

J N Bentley Limited
Report and financial Statements
for the year ended 31 December 2022

Registered Number 01085646



J N Bentley Limited

Report and financial statements for the year ended 31 December 2022

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J N Bentley Limited

Directors and advisors

Directors

P R Bentley	(Managing Director)
R Risdon	(Operations Director) Resigned 3 Oct 2022
J D Rhodes FCA	(Finance Director)
E G Roud FCA	(Director)
M D Haigh	(Director) Resigned 29 Jul 2022
J H K Harris	(Director)
I Bester	(Operations Director) Appointed 3 Oct 2022
S C Tetlow	(Director) Appointed 3 Oct 2022

Company Secretary

J D Rhodes FCA

Independent auditor

BDO LLP
55 Baker Street
London
W1U 7EU

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 2022

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 1999, 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 through a focus on getting it right first time.

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. Both J N Bentley Limited and Mott MacDonald Bentley Limited were 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 2022 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 Rolls-Royce, Associated British Ports and Canal and River Trust with this strategy supported 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
- the likelihood that future public policy requirements will place significant focus on the requirement

J N Bentley Limited

Strategic report for the year ended 31 December 2022 (continued)

Overview of the J N Bentley business model and strategy (continued)

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

- 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 2022 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	2020	2021	2022
Hours worked (million)	5.10	3.7	4.0
Positive interventions	44,683	32,751	36,980
Per million hours worked	8,761	8,852	9,245
Serious near misses	37	25	18
Per million hours worked	7.3	6.8	4.5
First aid injuries	60	26	17
Per million hours worked	11.8	7.0	4.3
Medical treatment injuries and lost time injuries	17	14	17
Per million hours worked	3.3	3.8	4.3
RIDDOR reportable incidents	7	6	4
AFR	0.14	0.16	0.10
AIFR¹	1.69	1.25	0.93

¹ All Injury Frequency Rate

The current gender split of the workforce is male 86%: female 14% (2021: 88%: 12%). Inclusivity and diversity forms an important part of our business culture and initiatives have taken place during 2021 and 2022 to promote this further in response to staff feedback; ongoing initiatives in this area have included the building of networks and initiatives which drive awareness raising and provide supportive communities.

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 2021 and a mental health awareness week was also held. All staff have access to a confidential advice line to support their wellbeing. Our agile working policy is fully embedded, including greater agility for site-based employees (following the trials in 2022).

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Strategic report for the year ended 31 December 2022 (continued)

Financial performance

Profit and loss (£000)	2020	2021	2022
Revenue	279,694	227,927	263,469
Profit before tax	1,597	841	6,389
Profit margin	0.6%	0.4%	2.4%

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. This is effected by shareholders invoicing the joint venture for the costs incurred on the venture's behalf and the associated profit generated. Mott MacDonald Bentley Limited reported revenue of £234m (2021: £193m) and JBA Bentley Limited reported revenue of £36m (2021: £43m) in 2022.

Revenue increased by 16% from 2021 with the majority of 2020 (following the end of AMP6) and all of 2021 having been affected by a delayed start to meaningful amounts of AMP7 workload, this arose through a combination of Covid pandemic related disruption and some clients challenging their OFWAT final determination with the Competition and Markets Authority which has affected the pace at which they have been in a position to release work.

The majority of existing clients have contributed to this growth in terms of underlying volume but the impact of inflation has also driven some of the revenue growth. Thames Water has seen the most significant percentage growth having grown from a zero base before 2020 following the award of frameworks for the first time in AMP7. United Utilities and the Environment Agency have seen the most marked reductions in revenue as AMP6 and WEM frameworks, respectively, close out without any significant replacement workload.

The order book is healthy for 2023 (see below) and we expect revenue levels to increase by around 20% in 2023 as the AMP7 cycle build continues following on from the step up seen in 2022. Growth will also continue to be driven by inflation.

Margin performance has improved markedly after three consecutive years of margin underperformance. We have been able to deliver positive net margins with Severn Trent Water following losses and losses are much reduced at United Utilities by virtue of the lower revenue now being generated.

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 2023 is the continuance of the "Right First Time (R1T)" programme. Future focus will also be placed on workload and resource planning to ensure that delayed release of AMP7 workload will not place undue operational challenges on the business in 2023 and future years once work is released and therefore 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. Investment in the fleet has continued at high levels with capital expenditure totalling £10.9m (2021: £8.0m) with 135 items of significant plant and machinery purchased (2021: 106). 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. This investment is also focussed on the lowest carbon solutions where practical and cost effective.

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

- Average weekly revenue levels each month: £5.0m was achieved in 2022. Over the course of an AMP period £6.0m is generally targeted but in light of recent client wins and due to the impact of current inflation our expectation is for this to increase to above £7.0m a week in 2023.

J N Bentley Limited

Strategic report for the year ended 31 December 2022 (continued)

Financial performance (continued)

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

- Forward revenue visibility by customer and by month. The current forward order book for the MMBC region as at March 2022 stood at £534m (March 2022: £325m): 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 as percentage of revenue and in absolute terms; both before and after recharge to contracts.
- Working capital efficiency and specifically customer receivables relative to revenue. December 2022 days sales outstanding amounted to 55 (December 2021: 77).

The Company adopts a conservative approach to its tax strategy and, other than the HMRC Research and Development Expenditure Credit (RDEC) scheme, does not participate in any other schemes to manage downwards its tax liabilities. In 2021, £1.1m of RDEC credit relating to 2019 and 2020 was recognised within the tax charge, net of associated tax. Due to a change in presentation in 2022, £1.2m of RDEC credit relating to 2021 and 2022 was recognised within other operating income, with the associated tax being recognised within the tax charge.

Balance sheet and liquidity

Balance sheet (£000)	2020	2021	2022
Fixed assets	16,912	18,450	22,372
Net current assets	2,797	6,106	5,170
Net assets	18,613	14,599	19,570
Cash	18,239	5,990	10,895

Net assets in 2022 have increased to £19.6m (2021: £14.6m). The Company has significantly increased its investment in tangible fixed assets during the year (notably in plant such as excavators) to support future growth and to utilise super-deduction reliefs offered by HMRC to incentivise such investments. This resulted in an increase to fixed assets of £3.9m (December 2023: £22.4m, December 2022: £18.45m). Net current assets (defined as stocks, debtors and cash, less current liabilities) remained broadly consistent during the period.

During 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. In consideration for the transfer of this overall liability (net of the associated deferred tax asset) an intercompany loan was established with Mott MacDonald Limited. The balance on this loan was £1.0m as at December 2022 and it was fully repaid in January 2023.

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 2022 the cash balance was £10.9m (2021: £6.0m) and the balance on the inter-company funding loan at that point drawn down from Mott MacDonald was £nil (2021: £8.0m).

J N Bentley Limited

Strategic report (continued) for the year ended 31 December 2022 (continued)


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.</p> <p>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 Company and site inductions and daily safe start meetings. • 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. • Annual occupational health assessments for work related activities and the use of wearable technology to monitor HAVS restrictions. • 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.
<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 2022 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.

J N Bentley Limited

Strategic report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Risk or uncertainty	Mitigation
<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 and post Covid 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 (including staff permanently seconded from Mott MacDonald) 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: 126 colleagues are currently on this pathway and approximately 9.1% of our current workforce entered the business via this route. • During the year £1m was spent on training programmes for staff (2021: £0.75m) delivering around 34,000 hours of structured training (2021: 32,625 hours). Whilst this is a reduction from 2019 levels delivery has been impacted by the Covid pandemic and 2023 will see a return to more normal levels but with some remote learning principles retained. • 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 has been coming 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.

J N Bentley Limited

Strategic report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

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 two 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. • Early indications are for overall expenditure levels in AMP8 (starting in April 2025) to be considerably above those in AMP7 in part due to the level of recent media and political focus on regulated water companies. • Limited current capacity within the specialist water industry focussed civil engineering sector and a relatively small number of operators who might be able to respond quickly to our existing customer's requirements.
<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 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 addition, post Brexit and post Covid trade and supply chain uncertainty compounded by the effect of the Ukraine War have contributed to higher level of cost inflation and some product scarcity.</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. • Internally generated Bentley price index to provide visibility to operational teams and clients on the likely effect of price increases on a representative sample of construction inputs (annual measure to March 2023 is 13.2%).

J N Bentley Limited

Strategic report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

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 two of our larger frameworks: 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. The past 3 years have seen particular disruption brought about by the Covid pandemic, Brexit and the Ukraine War.</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 arose. 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. The past two years have seen increased focus on design led procurement allowing earlier procurement decisions to be made which in turn de-risks the project from a programme and price uncertainty perspective.

J N Bentley Limited

Strategic report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

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 and the benefit of these changes has been seen in commercial performance in 2022.

J N Bentley Limited

Strategic report

for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

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 during 2022 the Company became certified to both ISO27001 and Cyber Essential Plus. • 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.

Key | ↗ risk heightening in past year | ↘ risk lessening in past year | ⇄ risk holding steady in past year

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 2022 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 - 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.

2022 has continued to be a very successful year in terms of industry and client recognition with a total of 38 award wins, commendations and short-listings (2021: 26) for the technical excellence of our projects, innovation, digital delivery, efficiency, environment, temporary works, apprenticeships and STEM.

Streamlined energy and carbon reporting

As a business, we are committed to the reduction of our greenhouse gas (GHG) emissions, building resilience to the physical impacts of climate change, and managing and disclosing our climate-related risks. In 2022, Mott MacDonald Group published the first method to quantify physical climate risks into infrastructure investment decisions - the Physical Climate Risk Assessment Methodology. The Group also co-authored the update to the PAS 2080 certification, the globally recognised carbon management specification for the infrastructure industry and retained global certification to PAS 2080 by demonstrating effective carbon management systems on our projects.

J N Bentley Limited

Strategic report for the year ended 31 December 2022 (continued)

Streamlined energy and carbon reporting (continued)

This summary has been prepared as a statement of carbon emissions in compliance with streamlined energy and carbon reporting (SECR) and will cover the global GHG emissions and efficiency actions relating to transport, gas, electricity and other fuels. The energy use driving the reported UK GHG emissions is also reported.

The carbon footprint presented within this report covers the period 1 January 2022 to 31 December 2022. 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 us
 - 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:
 - Category 6: Business Travel including car travel on business use – grey fleet*

**Purchased electricity and business travel undertaken by cars is also reported in kWh for SECR reporting requirements.*

Our methodology is aligned to the GHG Protocol and has been verified to ISO 14064. Emissions are reported in units of carbon dioxide equivalent (CO₂e), using the most recent conversion factors such as the Department for Business, Energy & Industrial Strategy (BEIS, 2022) and the International Energy Agency (2022). In the absence of more granular activity data or emission factors the Quantis Scope 3 Evaluator tool has been used.

Our global carbon footprint has undergone external verification and is therefore ISO 14064 compliant. We continue to develop and deliver a robust Carbon Reduction Plan that prioritises deep carbon abatement to achieve our carbon reduction targets.

Our Carbon Reduction Plan includes the following activities which will be undertaken to drive down our absolute carbon emissions footprint:

- robustly managing our carbon emissions through improved data;
- switching to renewable energy supplies and driving energy efficiency across our offices;
- working closely with plant hire companies and manufacturers to ensure the plant we utilise on site is the most sustainable available and continue to invest in low carbon plant for the JNB plant fleet;
- investigating alternative sources for procurement to ensure a low carbon supply chain;
- investigating behavioural change measures supporting carbon reduction and innovation;
- investigating low carbon choices and mechanisms to ensure staff can reduce their emissions;
- embed PAS 2080 across all projects supported by a training programme;
- trial new innovative technologies such as solar hybrid solutions; and
- communicate with the wider business and supply chain on the Mott MacDonald Bentley Contracting (MMBC) electrification road map of how the company vehicle fleet will become fully electric in the coming years.

J N Bentley Limited

Strategic report for the year ended 31 December 2022 (continued)

Streamlined energy and carbon reporting (continued)

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, 2022).

Current reporting year: January 2022 – December 2022	2022	2021 ¹	2019 - Baseline
Total energy consumption (kWh)	46,851,902	49,577,762	47,699,299
Office energy: electricity and gas (kWh)	703,138	631,369	940,245
Company vehicles and plant energy: Gas oil, diesel and petrol (kWh)	40,083,066	43,500,406	46,759,054
Grey fleet (kWh)	6,065,698	5,445,987	Not previously calculated
Total associated GHG emissions (tCO₂e)	7,795	13,414	12,313
Scope 1: Office gas and fugitive emissions (tCO ₂ e)	26	35	22
Scope 1: Plant energy (tCO ₂ e)	3,996	9,481	9,766
Scope 1: Company vehicles (tCO ₂ e)	1,881	2,206	2,521
Scope 2: Market-based electricity (tCO ₂ e)	-	-	4
Scope 3: Business travel – grey fleet ² (tCO ₂ e)	1,892	1,692	Not previously calculated
GHG emissions intensity (tCO₂e/employee)	5.82	10.46	7.92

¹ As a result of undergoing verification of the Company's footprint and increasing the emissions scope, the 2021 footprint differ slightly from what was reported in the previous years' SECR report.

² Grey fleet: includes fuel used from personal vehicles on business use

Shareholders' funds and dividend

Shareholders' funds as at 31 December 2022 stand at £19.6m (31 December 2021: £14.6m). 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 2022 was £356m (2021: £292m).

There were no dividends declared in either year.

Section 172 of the Companies Act 2006

The Directors consider that they, both individually and collectively as part of the wider Operational Board, have acted in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to both the stakeholders and matters set out in S172(1)(a–f) of the Act) in the decisions they have taken during the year ended 31 December 2022. In making this statement, the Directors, having regard for longer-term considerations of shareholders and the environment, have taken into account the following:

- the likely consequences of decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and external agencies;
- the impact of the Company's operations on local communities and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Wates Corporate Governance Principles for Large Private Companies (published in November 2018) provides a framework for the Directors to demonstrate how the Company complies with the requirements of section 172 the Companies Act 2006. Our reporting against the Wates principles has been included within the Corporate Governance Report that follows.

J N Bentley Limited

Strategic report for the year ended 31 December 2022 (continued)

Section 172 of the Companies Act 2006 (continued)

The Directors consider the businesses key stakeholders to be the Company's employees (many of whom are also shareholders), customers and suppliers, our local communities and relevant industry and regulatory bodies. How the Company engages with its stakeholders is set out within principle 6 in the Corporate Governance Report.

Key Operational Board decisions during 2022 and 2023

1 - Setting of the annual budget and tracking against subsequent forecasts

The Operational Board monitored performance against budget and updated financial forecasts during 2022 and subsequently reviewed and approved the 2023 budget. The directors have reviewed and approved the going concern presumption in these accounts. In relation to both areas ensuring:

- Transparency to the parent Company and, ultimately, its shareholders
- Informed business planning, operational decision making and resource allocation to aid engagement with all stakeholders above

2 - Setting of pay and bonus levels considering prevailing labour market cost inflation

To support recruitment and retention significant pay awards were approved by the Operational Board in both July 2022 and January 2023. In addition to this and considering current trading performance, decisions were made as to the appropriate level of employee bonus in both summer 2022 and winter 2022. In relation to both areas of decision-making consideration was given to ensuring:

- Support to the workforce at time of cost-of-living pressures, particularly for lower paid members of the workforce
- Addressing headcount pressures to ensure adequate skills and capacity to deliver expected client workload, particularly considering those roles with most the acute shortages and recruitment challenges
- Cost of the awards and their likely impact on shareholder returns

3 - Updating of business plan objectives for 2023

The Company sets annual business plan objectives to ensure operational improvements and other strategic areas are properly identified and resource is appropriately allocated to delivering the associated initiatives. In approving the overall business plan and acceptance of its individual components consideration is given by the Operational Board to:

- The interests of all stakeholders but particularly our customers' requirements and employee aspirations
- Alignment with the primary objectives of Mott MacDonald Group as our immediate shareholder (including moving to a low carbon delivery model, delivering social value and the digital delivery of projects)

Going concern

In determining whether the Group and Company annual consolidated financial statements can be prepared on the going concern basis, the Board considered all factors likely to affect its future development, performance and financial position, including cash flows, liquidity position and the risks and uncertainties relating to its business activities.

The uncertainty regarding the impact on the Company of inflation, the war in Ukraine and other supply chain challenges have been considered as part of the Company's adoption of the going concern basis.

High levels of inflation within the economy and the construction sector have been managed proactively aided by using the Bentley Price Index ("BPI") measure to monitor costs of commonly used materials and monitor the

J N Bentley Limited

Strategic report for the year ended 31 December 2022 (continued)

Going concern (continued)

impact of such movements on tendering and profitability. 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. Shortages of labour in the construction sector have also required consideration during the period; whilst this presents no risk to the deliverability of the existing pipeline of work, it may temper the pace of future growth plans.

In preparing our forecasts for a period through to 30 June 2024 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 to date in AMP7, a revenue shortfall is considered a more remote risk to financial performance.

We have performed reverse stress tests 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 6 June 2023 and signed on its behalf by:



P R Bentley
Managing Director

J N Bentley Limited

Corporate governance report for the year ended 31 December 2022

Overview

For the year ended 31 December 2022, 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 22 members (four of whom are directors of the company). A further two senior Mott MacDonald directors are directors of the Company but do not participate in the MMBC Operational Board. Twelve 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.
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.

J N Bentley Limited

Corporate governance report for the year ended 31 December 2022 (continued)

Overview (continued)

Principle 2 – Board composition (continued)

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: (continued)

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 within Mott MacDonald Limited the ultimate shareholder. Two senior directors of Mott MacDonald Limited are also directors 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 20 male: 2 female (2021: 19:2) 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.

In 2021 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 Sustainability Executive Group that was established in 2022.

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 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 the Mott MacDonald Business Integrity Policy applies to all employees and this is supported 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.

Principle 4 – risk and opportunity

The Business Risk Executive Group owns the risk register which is based upon a risk catalogue set at a Mott MacDonald Group level. All identified risks (both existing and emerging) are reviewed at least annually over a

J N Bentley Limited

Corporate governance report for the year ended 31 December 2022 (continued)

Overview (continued)

Principle 4 – risk and opportunity (continued)

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 2022, 13,238 QC&E (“Quality, Cost and Efficiency”) events were raised (2021: 11,760) with around 37% 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;
- ISO27001 for information security;
- ISO50001 for energy management.

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 all 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 considered 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

J N Bentley Limited

Corporate governance report for the year ended 31 December 2022 (continued)

Overview (continued)

Principle 5 – remuneration (continued)

Director's remuneration comprises: (continued)

- 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 2021 and 2022 was as follows with all those Directors who were members of the Operational Board during each period included within each mean figure:

£'000	2021	2022
Basic salary	113	123
J N Bentley bonus	3	8
Mott MacDonald dividends and shareholder bonus	50	63
Pension contributions	22	17
Other benefits and remuneration	2	2
Mean total reward	190	213
Total reward: mean Director / mean all staff ratio	3.77	3.71

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 2022 stood at 36 days (prior year comparator: 47 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 our staff play an active role in community initiatives and fundraising. Social impact and delivering positive social outcomes is a key area of focus for us. Areas for immediate development are understanding the social value we deliver as a business, pursuing our aim to maximise social value delivered through our projects and to further develop how we operate sustainably and deliver sustainable solutions by increasing the ability to capture data and generate reporting.

J N Bentley Limited

Corporate governance report for the year ended 31 December 2022 (continued)

Overview (continued)

Principle 6 – stakeholders (continued)

How does the Company engage with its stakeholders?

Stakeholder (and their concerns)	Methods of engagement
Employees (health, safety and wellbeing; development; equality, diversity and inclusion)	<ul style="list-style-type: none"> Engagement on the employee health, safety and wellbeing agenda supported by the i-care behavioural programme reinforced by positive interventions Regular “connected conversations” with all employees Whole company seminar in 2022 attended by the entire workforce Employee engagement surveys and regular communications Senior management site visits Be Heard forum and Talkabout sessions
Customers (quality, innovation, capacity)	<ul style="list-style-type: none"> Heavy focus on senior management engagement and customer’s upcoming business priorities In depth understanding of each client’s investment programme and associated requirements Innovative design and delivery focussed on low cost, low carbon and digitally enabled solutions Early engagement on schemes to optimise the potential for optioneering High operational standards with focus on “Right First Time”
Suppliers (trust; efficiency)	<ul style="list-style-type: none"> Early engagement with suppliers on upcoming schemes supported by design led procurement Focus on treating and paying suppliers fairly Supply chain portal to support account management activities Proactively supporting the supply chain in delivering ethical and sustainable procurement into the business
Local communities (delivering long-term social value; managing disruption)	<ul style="list-style-type: none"> Active recruitment within those areas where work is delivered Employee engagement in local community projects Consideration and respect for local neighbourhoods
Regulatory and industry bodies (compliance with laws and regulations)	<ul style="list-style-type: none"> Well defined approach to managing conflicts of interest and whistleblowing Robust processes in place to manage compliance with modern slavery, competition and financial crime legislation Positive engagement with Health and Safety Executive and Environment Agency Membership of Civil Engineering Contractors Association

J N Bentley Limited

Directors' report for the year ended 31 December 2022

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) Resigned 3 Oct 2022
J D Rhodes FCA	(Finance Director)
E G Roud FCA	(Director)
M D Haigh	(Director) Resigned 29 Jul 2022
J H K Harris	(Director)
I Bester	(Operations Director) Appointed 3 Oct 2022
S C Tetlow	(Director) Appointed 3 Oct 2022

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 £5.0m (2021: £1.8m).

Dividends

No dividends were paid in either 2021 or 2022.

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. 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 4-17.

Statement of Directors' Responsibilities

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

J N Bentley Limited

Directors' report for the year ended 31 December 2022 (continued)

Statement of Directors' Responsibilities (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; and
- 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, reviewed the length of time that Grant Thornton UK LLP had been the independent auditor of the ultimate parent entity's financial statements. As a result of that review, Grant Thornton UK LLP was not reappointed as either Group auditor, or auditor of this company following the conclusion of the 31 December 2021 audit, and BDO LLP was 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
6 June 2023

J N Bentley Limited

Independent auditor's report to the members of J N Bentley Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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.

We have audited the financial statements of J. N. Bentley Limited ("the Company") for the year ended 31 December 2022 which comprise the Income statement, The Statement of comprehensive income, the Statement of financial position, the 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).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

J N Bentley Limited

Independent auditor's report to the members of J N Bentley Limited (continued)

Other Companies Act 2006 reporting

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

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

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 Report of the Directors.

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

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

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

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We made enquires of management and the directors concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and

J N Bentley Limited

Independent auditor's report to the members of J N Bentley Limited (continued)

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

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

We corroborated our enquires through the review of board minutes.

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company based on our understanding of the business, sector experience and discussions with management. The most significant considerations for the Company are compliance with UK Accounting Standards, the Companies Act 2006, corporate taxes, VAT legislation, employment taxes and health and safety legislation.
- We discussed amongst the engagement team to assess how and where fraud might occur in the financial statements, any potential indicators of fraud and non-compliance with laws and regulation.

Based on our understanding of the environment and assessment of the incentive and opportunity for fraud and non-compliance with laws and regulations gained from the above work we designed and executed the following procedures:

- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements. We obtained a complete population of all journals in the year and test any which we considered were indicative of management override agreeing to supporting evidence and ensuring correctly recorded.
- We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business. We considered the risk of bias in accounting estimates to be most relevant in the recognition of revenue and other estimates associated with accounting for the long-term contracts. We reviewed a sample of contracts that met our selection criteria either due to magnitude or risk assessed by the audit team along with a random sample of other contracts to ensure all contracts had a chance of being selected. We challenged management on the key judgements and corroborated explanations provided to supporting evidence.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

J N Bentley Limited

Independent auditor's report to the members of J N Bentley Limited (continued)

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.

DocuSigned by:

Gareth Singleton

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06 June 2023

Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
6 June 2023

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

J N Bentley Limited

Income statement

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	5	263,469	227,927
Cost of sales		(247,353)	(219,222)
Gross profit		16,116	8,705
Administrative expenses		(11,415)	(7,592)
Other operating income	6	1,777	-
Operating profit	7	6,478	1,113
Net interest (payable)	10	(89)	(167)
Other finance cost	24	-	(105)
Profit on ordinary activities before taxation		6,389	841
Tax on profit on ordinary activities	11	(1,418)	961
Profit for the financial year		4,971	1,802

All amounts relate to continuing operations.

Statement of comprehensive income

for the year ended 31 December 2022

		2022 £'000	2021 £'000
Profit for the financial year		4,971	1,802
Actuarial gain on pension scheme liability	24	-	2,711
Tax on pension scheme deficit contributions	11	-	73
Movement on deferred tax relating to pension liability	11	-	(588)
Total comprehensive income for the year		4,971	3,998

The notes on pages 32 to 47 form part of these financial statements.

J N Bentley Limited

Statement of financial position as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	14	22,010	17,865
Intangible assets	13	301	524
Investments	15	61	61
		22,372	18,450
Current assets			
Stocks	16	20	45
Debtors	17	48,281	51,640
Cash at bank and in hand		10,895	5,990
		59,196	57,675
Creditors: amounts falling due within one year	18	(54,026)	(51,569)
Net current assets		5,170	6,106
Total assets less current liabilities		27,542	24,556
Creditors: amounts falling due after more than one year	19	(982)	(4,287)
Provisions for liabilities	20	(6,990)	(5,670)
Net assets		19,570	14,599
Capital and reserves			
Called up share capital	22	9	9
Share premium account		4	4
Profit and loss account		19,557	14,586
Total shareholders' funds		19,570	14,599

The notes on pages 32 to 47 form part of these financial statements.

The financial statements on pages 29 to 46 were approved by the board of directors on 6 June 2023 and were signed on its behalf by:



P R Bentley
Director

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022

Statement of changes in equity as at 31 December 2022

	2022 £'000	2021 £'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	14,586	10,588
Profit for the financial year	4,971	1,802
Actuarial gain on pension scheme liability (note 24)	-	2,711
Tax on pension scheme deficit contributions (note 11)	-	73
Movement on deferred tax relating to pension liability (notes 11 & 21)	-	(588)
Dividends paid (note 12)	-	-
At 31 December	19,557	14,586
Total capital and reserves	19,570	14,599

The notes on pages 32 to 47 form part of these financial statements.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022

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 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. The company has taken advantage of the exemptions under the terms of FRS102 Section 33 not to disclose transactions with other group companies and key management personnel compensation in total.

Going concern

As explained in more detail in the strategic report, after reviewing the company’s forecasts and projections for the period to 30 June 2024, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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. The value of work completed at each year end date is assessed by commercial teams who complete internal valuations on works completed and in progress. Regular management reviews of contract progress include a comparison of internal valuations to the applications for payment made by subcontractors. The contract accounting 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.

A provision is recognised where it is expected that total contract costs will exceed total contract revenue. This provision is based upon the projected outcomes of projects which may include significant judgement and estimates. Projected outcomes are made by commercial teams and regularly reviewed by management.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

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 have been incurred plus recognised profits (less recognised losses other than to the extent that losses have been recognised ahead of the percentage stage of completion of the contract) 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 other than to the extent that losses have been recognised ahead of the percentage stage of completion of the contract). 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
Plant and machinery & motor vehicles	10-25% on a straight line basis
Fixtures and fittings	25% on a straight line basis

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Principal accounting policies (continued)

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	25-33% on a straight line basis
--------------------------	---------------------------------

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.

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.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Principal accounting policies (continued)

Operating leases

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

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.

Provisions for liabilities

Provisions for liabilities are comprised of provisions for losses on contracts, deferred tax and other provisions. A provision for losses on contracts is recognised when a future loss on a contract is anticipated but has not been recognised within revenue; a provision is created by increasing cost of sales on the income statement and creating an associated liability. As the contract progresses, as the loss is recognised through contract accounting, the provision will be unwound. A deferred tax liability will be recognised when there is a temporary timing difference between taxable profits and accounting profits. Other provisions will be created where a liability is anticipated in the future.

Rental income

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

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Principal accounting policies (continued)

Government grants and tax credits

The HMRC Research and Development Expenditure Credit (RDEC) is accounted for under the accruals model. The receipt of the tax credit, and associated professional fees are accounted for within other operating income. The expected tax charge relating to the credit is recognised within the corporation tax charge. An asset is created within the Corporation Tax debtor in anticipation of the receipt of funds from HMRC.

Dividends

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

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 Other operating income

	2022 £'000	2021 £'000
Research and development tax credits	1,061	-
Sub-let rental income	279	-
Construction industry training grants	437	-
Other operating income	1,777	-

Research and development tax credits were presented within the tax credit in 2021. In 2022, and in line with treatment elsewhere in the Mott MacDonald Group Limited, they are included within operating profit before tax but after the associated contingent advisor fees.

Rental income and construction industry training grants were disclosed within Administrative expenses in 2021.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

7 Operating profit

	2022 £'000	2021 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets (note 14):		
Owned assets	5,870	5,512
Assets held under finance leases	89	371
Amortisation of intangible fixed assets (note 13)	327	300
Operating lease rentals:		
Buildings	647	673
Motor cars	95	366
Profit on disposal of tangible fixed assets	(1,728)	(2,097)
Auditor's fees – audit services	205	128

Fees paid to BDO LLP for non-audit services were £nil (2021: Grant Thornton UK LLP £nil).

8 Employee costs (excluding directors)

	2022 £'000	2021 £'000
Wages and salaries	71,252	59,885
Social security costs	7,796	6,144
Defined benefit pension scheme – current service cost (note 23)	-	110
Defined contribution pension costs	3,789	3,331
Staff costs	82,837	69,470

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

	2022 Number	2021 Number
By activity		
Office, management and site management	870	811
Construction	468	471
	1,338	1,282

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Directors' emoluments

	2022 £'000	2021 £'000
Directors' emoluments	1,275	770
Defined contribution pension costs	77	48
	1,352	818

The emoluments (excluding pension contributions) of the highest paid director were £450,858 (2021 - £376,547). Four other directors served during 2022 (2021: two).

During the year £77,180 (2021 - £47,835) of contributions were paid to the Group Personal Pension Plan in respect of four directors (2021: two), of which £nil (2021: £nil) related to the highest paid director. Some of the directors also have benefits under the closed defined benefit plan.

10 Net interest receivable

	2022 £'000	2021 £'000
Interest payable on finance leases	(11)	(39)
Interest payable upon funding loan with the intermediate holding company	(94)	(128)
Other	-	-
Interest payable	(105)	(167)
Interest receivable on deposits with the intermediate holding company	-	-
Interest receivable on bank deposits	16	-
Interest receivable	16	-
Net interest (payable)	(89)	(167)

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Tax on profit on ordinary activities

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax on profits for the year	(940)	(770)
Adjustment in respect of prior years	(460)	(902)
Total current tax	(1,400)	(1,672)
Deferred tax - origination and reversal of timing differences	2,090	770
- effect of increased tax rate on opening liability	-	(44)
- adjustment in respect of prior years	728	(15)
Total deferred tax (note 20)	2,818	711
Tax on profit on ordinary activities	1,418	(961)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained as follows:

Reconciliation of total tax charge/(credit):		
	2022 £'000	2021 £'000
Profit on ordinary activities before tax	6,389	841
Expected tax on profits at 19.00% (2021: 19.00%)	1,214	160
Effects of:		
Expenses not deductible for tax purposes	5	5
Fixed asset differences	(570)	(351)
Adjustment in respect of prior years	268	(916)
Rate difference - deferred tax	501	141
Total tax charge/(credit)	1,418	(961)

Deferred tax has been recognised at 25% in both 2021 and 2022 which is based upon the rates expected to apply at the date of reversal. The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023.

The adjustment in respect of prior years in 2021 contained £914,000 of RDEC credit, net of associated tax, relating to 2019 and 2020. In 2022, the gross RDEC credit accrued of £1,156,000, relating to 2021 and 2022, has been presented within administrative expenses due to a change in presentation. Associated tax of £214,000 is included within the current tax charge above.

Fixed asset differences include the effect of the HMRC super deduction relief, which was claimed by the Company during both 2021 and 2022.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

Tax included in statement of comprehensive income		
	2022 £'000	2021 £'000
The tax charge /(credit) is made up as follows:		
Tax on pension scheme deficit contributions	-	73
Deferred tax on actuarial gain on pension scheme (note 21)	-	(588)

12 Dividends

	2022 £'000	2021 £'000
Equity – ordinary		
Interim paid £0 (2021: £0) per £1 share	-	-

13 Intangible fixed assets

	IT software and licences £'000
Cost	
At 1 January 2022	2,300
Additions	104
At 31 December 2022	2,404
Accumulated depreciation	
At 1 January 2022	1,776
Charge for the year	327
At 31 December 2022	2,103
Net book amount	
At 31 December 2022	301
At 31 December 2021	524

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14 Tangible fixed assets

	Leasehold improvements £'000	Plant and machinery & motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2022	238	31,052	2,419	33,709
Additions	-	10,146	617	10,763
Disposals	-	(4,924)	(531)	(5,455)
At 31 December 2022	238	36,274	2,505	39,017
Accumulated depreciation				
At 1 January 2022	95	14,142	1,607	15,844
Charge for the year	94	5,421	355	5,870
Disposals	-	(4,195)	(512)	(4,707)
At 31 December 2022	189	15,368	1,450	17,007
Net book amount				
At 31 December 2022	49	20,906	1,055	22,010
At 31 December 2021	143	16,910	812	17,865

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

	2022 £'000	2021 £'000
Cost	-	2,522
Accumulated depreciation	-	(805)
Net book amount	-	1,717

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

15 Fixed asset investments

	2022 £'000	2021 £'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.

These undertakings have been considered in these financial statements as subsidiaries and have not been consolidated.

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.

16 Stock

	2022 £'000	2021 £'000
Raw materials and consumables	20	45

Stock recognised in cost of sales during the year as an expense was £35,000 (2021: £23,509).

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

17 Debtors

	2022 £'000	2021 £'000
Trade debtors	2,167	2,617
Amounts owed by related party	133	70
Amounts recoverable on contracts	7,670	-
Amounts recoverable on contracts due from joint venture undertakings	30,892	44,630
Corporation tax	2,673	1,424
VAT	3,297	1,690
Other debtors	13	23
Prepayments and accrued income	1,436	1,186
	48,281	51,640

Trade debtors are stated after provisions for impairment of £nil (2021: £nil).

18 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	17,984	15,123
Amounts owed to parent company	340	8,324
Amounts owed to related party	-	1,359
Payments received on account	348	580
Payments received on account from joint venture undertakings	9,245	8,210
Finance leases (note 23)	-	790
Other taxation and social security	3,405	2,068
Other creditors	674	605
Accruals	22,030	14,510
	54,026	51,569

The amounts owed to parent company include a funding loan from Mott MacDonald Limited of £nil (2021: £8,000,000). Interest on this loan is payable at the three-month average SONIA interest rate plus 2.775%. Other amounts due to parent company are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

19 Creditors: amounts falling due after more than one year

	2022 £,000	2021 £,000
Finance leases (note 23)	-	305
Amounts owed to parent company	982	3,982
	982	4,287

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 on 31 December 2021, less amounts settled during 2022 of £3,000,000. This amount is unsecured, interest bearing (in line with note 18) and whilst it has no fixed date of repayment it is subject to an 18 month notice period for the lender.

20 Provisions for liabilities

	Provisions for losses on contracts £'000	Deferred taxation (note 20) £'000	Other provisions £'000	Total £'000
At 1 January	4,678	588	404	5,670
Arising during the year	1,583	2,818	64	4,465
Utilised or released during the year	(3,145)	-	-	(3,145)
At 31 December	3,116	3,406	468	6,990

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.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

21 Deferred tax

The deferred tax liability comprises:	2022	2021
	£'000	£'000
Accelerated capital allowances	3,406	588
Deferred tax liability	3,406	588
	2022	2021
	£'000	£'000
As at 1 January	588	(1,645)
Deferred tax charge in income statement (note 11)		
- Current year	2,090	726
- Prior year adjustment	728	(15)
Charge recognised within the statement of comprehensive income (note 11)	-	588
Deferred tax on pension scheme liability released and then transferred to intercompany loan	-	934
As at 31 December	3,406	588

During 2021, 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 £1,364,792 (2021: £nil).

22 Called up share capital

Authorised	2022	2021
	£'000	£'000
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 2022 (continued)

23 Obligations under leases

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

	Land and buildings 2022 £'000	Land and buildings 2021 £'000	Other 2022 £'000	Other 2021 £'000
Amounts payable:				
Within one year	516	647	-	95
In two to five years	256	791	-	-
Over five years	-	-	-	-
	772	1,438	-	95

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

	2022 £'000	2021 £'000
Amounts repayable:		
Within one year (note 18)	-	790
In two to five years (note 19)	-	305
	-	1,095

24 Capital Commitments

	2022 £,000	2021 £,000
Contracted but not provided for	3,071	-
	3,071	-

Plant and vans with a combined value of £3,071,000 had been committed but not provided for at year end. These assets will be received and capitalised during 2023.

25 Pension commitments

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.

J N Bentley Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

26 Related party disclosures

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

During the year the company derived £202,439,000 (2021: 172,583,000) of its turnover from work done for MMB. The amounts recoverable on contracts due from MMB are disclosed in note 17. Payments on account due to MMB are disclosed in note 18.

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

During the year the company derived £31,881,000 (2021: £38,064,000) of its turnover from work done for JBAB. The amounts recoverable on contracts due from JBAB are disclosed in note 17. Payments on account due to JBAB are disclosed in note 18.

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 9.

Mott MacDonald Limited ('MML') – ultimate parent

During the year the company derived £1,158,652 (2021: £493,141) of its turnover from work done for MML. The amounts recoverable from MML are disclosed in note 17. Amounts owed by MML are disclosed in note 18. The highest value outstanding during 2022 was in January, being £7,349,000 for the short-term funding loan and £3,982,000 for the pension loan due after 12 months.

27 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.

28 Post statement of financial position events

There has been no significant post statement of financial position events identified.