. Whilst Operational Board oversight is always present many of the key operational decisions are made by the relevant Executive Groups who can invest the necessary time to the decision-making process supported by suitably experienced functional managers.

The key source of management information for Directors is the management book issued to support the monthly Operational Board meeting. This contains business updates from each of the four operational Units, a health and safety report, a financial report and updates from each of the Executive Groups. Increasingly the business is also placing focus on more real-time system driven dashboard reporting to support operational and commercial control.

Key financial information is captured on the Xpedeon ERP system. The Finance function is appropriately qualified to ensure the integrity of this information. Whilst the Company does not have an Audit Committee, the key external audit findings are considered by the Mott MacDonald Audit Committee and are a key area of focus for the Bentley Holdings Ltd Board. The Business Risk Executive Group also has oversight over a programme internal audit work commissioned via the Mott MacDonald Audit Committee.

In order to underpin compliance with the Bribery Act 2010 an anti-bribery policy is in place for all employees and covered by the Mott MacDonald Group Code of Ethics. The key themes are reinforced to all staff but especially those in commercial, procurement and finance roles.

The Business Risk Executive Group also undertakes an annual "Fraudit" review to identify possible vulnerabilities to internally or externally committed fraud.

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Corporate Governance Report for the year ended 31 December 2021

Principle 4 – risk and opportunity

The Business Risk Executive Group owns the risk register. All identified risks (both existing and emerging) are reviewed at least annually over a monthly cycle of meetings within various Executive Groups to assess their possible business impact and identify the most appropriate mitigation strategy. Processes and controls are intended to manage these risks rather than entirely eliminate them and some of the risks listed within the Strategic Report remain very real and would present significant challenges to the operational and financial performance of the Company were they to emerge and not be satisfactorily mitigated.

The Quality, Cost and Efficiency Executive Group promotes a culture of cost saving and efficiency optimisation at every level throughout the Company and in every business function. During the course of 2021, 11,760 commercial learning alerts were raised (2020: 17,274) with around 35% of the workforce raising at least one incident. As well as providing great staff engagement this strategy delivers both enhancement to margins and a better value proposition for the Company to win work.

The Client Executive Group focusses on identifying any risk around future workload but more specifically focussing on fully understanding all market opportunities and it considers the most appropriate strategy for addressing bid opportunities (including the bid / no-bid decision process).

The Company holds the follows key external accreditations:

- ISO45001 for occupational health and safety;
- ISO9001 for quality;
- ISO14001 for environment;
- ISO50001 for energy management;
- PAS2060 for carbon neutrality.

The Company's Business Management System ("BMS") was established in the mid 1990s. This contains specific management procedures to govern policy setting, operational control and incident management. It is specifically intended to ensure that the Company has in place the relevant procedures to support its external accreditations but also to ensure the maintenance of good operational discipline across business functions and in all operational areas. These are supported by framework management plans that specify how these procedures need to be applied within the context of each client's delivery requirements. Each key client and support function is subject to a management audit process annually which tests compliance to the BMS procedures. Key findings are that consider annually as part of a Management Review process that is approved annually by the Operational Board.

Principle 5 – remuneration

Director's remuneration comprises:

- Basic salary which is set and reviewed annually by the Remuneration Committee whose membership comprises two members of the Operational Board and one Mott MacDonald Limited Director;
- A bi-annually agreed fixed percentage bonus that is paid to all J N Bentley Limited staff which is set by the Operational Board in accordance with the Schedule of Reserved Matters. The determining factor in setting the bonus percentage for each six month period is the profitability in that six month period although this is not formulaically set;
- Bonus and dividend entitlements under the Mott MacDonald employee share ownership scheme. Share allocations to the J N Bentley employees (as a collective) and bonus and dividend payments per share are set by the Mott MacDonald Shareholder Committee. Specific shareholder allocations to J N Bentley employees (including the Directors) are at the discretion of the Managing Director;
- Contributions to the Company defined contribution pension scheme (or monetary equivalent); and

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Corporate Governance Report for the year ended 31 December 2021

- Benefits including healthcare, a car or car allowance (which in certain cases includes use of a fuel card) and life assurance.

The mean Director remuneration (total reward) for 2020 and 2021 was as follows with all those Directors who were members of the Operational Board during each period included within each mean figure:

£'000	2020	2021
Basic salary	113	113
J N Bentley bonus	3	3
Mott MacDonald dividends and shareholder bonus	42	50
Pension contributions	20	22
Other benefits and remuneration	2	2
Mean total reward	180	190
Total reward: mean Director / mean all staff ratio	3.88	3.77

The Company publishes its Gender Pay Gap Report annually. In common with many businesses in the engineering and construction sector there is a notable gender pay gap which the People Executive Group is looking to close through adoption of long-term strategies such as apprenticeships and reviewing long-term strategies to make sure they are inclusive to all.

Principle 6 – stakeholders

Our employees are our number one asset and this Corporate Governance Report and the preceding Strategic Report capture many examples of the value placed on them. The Directors value the Company's employee ownership model which supports long-term, sustainable business objectives and promotes objective decision making.

Alignment to our customer's requirements has been at the heart of our success over recent years. The goals remain to continue to meet and exceed these expectations for service delivery, value for money and environmental performance.

We value our long-established and capable supply chain. There has been considerable recent investment in developing systems and procedures, and specifically the J N Bentley supply chain portal, to improve supply chain efficiency and support suppliers in their interface with the Company for the purposes of maintaining status, tendering and seeking payment. We continue to take active steps to improve the cash flow position for suppliers, and particularly smaller suppliers; average payment days for the 6 months to December 2021 stood at 47 days (prior year comparator: 48 days).

We are respectful of the local communities in which we operate (and on whose goodwill we rely). In many cases these communities are themselves the end customer for the schemes being delivered. Across each of the office locations of the business staff plays an active role in community initiatives and fundraising. Social impact and delivering positive social outcomes is a key area of focus for us and two areas for immediate development are building a social mobility agenda (with specific focus on how the business can help to drive economic improvements in some of the more economically deprived areas in which it operates) and establishing which of the United Nations Strategic Development Goals can be built into future business objectives. In March 2022 we also appointed a Social Practice Leader.

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Directors' Report for the year ended 31 December 2021

Directors

The directors of the company who were in office during the year and up to the date of signing of the financial statements were:

P R Bentley	(Managing Director)
R Risdon	(Operations Director)
J D Rhodes FCA	(Finance Director)
E G Roud FCA	(Director)
M D Haigh	(Director)
J H K Harris	(Director)

Employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

The company is firmly committed to the principles of employee involvement and consultation. In this regard, the company aims to ensure that the views of employees are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the performance of the company and their or their team's contribution to that achievement. Communication with all employees is undertaken via a combination of newsletters, the company intranet, regular company-wide safety seminars and our employee consultation forum – Be Heard.

Results

The company made a profit for the financial year of £1.8m (2020: £1.5m).

Dividends

No dividends were paid in either 2020 or 2021.

Going concern

The financial statements have been prepared on a going concern basis. As set out in the Strategic report the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and a confirmation has been received from Mott MacDonald Limited that they would not require their liabilities to be paid if to do so would cause this company to not be able to meet its liabilities as they fall due for a period of at least twelve months from the date of signing of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the Directors' report and financial statements.

Principal risks and uncertainties

Business risks and factors to mitigate these risks are described in the strategic report on pages 6-11.

Statement of Directors' Responsibilities

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

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Directors' Report for the year ended 31 December 2021 (continued)

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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included 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.

Independent auditor

Following recent government-led consultations on plans to introduce reforms to strengthen corporate governance and company audits, the Mott MacDonald Executive Board, in consultation with the Shareholders' Committee and the Audit and Risk Assurance sub-committee of the parent company, have reviewed the length of time that Grant Thornton UK LLP has been the independent auditor of the ultimate parent entity's financial statements. As a result of that review, Grant Thornton UK LLP is not to be reappointed as either Group auditor, or auditor of this company following the conclusion of the 31 December 2021 audit, and BDO LLP is being appointed to undertake the audit of the company's financial statements for the year ended 31 December 2022.

On behalf of the Board



P R Bentley

Director

19 May 2022

J N Bentley Limited

Independent Auditor's Report to the members of J N Bentley Limited

Opinion

We have audited the financial statements of J N Bentley Limited (the 'company') for the year ended 31 December 2021, which comprise the Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

J N Bentley Limited

Independent Auditor's Report to the members of J N Bentley Limited

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

J N Bentley Limited

Independent Auditor's Report to the members of J N Bentley Limited

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (Financial Reporting Standard 102 and the Companies Act 2006).
- We assessed the susceptibility of J N Bentley Limited's financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance.
- We utilised internal and external information to corroborate these enquiries and performed a fraud risk assessment for the company. We considered the risk of fraud to be higher within highly judgemental areas of the recognition of revenue, contract estimates (amounts recoverable on contracts) and through the potential for management override of controls. Audit procedures performed by the engagement team included:
 - Challenging assumptions and judgements made by management within the revenue recognition of contracts deemed significant by the engagement team;
 - Reviewing a sample of work-in-progress contracts at the year end to determine whether the amounts recoverable on contracts, deemed significant by the engagement team, is recoverable at year end;
 - Identifying and testing journal entries considered by the engagement team to carry a higher risk of fraud.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the company's operations, including the nature of its revenue sources and revenue recognition policy, the assessment of material judgements made by management and the design of the control environment for the overall financial reporting process for J N Bentley Limited;
 - the company's control environment, including the policies and procedures implemented to comply with the Financial Reporting Standard 102 and the Companies Act 2006, the adequacy of procedures for authorisation of transactions within the business and the regularity of management's review of management accounts for indicators of material misstatement.

J N Bentley Limited

Independent Auditor's Report to the members of J N Bentley Limited

Use of our report

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



Peter Gamson FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
19 May 2022

J N Bentley Limited

Income statement for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	5	227,927	279,694
Cost of sales		(219,222)	(271,171)
Gross profit		8,705	8,523
Administrative expenses		(7,592)	(6,826)
Operating profit	6	1,113	1,697
Net interest (payable)/receivable	9	(167)	3
Other finance cost	23	(105)	(103)
Profit on ordinary activities before taxation		841	1,597
Tax on profit on ordinary activities	10	961	(144)
Profit for the financial year		1,802	1,453

All amounts relate to continuing operations.

Statement of comprehensive income for the year ended 31 December 2021

		2021 £'000	2020 £'000
Profit for the financial year		1,802	1,453
Actuarial gain/(loss) on pension scheme liability	23	2,711	(3,203)
Tax on pension scheme deficit contributions	10	73	-
Movement on deferred tax relating to pension liability	10	(588)	517
Total comprehensive income for the year		3,998	(1,233)

The notes on pages 28 to 46 form part of these financial statements.

J N Bentley Limited

Statement of financial position as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	13	17,865	16,299
Intangible assets	12	524	552
Investments	14	61	61
		18,450	16,912
Current assets			
Stocks	15	45	49
Debtors	16	51,640	47,734
Cash at bank and in hand		5,990	18,239
		57,675	66,022
Creditors: amounts falling due within one year	17	(51,569)	(63,225)
Net current assets		6,106	2,797
Total assets less current liabilities		24,556	19,709
Creditors: amounts falling due after more than one year	18	(4,287)	(1,096)
Provisions for liabilities	19	(5,670)	-
Net assets excluding pension liability		14,599	18,613
Pension liability	23	-	(8,012)
Net assets including pension liability		14,599	10,601
Capital and reserves			
Called up share capital	21	9	9
Share premium account		4	4
Profit and loss account		14,586	10,588
Total shareholders' funds		14,599	10,601

The notes on pages 28 to 46 form part of these financial statements.

The financial statements on pages 25 to 46 were approved by the board of directors on 19 May 2022 and were signed on its behalf by:

Paul Bentley

P R Bentley
Director

J N Bentley Limited

Statement of changes in equity as at 31 December 2021

	2021 £'000	2020 £'000
Called up share capital (note 21)		
At 1 January	9	9
At 31 December	9	9
Share premium account		
At 1 January	4	4
At 31 December	4	4
Profit and loss account		
At 1 January	10,588	11,821
Profit for the financial year	1,802	1,453
Actuarial gain/(loss) on pension scheme liability (note 23)	2,711	(3,203)
Tax on pension scheme deficit contributions (note 10)	73	-
Movement on deferred tax relating to pension liability (notes 10 & 20)	(588)	517
Dividends paid (note 11)	-	-
At 31 December	14,586	10,588
Total capital and reserves	14,599	10,601

The notes on pages 28 to 46 form part of these financial statements.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

1 Company information

J N Bentley Limited is a company registered in England and Wales with registered number 01085646. The registered office is Snaygill Industrial Estate, Keighley Road, Skipton, North Yorkshire, BD23 2QR.

2 Basis of preparation

These financial statements have been prepared under the historical cost basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS102”).

The presentational and functional currency is the British Pound Sterling.

The company has considered the changes required by the triennial review of FRS102. The company doesn't believe that it is significantly affected by them and has, when relevant, addressed the requirements appropriately.

The company has adopted the exemption from disclosing a statement of cash flows and the related notes in accordance with Section 1.11 of FRS102. The equivalent disclosure is included in the consolidated financial statements of the company's ultimate parent undertaking, Mott MacDonald Group Limited.

Going concern

After reviewing the company's forecasts and projections for the period to 30 June 2023, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and a confirmation has been received from Mott MacDonald Limited that they would not require their liabilities to be paid if to do so would cause the company to not be able to meet its liabilities as they fall due for a period of a least twelve months from the date of signing these financial statements. Accordingly, the company continues to adopt the going concern basis in preparing its financial statements.

3 Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements have been made include;

Contract accounting and recovery of receivables

The company's contract accounting policy is central to how it values the work it has carried out in each financial year. This policy requires forecasts to be made on the projected outcomes of projects. These forecasts require assessments and judgements to be made on changes in work scopes, changes in costs, costs to completion and recoverability of debts. While the assumptions made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reported results.

Defined benefit pension scheme

The cost of the company's defined benefit plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, inflation and mortality rate. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the plan, such estimates are subject to significant uncertainty. Whilst the scheme was no longer held in this entity at the year end, there is a significant gains arising in the year up to the point of transfer of the scheme to another group company. Further details are given in note 23.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

4 Principal accounting policies

Turnover, amounts recoverable on contracts and payments on account in relation to construction contracts
Turnover represents the sum of invoiced sales to customers and the sales value of work done but not yet billed on incomplete contracts, net of Value Added Tax.

Contract costs are recognised when incurred.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Full provision is made for losses on all contracts in the year in which they are first foreseen.

The company uses the “percentage of completion method” to determine the appropriate amount of revenue to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the statement of financial position date as a percentage of the total estimated costs for each contract.

Costs incurred in the year relating to future activity on a contract are excluded from contract costs in determining the stage of completion. Costs in relation to future activity are recognised as an asset provided it is probable that they will be recovered. Any costs where recovery is not probable are expensed immediately.

The company presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retentions held by customers are included within trade debtors.

The company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses). Any such liabilities are included as payments received on account within creditors: amounts falling due within one year.

Stock

Stock represents raw materials and consumables, spares, personal protective clothing and other consumable site related items and is stated at the lower of cost and estimated realisable value.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is provided at the following rates in order to write off the assets over their expected useful economic lives:

Leasehold improvements	Duration of lease (64 months)
Plant and machinery & motor vehicles	10-25% on a straight line basis
Fixtures and fittings	25% on a straight line basis

Intangible fixed assets

Intangible fixed assets are stated at historical cost less accumulated amortisation.

Amortisation is provided at the following rates to write off the assets over their expected useful economic lives:

IT software and licences	25% on a straight line basis
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J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

4 Principal accounting policies (continued)

Taxation

UK corporation tax is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the statement of financial position date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply to the reversal of the timing difference.

The tax expense (income) is presented either in the income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Pensions

Pension costs charged against operating profit for the defined contribution scheme are the contributions payable in respect of the accounting period.

Until 29 December 2021, the company operated a funded, defined benefit pension scheme which had previously closed to future accrual of benefits and the surpluses or deficits were determined by the actuaries. As of 29 December 2021, this scheme merged with that of Mott MacDonald Limited with all assets and future liabilities being transferred.

Scheme assets were measured at fair values. Fair value was based on market price information and in the case of quoted securities was the published bid price. Scheme liabilities were measured on an actuarial basis using the Projected Unit Credit method and were discounted at appropriate high quality corporate bond rates. The surplus or deficit was previously presented separately from other assets and liabilities on the statement of financial position, with the corresponding deferred tax asset or liability disclosed within debtors or provisions for liabilities.

The cost of providing benefits under the defined benefit plan was determined separately using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and was based on actuarial advice. When a settlement or a curtailment occurred, the change in the present value of the scheme liabilities and the fair value of the plan assets reflected the gain or loss which was recognised in the income statement during the period in which it occurred.

The net interest element was determined by multiplying the net defined benefit liability by the discount rate at the start of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest was recognised in the income statement as other finance income or cost. Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) were recognised immediately in other comprehensive income in the period in which they occurred. Remeasurements were not reclassified to the income statement in subsequent periods.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

4 Principal accounting policies (continued)

Cash flow statement

In accordance with FRS102 paragraph 1.12(b) the company has not prepared a cash flow statement since a consolidated cash flow statement is included within the financial statements of its ultimate parent undertaking, Mott MacDonald Group Limited.

Operating leases

The cost of operating leases is charged to the income statement on a straight line basis over the term of the lease.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the statement of financial position and depreciated over the shorter of the lease term and the assets' useful lives. If there is a reasonable certainty that the company will obtain ownership of the asset by the end of the lease term, the asset is depreciated over its useful life. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the statement of financial position. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement to achieve a constant rate of interest in the remaining balance of the liability.

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment. The financial statements contain information about Mott MacDonald Bentley Limited and JBA Bentley Limited as individual companies and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the full consolidation of their ultimate parent company, Mott MacDonald Group Limited.

Cash at bank and in hand

Cash at bank and in hand comprises cash balances held with qualifying financial institutions and short term deposits which can be liquidated by the company without material penalties being incurred.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Rental income

Rental income is derived from short term property leases and is recognised over the term of the lease.

Dividends

Dividends are recognised in the accounting period in which they are approved.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

4 Principal accounting policies (continued)

Derivative financial instruments

The company has taken the exemption from disclosure of financial instruments on the basis that the relevant disclosures are included within the financial statements of its ultimate parent undertaking, Mott MacDonald Group Limited.

5 Turnover

The turnover and profit on ordinary activities before taxation are attributable to the principal activities of the company and have all arisen in the United Kingdom. In the opinion of the directors these activities constitute a single class of business. As a consequence, no segmental reporting is offered.

6 Operating profit

	2021 £'000	2020 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets (note 13):		
Owned assets	5,512	5,439
Assets held under finance leases	371	415
Amortisation of intangible fixed assets (note 12)	300	392
Operating lease rentals		
Buildings	673	927
Motor cars	366	937
Profit on disposal of tangible fixed assets	(2,097)	(965)
Rental income	(286)	(313)
Auditor's fees – audit services	128	42

Fees paid to Grant Thornton UK LLP for non-audit services were £nil (2020: £nil).

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

7 Employee costs (excluding directors)

	2021 £'000	2020 £'000
Wages and salaries	59,885	62,435
Social security costs	6,144	6,295
Defined benefit pension scheme – current service cost (note 23)	110	14
Defined contribution pension costs	3,331	3,507
Staff costs	69,470	72,251

During the year, the company received payments of £nil (2020: £1,030,520) under the Government Job Retention Scheme. The 2020 payments were repaid in full in December 2020.

The average monthly number of persons (excluding the directors) employed by the company during the year was:

	2021 Number	2020 Number
By activity		
Office, management and site management	811	924
Construction	471	562
	1,282	1,486

8 Directors' emoluments

	2021 £'000	2020 £'000
Directors' emoluments	770	985
Social security costs	102	131
Defined contribution pension costs	48	74
	920	1,190

The emoluments (excluding pension contributions) of the highest paid director were £376,547 (2020 - £349,202).

During the year £47,835 (2020 - £73,653) of contributions were paid to the Group Personal Pension Plan in respect of 2 directors (2020: 8), of which £nil (2020: £nil) related to the highest paid director. Some of the directors also have benefits under the closed defined benefit plan.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

9 Net interest receivable

	2021 £'000	2020 £'000
Interest payable on finance leases	(39)	(38)
Interest payable upon funding loan with the intermediate holding company	(128)	-
Other	-	(2)
Interest payable	(167)	(40)
Interest receivable upon deposits with the intermediate holding company	-	12
Interest receivable on bank deposits	-	31
Interest receivable	-	43
Net interest (payable)/receivable	(167)	3

10 Tax on profit on ordinary activities

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax on profits for the year	(770)	317
Adjustment in respect of prior years	(902)	-
Total current tax	(1,672)	317
Deferred tax - origination and reversal of timing differences	770	(173)
- effect of increased tax rate on opening liability	(44)	-
- adjustment in respect of prior years	(15)	-
Total deferred tax (note 20)	711	(173)
Tax on profit on ordinary activities	(961)	144

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained as follows:

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

10 Tax on profit on ordinary activities (continued)

Reconciliation of total tax charge:	2021	2020
	£'000	£'000
Profit on ordinary activities before tax	841	1,597
Expected tax on profits at 19.00% (2020: 19.00%)	160	304
Effects of:		
Expenses not deductible for tax purposes	5	28
Fixed asset differences	(351)	-
Adjustment in respect of prior years	(916)	14
Rate difference – Deferred tax	141	(110)
Pension scheme adjustments	-	(92)
Total tax charge	(961)	144

Tax included in statement of comprehensive income	2021	2020
	£'000	£'000
The tax charge / (credit) is made up as follows:		
Tax on pension scheme deficit contributions	73	-
Deferred tax on actuarial (gain)/loss on pension scheme (note 20)	(588)	517

11 Dividends

	2021	2020
	£'000	£'000
Equity – ordinary		
Interim paid £0 (2020: £0) per £1 share	-	-

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

12 Intangible fixed assets

	IT software and licences
	£'000
Cost	
At 1 January 2021	2,028
Additions	272
At 31 December 2021	2,300
Accumulated depreciation	
At 1 January 2021	1,476
Charge for the year	300
At 31 December 2021	1,776
Net book amount	
At 31 December 2021	524
At 31 December 2020	552

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

13 Tangible fixed assets

	Leasehold improvements £'000	Plant and machinery & motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2021	13	28,637	2,121	30,771
Additions	225	7,256	481	7,962
Disposals	-	(4,841)	(183)	(5,024)
At 31 December 2021	238	31,052	2,419	33,709
Accumulated depreciation				
At 1 January 2021	1	13,076	1,395	14,472
Charge for the year	94	5,394	395	5,883
Disposals	-	(4,328)	(183)	(4,511)
At 31 December 2021	95	14,142	1,607	15,844
Net book amount				
At 31 December 2021	143	16,910	812	17,865
At 31 December 2020	12	15,561	726	16,299

Assets held under finance leases and capitalised in plant and machinery:

	2021 £'000	2020 £'000
Cost	2,522	2,845
Accumulated depreciation	(805)	(569)
Net book amount	1,717	2,276

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

14 Fixed asset investments

	2021 £'000	2020 £'000
Shares in joint venture undertakings	2	2
Loan to joint venture undertakings	59	59
	61	61

The joint venture undertakings are Mott MacDonald Bentley Limited, 75% - owned, incorporated in England and Wales, operating as civil engineering contractors and JBA Bentley Limited, 75% - owned, incorporated in England and Wales, also operating as civil engineering contractors. In the opinion of the directors the value of these investments is not less than the amounts shown above.

Interest in subsidiary undertakings

Name of undertaking	Proportion of nominal value of issued share capital held by the company %	Principal business activity
Mott MacDonald Bentley Limited	75	Civil engineering contractors
JBA Bentley Limited	75	Civil engineering contractors

The above holdings represent ordinary shares and are based at the same address as J N Bentley Limited.

Joint venture undertakings

The company's interest in its joint venture, Mott MacDonald Bentley Limited, is as follows:

	2021 £'000	2020 £'000
Turnover	144,886	185,675
Profit before tax, Taxation & Profit after tax	-	-
Current assets	28,100	13,429
Liabilities due within one year	(28,100)	(13,428)

The company's interest in its joint venture, JBA Bentley Limited, is as follows:

	2021 £'000	2020 £'000
Turnover	32,255	36,867
Profit before tax, Taxation & Profit after tax	-	-
Current assets	7,629	6,092
Liabilities due within one year	(7,628)	(6,091)

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

15 Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	45	49

Stock recognised in cost of sales during the year as an expense was £23,509 (2020 - £105,977).

16 Debtors

	2021 £'000	2020 £'000
Trade debtors	2,617	1,924
Amounts owed by related party	70	112
Amounts owed by joint venture undertakings	-	3,734
Amounts recoverable on contracts	-	7,647
Amounts recoverable on contracts via joint venture undertakings	44,630	30,928
Corporation tax	1,424	-
Deferred tax asset (note 20)	-	1,645
VAT	1,690	-
Other debtors	23	165
Prepayments and accrued income	1,186	1,579
	51,640	47,734

Trade debtors are stated after provisions for impairment of £nil (2020: £nil).

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

17 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	15,123	19,018
Amounts owed to parent company	8,324	1,297
Amounts owed to related party	1,359	168
Payments received on account	580	6,920
Payments received on account from joint venture undertakings	8,210	13,032
Finance leases (note 22)	790	795
Corporation tax	-	1,040
Other taxation and social security	2,068	3,569
Other creditors	605	661
Accruals	14,510	16,725
	51,569	63,225

The amounts owed to parent company include a funding loan from Mott MacDonald Limited of £8,000,000 (2020 - £962,000). Interest on this loan is payable at the three-month LIBOR interest rate plus 2%.

Other amounts due to parent company are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18 Creditors: amounts falling due after more than one year

	2021 £,000	2020 £,000
Finance leases (note 22)	305	1,096
Amounts owed to parent company	3,982	-
	4,287	1,096

Amounts owed to parent company represents a loan balance due to Mott MacDonald Limited in consideration for the pension liability of £4,916,000 (less the associated deferred tax asset of £934,000) extinguished upon merger of the J N Bentley Limited Pension and Life Assurance Scheme with Mott MacDonald Limited pension scheme. This amount is unsecured, interest bearing (in line with note 17) and whilst it has no fixed date of repayment it is subject to an 18 month notice period for the lender.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

19 Provisions for liabilities

	Provisions for losses on contracts £'000	Deferred taxation (note 20) £'000	Other provisions £'000	Total £'000
At 1 January	-	-	-	-
Included within creditors falling due within one year in the prior year*	-	-	390	390
Included within debtors in the prior year*	2,544	-	-	2,544
Arising during the year	3,109	588	14	3,711
Utilised or released during the year	(975)	-	-	(975)
At 31 December	4,678	588	404	5,670

*Amounts now separately disclosed as provisions for liabilities were included within creditors falling due within one year and debtors in the prior year. They were not material so the presentation hasn't been amended in the prior year but they are clearly shown here to ensure the movement in the provision can be seen. Due to the nature of provision for losses on contracts, the timing of their utilisation varies with the size and complexity of the underlying facts and circumstances. It is not unusual for such matters to take up to five years to be resolved, sometimes longer.

20 Deferred tax

The deferred tax liability/(asset) comprises:	2021 £'000	2020 £'000
(Decelerated) / accelerated capital allowances	588	(229)
Short term timing differences	-	-
Deferred tax excluding that relating to pension liability	588	(229)
Pension liability (note 23)	-	(1,416)
Deferred tax liability/(asset)	588	(1,645)

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

20 Deferred tax (continued)

	2021 £'000	2020 £'000
As at 1 January	(1,645)	(955)
Deferred tax charge in income statement (note 10)		
- Current year	711	(173)
- Prior year adjustment	-	-
Charge recognised within the statement of comprehensive income (note 10)	588	(517)
Deferred tax on pension scheme liability released and then transferred to intercompany loan	934	-
As at 31 December (note 17)	588	(1,645)

The nature of the transfer agreement entered into with Mott MacDonald Limited for the assets and liabilities of the J N Bentley Limited Pension and Life Assurance Scheme to the Mott MacDonald Limited pension scheme was such that a balance of the pre-transfer pension liability, net of the above deferred tax asset associated with the pre-transfer pension liability, then created a new intercompany loan liability rather than being taken to the income statement or other comprehensive income.

The amount of the net reversal of deferred tax expected to occur next year is £nil (2020 - £nil).

21 Called up share capital

	2021 £'000	2020 £'000
Authorised		
7,800 Ordinary shares of £1 each	8	8
2,200 "A" non-voting shares of £1 each	2	2
	10	10
Allotted and fully paid		
7,800 Ordinary shares of £1 each	8	8
900 "A" non-voting shares of £1 each	1	1
	9	9

The "A" non-voting shares of £1 each have no voting rights. They have identical dividend rights and rights on winding up to the ordinary shares of £1 each.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

22 Obligations under leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Land and buildings 2021 £'000	Land and buildings 2020 £'000	Other 2021 £'000	Other 2020 £'000
Amounts payable:				
Within one year	647	673	95	366
In two to five years	791	1,419	-	95
Over five years	-	-	-	-
	1,438	2,092	95	461

Obligations under finance leases, included within creditors, are analysed as follows:

	2021 £'000	2020 £'000
Amounts repayable:		
Within one year (note 17)	790	795
In two to five years (note 18)	305	1,096
	1,095	1,891

23 Pension commitments

Pensions

Up until 29 December 2021 the Company sponsored the J N Bentley Limited Pension and Life Assurance Scheme which was a defined benefit arrangement. During the year ended 31 December 2021, the scheme was closed to future accrual. On 29 December 2021 all assets and liabilities were transferred to the Mott MacDonald pension scheme.

The employer made contributions totalling £600,000 in the year ended 31 December 2021 towards shortfall funding (2020: £600,000) as previously agreed with the scheme trustees.

Present values of scheme liabilities, fair value of assets and (deficit)/surplus

	31 December 2021 £'000	31 December 2020 £'000
Fair value of plan assets	-	12,715
Present value of funded obligations	-	(20,727)
Pension liability (excluding deferred tax)	-	(8,012)
Deferred tax included within debtors (note 20)	-	1,416
Amounts recognised within income statement for the year (see page 25)	(105)	(103)
Amounts recognised within the statement of other comprehensive income (see page 25)	2,711	(3,203)

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

23 Pension commitments (continued)

The pension plan assets do not include ordinary shares issued by the employer nor do they include property occupied by the sponsoring employer.

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Scheme liabilities at 1 January	20,727	17,367
Past service cost	-	-
Interest cost	279	355
Actuarial (gain)/loss	(343)	3,112
Benefits paid, death in service insurance premiums and expenses	(113)	(107)
Liabilities transferred out of the Scheme as a result of the merger	(20,550)	-
Scheme liabilities at 31 December	-	20,727

Reconciliation of opening and closing balances of the fair value of scheme assets

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Fair value of scheme assets at 1 January	12,715	12,075
Interest income	174	252
Return on Scheme assets, excluding amounts included in interest income	968	(91)
Contributions by employer	600	600
Administration fee paid from Scheme assets	(110)	(14)
Benefits paid	(113)	(107)
Asset uplift due to settlement of GARs	1,400	-
Assets transferred out of the Scheme as a result of the merger	(15,634)	-
Fair value of scheme assets at 31 December	-	12,715
Actual return on scheme assets	-	161

Analysis of amounts recognised in the income statement are as follows:

	31 December 2021 £'000	31 December 2020 £'000
Operating profit		
Current service cost	-	-
Past service cost	-	-
Total operating charge	-	-
Other finance income		
Interest expense	279	355
Interest income	(174)	(252)
Net expense	105	103
Total recognised in income statement	105	103

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

23 Pension commitments (continued)

Analysis of amounts taken to other comprehensive income are as follows:

	31 December 2021 £'000	31 December 2020 £'000
Return on scheme assets, excluding amounts included in interest income	968	(91)
Remeasurement gains/(losses) on the defined benefit obligation – changes in assumption	343	-
Asset uplift due to surrender of GARs	1,400	(3,112)
Remeasurement gains/(losses) recognised in other comprehensive income	2,711	(3,203)

Assets

The major categories of plan assets as a percentage of total plan assets are as follows:

	As at 2021 % total plan assets	As at 2020 % total plan assets
Unitised with-profits policy	-	88.3%
Insured annuity policies	-	11.7%

Financial assumptions

	31 December 2021	31 December 2020
Discount rate	2.00% pa	1.35% pa
RPI inflation assumption	3.20% pa	2.85% pa
Pension increases in payment:		
- RPI, maximum 5%, minimum 3%	3.60% pa	3.45% pa
- RPI, maximum 2.5%	2.20% pa	2.10% pa

Demographic assumptions

(i) Assumed life expectancy in years, on retirement at 65:

	As at 31 December 2021	As at 31 December 2020
Retiring today:		
- Males	23.1	22.3
- Females	24.6	24.6
Retiring in 20 years:		
- Males	24.0	23.6
- Females	25.8	26.0

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2021

24 Other related party disclosures

Mott MacDonald Bentley Limited ('MMB') – 75% owned

During the year the company derived £172,583,000 (2020: £224,731,000) of its turnover from work done for MMB. The amounts recoverable on contracts due from MMB are disclosed in note 16. Payments on account due to MMB are disclosed in note 17.

JBA Bentley Limited ('JBAB') – 75% owned

During the year the company derived £38,064,000 (2020: £43,670,000) of its turnover from work done for JBAB. The amounts recoverable on contracts due from JBAB are disclosed in note 16. Payments on account due to JBAB are disclosed in note 17.

The company has taken advantage of the exemptions under the terms of FRS102 not to disclose transactions with other group companies and key management personnel compensation in total.

The directors represent key management personnel for the purposes of the FRS102 related party disclosure requirements and their compensation is disclosed in note 8.

Mott MacDonald Limited ('MML') – Ultimate Parent

During the year the company derived £493,141 (2020: £527,998) of its turnover from work done for MML. The amounts recoverable from MML are disclosed in note 16. Amounts owed by MML are disclosed in note 17.

25 Ultimate parent company

The directors regard Mott MacDonald Group Limited, a company incorporated in England and Wales, as the ultimate parent undertaking and controlling party due to its majority shareholding in Mott MacDonald Limited, the parent of this company's immediate parent undertaking, Bentley Holdings Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that of Mott MacDonald Group Limited, the ultimate parent undertaking. Copies of Mott MacDonald Group Limited consolidated financial statements can be obtained from the Company Secretary at Mott MacDonald House, 8-10 Sydenham Road, Croydon, CR0 2EE.

26 Post balance sheet events

There have been no significant post balance sheet events identified.