

**Company Number: 1887373**



# **BMT Limited**

**(formerly British Maritime Technology Limited)**

## **REPORT AND ACCOUNTS**

**30 SEPTEMBER 2005**





BMT Limited

COMPANY LIMITED BY GUARANTEE

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## **DIRECTORS**

C V Betts CB

Dr N E Cross

A P Docherty

P D French

J P Gallagher

D K McSweeney

B A Smouha

Dr A O Tyler

Vice Admiral Sir Peter Woodhead KCB

(Appointed Chairman to take effect from 1 January 2006)

(Deputy Chairman)

## **COMPANY SECRETARY**

G Turner

## **AUDITORS**

Baker Tilly

The Clock House

140 London Road

Guildford

Surrey

GU1 1UW

## **BANKERS**

Barclays Bank Plc

## **SOLICITORS**

Freshfields

Curtis Davis Garrard

Barlow Lyde & Gilbert

## **REGISTERED OFFICE**

Orlando House

1 Waldegrave Road

Teddington

Middlesex

TW11 8LZ



BMT Limited

**REPORT AND ACCOUNTS**  
For the year ended 30 September 2005

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The Directors present their report together with the accounts of the company and the Group for the year ended 30 September 2005. The company is limited by guarantee, without share capital, and is in the ultimate control of the Trustees of the BMT Employee Benefit Trust ("EBT") established for the short, medium and long-term benefit of all staff.

#### **CHAIRMAN**

The directors and the staff were saddened by the death of the Chairman, Mr David Goodrich on 30 October 2005. David Goodrich made an invaluable and unique contribution to the company, being its first Managing Director and Chief Executive. He was appointed Chairman of the company on 21 March 1997 and remained so after his retirement from the post of Chief Executive on 11 April 2002. He will be greatly missed.

#### **CHIEF EXECUTIVE**

Mr Roger Swann stepped down, on the grounds of ill health, from the post of Chief Executive on 8 September 2005 and also tendered his resignation as a Director of the company. The Board and the staff wish him well on his road to recovery. The Board was very pleased to announce the appointment of Mr Peter French, an existing executive Director, as Chief Executive, effective from 1 October 2005.

#### **CHANGE OF NAME**

The company changed its name from British Maritime Technology Limited to BMT Limited on 3 October 2005.

#### **PRINCIPAL ACTIVITIES**

BMT is a leading design, engineering and risk management consultancy, working principally in the defence, energy, marine insurance and transport sectors. It invests significantly in research. Its customers are served by a network of international subsidiary companies, employing 947 staff worldwide.

The various professional and technical disciplines are more specifically defined in the list of companies shown on pages 26 & 27.

#### **REVIEW OF THE BUSINESS**

The turnover for the year was £76,300,000 (2004: £71,200,000) showing 7% growth on the turnover achieved on the previous year.

No acquisitions were made during the year, but four new companies were established: BMT Defence Services (Australia) Pty Limited is based in Melbourne and is providing design and programme management services to the Australian defence sector; PT BMT Asia Pacific Limited is based in Jakarta and its principal activity is the provision of environmental services to the oil and gas industry; BMT ISIS Limited is engaged in safety and environmental services primarily within the UK defence sector; and BMT Rail Limited is working with the rail industry to improve availability, reliability and maintainability of rolling stock.

The markets in which the Group traded were mixed; for example, the defence market was very challenging whilst the energy sector benefited from the impact of higher oil prices.

#### **RESULTS**

The Directors are able to announce that the profit for the year before subsidiary companies profit share, the BMT profit sharing scheme and taxation was £2,700,000.

After the subsidiary companies' profit related pay, the BMT profit sharing scheme, taxation and minority interest £295,000 will be taken to reserves. The profit share payment within subsidiary companies was £1,662,000 (2004: £1,800,000). The Board has approved a BMT profit share pool of £1,000,000 (2004: £1,700,000) and this will be distributed to all eligible staff in March/April 2006.

**DIRECTORS**

The directors during the year were:

D Goodrich (Chairman, died 30 October 2005)  
 C V Betts CB  
 Dr N E Cross  
 A P Docherty\*  
 P D French\*  
 J P Gallagher \*  
 D K McSweeney\*  
 B A Smouha  
 R Swann\* (to 8 September 2005)  
 Vice Admiral Sir Peter Woodhead KCB (Deputy Chairman)

\* executive directors

Dr Andrew Tyler was appointed as an executive Director effective from 1 October 2005

Membership of the Sub-Committees of the Board during the year was as follows:-

Member	Audit	Remuneration	Research & Development	Investment	Operations
Mr D Goodrich	•			•	
Mr C V Betts			•		
Dr F Caldeira-Saraiva			•		
Dr N E Cross	•			c	
Dr M E Davies			•		
Mr A P Docherty					•
Mr P D French					•
Mr J P Gallagher					•
Mr D K McSweeney				•	•
Mr B A Smouha	c	•			
Mr R Swann		•	c	•	c
Sir Peter Woodhead		c			

*c denotes Chairman*

Dr F Caldeira-Saraiva is the Research Director of BMT Limited and Dr ME Davies is the Development Director of BMT Limited. Neither is a Director of the company.

**BMT EMPLOYEE BENEFIT TRUST**

The Trustees of the EBT, who are the sole voting members of the company, are:

Vice Admiral Sir Peter Woodhead KCB (Chairman of the Trustees)  
 Dr N E Cross (Trustee)  
 G W Morton (Independent Trustee)  
 B A Smouha (Trustee)

Trustees and non-executive directors cannot benefit from the Employee Benefit Trust.

**HEALTH & SAFETY**

The Group has a vigorous approach to health and safety and has proper policies and procedures in place in order to comply with both the requirements and spirit of all relevant British and overseas legislation. The Group has nominated one of the Executive Directors, Mr A P Docherty, to be responsible for all such matters, supported by an Independent Health and Safety Advisor in the UK, an independent specialist Health & Safety consultancy in North America and by subsidiary company health and safety officers. Formal reporting is required at every Board meeting of the parent company and at all subsidiary company Board meetings.

**EMPLOYEES**

The company is in the ultimate control of the Trustees of the EBT in beneficial ownership for all employees. A quarterly publication, "Staff in Partnership", is produced, informing staff of the overall performance of the business and other relevant matters.

The subsidiary companies operate a number of methods (including briefing sessions and newsletters) whereby their staff are briefed on matters of concern to them as employees and as beneficiaries of the Employee Benefit Trust.

The Group gives proper consideration to applications for employment from disabled persons. Where an employee becomes disabled, the Group endeavours to continue employment, provided there are duties the employee is capable of performing. In the UK, where this is not possible, the employee's earnings and pension contributions are normally protected by an insurance policy up to his or her normal retirement date and elsewhere arrangements follow local customs. Training, career development and promotion are available to disabled persons. Furthermore, when acquiring or modifying properties, the Group endeavours to make the property accessible to individuals with a disability.

**AUDITORS**

Baker Tilly has expressed their willingness to continue in office as auditors in accordance with Section 385 of the Companies Act 1985.

**CORPORATE GOVERNANCE**

Whilst BMT is not a public company, its policy is nevertheless, where appropriate for a group of its size, to comply with the spirit of the Combined Code, the Principles of Good Corporate Governance and the Code of Best Practice contained in the Combined Code. Different aspects of Corporate Governance and the development of Corporate Governance policies are regular features of Board meetings of the company.

**CHARITABLE AND POLITICAL DONATIONS**

During the year, the Group made charitable donations of £19,879 including a donation of £10,000 to the International Maritime Organisation's Tsunami Maritime Relief Fund.

By order of the Board

G Turner  
Secretary

15 December 2005



Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



BMT Limited

**INDEPENDENT AUDITORS' REPORT**  
to the members of BMT Limited

We have audited the accounts on pages 8 to 37.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

***Respective responsibilities of directors and auditors***

The directors' responsibilities for preparing the Annual Report and accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not yet received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only the Directors' Report. We consider the implications of our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

***Basis of opinion***

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

***Opinion***

In our opinion, the accounts give a true and fair view of the state of affairs of the company and of the Group as at 30 September 2005 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Baker Tilly*

BAKER TILLY  
Chartered Accountants and  
Registered Auditors  
The Clock House  
140 London Road  
Guildford  
Surrey GU1 1UW

15 December 2005





BMT Limited

**GROUP PROFIT AND LOSS ACCOUNT**  
for the year ended 30 September 2005

	Notes	2005 £000	2004 £000 restated
<b>GROUP TURNOVER</b>	2	76,301	71,201
Costs less other income	3	(76,997)	(70,500)
<b>Operating (Loss) / Profit</b>		<u>(696)</u>	<u>701</u>
Share of associates losses		(77)	(32)
<b>TOTAL OPERATING (LOSS) / PROFIT</b>	4	<u>(773)</u>	<u>669</u>
Income from fixed asset investments		1,821	1,506
Interest receivable	7	216	224
Interest payable and similar charges	8	(226)	(222)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND BMT PROFIT SHARING SCHEME</b>		<u>1,038</u>	<u>2,177</u>
BMT profit sharing scheme		(1,000)	(1,700)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>38</u>	<u>477</u>
Tax (charge) / credit on profit on ordinary activities	9	-	250
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>38</u>	<u>727</u>
Minority Interest		<u>5</u>	<u>22</u>
<b>RETAINED PROFIT FOR THE YEAR</b>		<u>43</u>	<u>749</u>



BMT Limited

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 30 September 2005

	2005 £000	2004 £000 restated
Retained profit for the year:		
Group	128	781
Share of associates	(85)	(32)
	43	749
Net exchange gain/(loss) on foreign equity investments	200	(320)
Actuarial (loss)/gain recognised on pension schemes	(1,279)	2,582
Movement on deferred tax relating to actuarial gain on pensions	351	(824)
Exchange (loss)/gain on foreign pensions	(52)	73
Total recognised gains less losses relating to the year and net movement in funds	(737)	2,260
Prior year adjustment (UITF 40) (note 27)	592	
Prior year adjustment (FRS 17) (note 28)	(12,217)	
Total gains and losses recognised since last annual report	(12,362)	

**RECONCILIATION OF MOVEMENT IN MEMBERS FUNDS**

	2005 £000	2004 £000 restated
Profit for the financial year	1,043	2,449
BMT Profit Sharing Scheme	(1,000)	(1,700)
Movement on Pension Scheme	(980)	1,831
Net exchange gain/(loss) on foreign equity investments	200	(320)
	(737)	2,260
Total funds at 1 October 2004 (originally 51,443 before deducting prior year reduction of 11,625)	39,818	37,558
Total funds at 30 September 2005	39,081	39,818

**TOTAL PROFIT RECONCILIATION**

	2005 £000	2004 £000 restated
Profit on ordinary activities for the year	2,700	3,977
Profit related bonuses in subsidiary companies	(1,662)	(1,800)
BMT profit sharing scheme	(1,000)	(1,700)
Taxation	-	250
Minority interest	5	22
Retained profit for the year	43	749

The profit on ordinary activities for the year before the impact of UITF40 was £3,096,000 (2004: £4,086,000).



BMT Limited

**GROUP BALANCE SHEET**  
as at 30 September 2005

	Notes	2005 £000	2004 £000 restated
<b>FIXED ASSETS</b>			
Goodwill	10	5,616	7,376
Other intangible assets	10	1,600	1,728
Tangible assets	11	7,489	7,821
Investments	12	28,318	26,515
Investments in associates	12	76	65
		<u>43,099</u>	<u>43,505</u>
<b>CURRENT ASSETS</b>			
Stocks		5	34
Debtors:			
Amounts falling due within one year	13	30,598	26,658
Amounts falling due after one year	13	692	357
Cash at bank and in hand	14	11,753	9,948
		<u>43,048</u>	<u>36,997</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>33,671</u>	<u>27,657</u>
<b>NET CURRENT ASSETS</b>		<u>9,377</u>	<u>9,340</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		52,476	52,845
<b>CREDITORS: amounts falling due after more than one year</b>	16	687	1,338
Accruals and deferred income	19	<u>233</u>	<u>241</u>
<b>TOTAL NET ASSETS EXCLUDING PENSION LIABILITY</b>		51,556	51,266
Pension liability		<u>(12,519)</u>	<u>(11,487)</u>
<b>TOTAL NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>39,037</u>	<u>39,779</u>
<b>CAPITAL AND RESERVES</b>			
Profit and loss account	20	51,600	51,305
Pension reserve		<u>(12,519)</u>	<u>(11,487)</u>
<b>TOTAL FUNDS</b>		<u>39,081</u>	<u>39,818</u>
Minority interest		<u>(44)</u>	<u>(39)</u>
		<u>39,037</u>	<u>39,779</u>

Approved by the Board on 15 December 2005

P D French  
Director

D K McSweeney  
Director

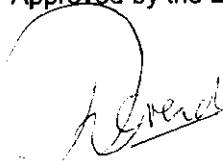


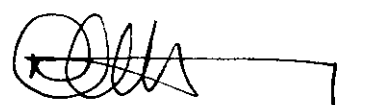
BMT Limited

COMPANY BALANCE SHEET  
as at 30 September 2005

	Notes	2005 £000	2004 £000
<b>FIXED ASSETS</b>			
Tangible assets	11	5,486	5,720
Investments	12	<u>49,444</u>	<u>46,452</u>
		<u>54,930</u>	<u>52,172</u>
<b>CURRENT ASSETS</b>			
Debtors:			
Amounts falling due within one year	13	2,531	3,239
Amounts falling due after one year	13	4,625	4,049
Cash at bank and in hand		739	1,197
		<u>7,895</u>	<u>8,485</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>6,227</u>	<u>4,359</u>
<b>NET CURRENT ASSETS</b>		<u>1,668</u>	<u>4,126</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		56,598	56,298
<b>CREDITORS: amounts falling due after more than one year</b>	16	510	1,020
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18	215	365
<b>ACCRUALS AND DEFERRED INCOME</b>	19	<u>233</u>	<u>241</u>
		<u>55,640</u>	<u>54,672</u>
<b>CAPITAL AND RESERVES</b>			
Profit and loss account	20	55,640	54,672
<b>TOTAL FUNDS</b>		<u>55,640</u>	<u>54,672</u>

Approved by the Board on 15 December 2005

  
P D French  
Director

  
D K McSweeney  
Director



BMT Limited

**GROUP STATEMENT OF CASH FLOWS**  
for the year ended 30 September 2005

	Notes	2005 £000	2004 £000
<b>NET CASH INFLOW</b>			
<b>FROM OPERATING ACTIVITIES</b>			
Reconciliation to operating profit on page 13		<u>3,391</u>	<u>3,360</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest and similar income received		216	224
Interest paid		(45)	(26)
Interest paid on finance leases		(21)	(21)
Fixed asset investment income received		<u>1,821</u>	<u>1,506</u>
		<u>1,971</u>	<u>1,683</u>
<b>TAXATION</b>			
Corporation tax paid		<u>(365)</u>	<u>(207)</u>
<b>CAPITAL EXPENDITURE &amp; FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(802)	(963)
Transfer to managed funds		(1,803)	(282)
Receipts from sales of tangible fixed assets		<u>17</u>	<u>3</u>
		<u>(2,588)</u>	<u>(1,242)</u>
<b>ACQUISITIONS AND DISPOSALS</b>			
Purchase of shares in subsidiary undertakings		-	(234)
Purchase of shares in associated undertakings	12	(103)	(4)
Cash acquired with subsidiary undertakings		-	63
		<u>(103)</u>	<u>(175)</u>
<b>BMT PROFIT SHARING SCHEME PAYMENT</b>		<u>(1,700)</u>	<u>(200)</u>
<b>NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		<u>606</u>	<u>3,219</u>
<b>FINANCING</b>			
Repayments of capital element of finance lease rentals		(2)	(22)
Repayment of short term loan		(219)	(26)
Increase in short term borrowings		-	190
		<u>(221)</u>	<u>142</u>
<b>NET CASH INFLOW FROM FINANCING</b>		<u>(221)</u>	<u>142</u>
<b>INCREASE IN CASH</b>	14	<u>385</u>	<u>3,361</u>



**GROUP STATEMENT OF CASH FLOWS**  
for the year ended 30 September 2005

	2005 £000	2004 £004
<b>RECONCILIATION OF OPERATING RESULT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Group operating (loss)/profit	(696)	701
Depreciation	1,157	1,142
Loss on disposal of fixed assets	-	27
Amortisation of design portfolio	128	128
Amortisation of goodwill	1,217	850
Amortisation of Government grants	(8)	(8)
Decrease in stocks	29	-
(Increase)/Decrease in debtors	(4,056)	1,439
Increase/(Decrease) in creditors	5,461	(805)
Exchange differences	152	(114)
Dividends from associates	7	-
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>3,391</b>	<b>3,360</b>
	2005 £000	2004 £000
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN FUNDS</b>		
Increase in cash	385	3,361
Repayment of short term loan	219	26
Increase in short term borrowings	-	(190)
Repayments of capital element of finance lease rentals	2	22
	606	3,219
Net funds at 30 September 2004	4,844	1,625
Net funds at 30 September 2005	5,450	4,844
	2005 £000	2004 £000
<b>ANALYSIS OF NET FUNDS</b>		
Net cash at bank and in hand	6,028	5,643
Bank loans	(545)	(764)
Finance leases	(33)	(35)
	5,450	4,844



## 1. PRINCIPAL ACCOUNTING POLICIES

### ***Basis of accounting***

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

The Group operates a profit sharing scheme which is based on the overall results of the Group and is a reward for staff loyalty. In view of the basis of this share of profit, the directors have modified the format of the Group Profit and Loss account and present it separately as a charge immediately above 'Profit before Tax'. The directors believe this presentation better reflects the nature of this benefit enjoyed by the employees of the Group and is required in order to show a true and fair view as permitted under Schedule 4 of the Companies Act 1985.

### ***Basis of consolidation***

The Group financial statements consolidate the financial statements of the Company and all subsidiary undertakings. Subsidiaries acquired in the year are accounted for by the acquisition method of accounting. Associated undertakings are shown in the consolidated balance sheet as the Groups share of tangible net assets and in the company balance sheet at cost of investment less impairment, if any.

As permitted by Section 230 of the Companies Act 1985, no profit and loss account is presented for the parent company.

### ***Goodwill and Intangible Fixed Assets***

Goodwill arising on acquisitions occurring since 1 October 1998 has been capitalised in the balance sheet and will be amortised through the profit and loss account over its useful economic life. Goodwill is amortised over three to fifteen years reflecting the directors' estimate of the useful economic life of each acquisition. Assets are written down when the carrying amount exceeds the estimated amount recoverable through use or sale.

### ***Research and development expenditure***

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

### ***Investments***

Fixed asset investments are shown at cost less provisions for impairment. A review for impairment is carried out if events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. Any loss that arises as a result of such an impairment is recognised in the profit and loss account for the financial year in which it is incurred.

If, in the opinion of the directors, there has been a permanent diminution in value of a fixed asset investment, an appropriate provision is made.

### ***Depreciation***

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life to the business, as follows:

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



## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### ***Revenue Recognition***

A long term contract is defined as a contract entered into where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

In accordance with UITF40 (Income recognition for service providers), contracts for services are accounted for as contract activity progresses and revenue is recognised to reflect the partial performance of contractual obligations. The amount recognised reflects any uncertainties as to the amount of revenue to be received. However, where the right to consideration does not arise until the occurrence of a critical event, revenue is not recognised until that event occurs.

These contracts are included in debtors at cost plus attributable profits estimated to be earned to date based on the stage of completion less provision for any known or anticipated losses and payments on account received. Where payments on account are in excess of turnover, these amounts are included in creditors.

Turnover represents the sales value (excluding value added tax) of services provided by the Group during the year, as adjusted for the opening and closing valuations of contracts.

### ***Accruals and deferred income***

Government grants on capital expenditure are credited to a deferred income account and are released to profit over the expected useful life of the relevant asset by equal annual instalments. Government grants to fund the business liabilities inherited on formation are credited to a deferred income account and are released to profit as the related costs are incurred, or on evidence that the liabilities will not crystallise. Project grants are released to profit over the life of the project to which they relate.

### ***Taxation***

Current tax, including UK Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on material timing differences at the rate of taxation anticipated to apply when these differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements.

A deferred tax asset is only recognised when it is more likely than not that it will be recoverable in future. Deferred tax assets and liabilities recognised have not been discounted.

### ***Leases***

Tangible fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excesses of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.





1. **PRINCIPAL ACCOUNTING POLICIES (continued)**

***Foreign currencies***

***Company***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

***Group***

On consolidation the assets and liabilities of overseas undertakings are translated at the rate of exchange ruling at the balance sheet date. The results and cash flows for the period are translated at an average rate of exchange. The exchange difference arising on the retranslation of opening net assets, the differences on foreign currency borrowings, forward contracts and the exchange differences on the carrying amount of equity investments in foreign enterprises are taken directly to reserves. All other translation differences are taken to the profit and loss account.

***Pension costs***

The Group operates various funded pension schemes that are established in accordance with local conditions and practices within the countries concerned. The principal UK fund is a defined benefit scheme. The amount charged to the profit & loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected returns on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses.

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

Subsidiaries which operate defined contribution schemes charge an amount to the profit and loss account in respect of pension costs and other post retirement benefits equal to the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**2. GROUP TURNOVER**

The Group is a multi-disciplinary engineering and technology consultancy, specialising in design, support and risk and contract management. This consultancy is supported by a significant research investment. The main market areas are defence, energy, environment, marine surveying & insurance and transportation.

An analysis of turnover by geographical market is given below:

	2005 £000	2004 £000 restated
UK	42,094	41,456
North America	20,683	18,833
Other EU	5,575	5,131
Rest of the world	7,949	5,781
	<u>76,301</u>	<u>71,201</u>

The impact of the change in accounting policy under UITF 40 has been to reduce turnover and profit before tax in the current year by £396,000 (2004 increase £35,000).

**3. COSTS LESS OTHER INCOME**

	2005 £000	2004 £000 restated
Charges/(credits):		
Changes in stocks and work in progress	29	-
Other operating income	(756)	(603)
Raw materials and consumables	9,284	8,629
Other external charges	14,479	14,069
Staff costs (note 6)	42,228	38,851
Depreciation and amortisation	2,495	2,120
Other operating charges	9,238	7,434
	<u>76,997</u>	<u>70,500</u>

**4. OPERATING (LOSS)/PROFIT**

This is stated after charging/(crediting):

	2005 £000	2004 £000
<b>Group:</b>		
Auditors' remuneration:		
Baker Tilly		
- audit services	112	107
- non-audit services	60	54
Other Auditors		
- audit services	85	72
- non-audit services	33	18
Operating lease rentals receivable:		
- buildings	(12)	(12)
Operating lease rentals payable:		
- other equipment	123	189
- buildings	1,539	1,534
Exchange profit on foreign currency borrowings less deposits	38	(49)
Amortisation of Government grants	8	8
Depreciation on owned assets	1,150	1,135
Depreciation on assets held under finance leases	7	7
Amortisation of intangible fixed assets	128	128
Amortisation of goodwill	1,011	761
Impairment of goodwill	206	89
	<u>          </u>	<u>          </u>
<b>Company:</b>		
Auditors' remuneration:		
- audit services	50	50
- non-audit services	46	26
	<u>          </u>	<u>          </u>

**5. DIRECTORS' REMUNERATION**

	2005 £000	2004 £000
Emoluments (excluding pension contributions)	<u>1,047</u>	<u>1,031</u>
Highest paid director:		
Aggregate emoluments	<u>244</u>	<u>274</u>
Defined benefit pension scheme:		
Accrued pension at end of year	<u>11</u>	<u>65</u>

The number of directors for whom retirement benefits are accruing under defined benefit pension schemes amounted to 3 (2004:4).

**6. STAFF COSTS**

	2005 £000	2004 £000
Salaries	36,100	33,141
Social security costs	2,808	2,680
Pension and post retirement costs	<u>3,320</u>	<u>3,030</u>
	42,228	38,851
 BMT profit sharing scheme:		
Wages and salaries	894	1,508
Social security costs	<u>106</u>	<u>192</u>
	<u>43,228</u>	<u>40,551</u>

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

	2005 No.	2004 No.
Scientific and technical	782	722
Administrative and support	<u>165</u>	<u>158</u>
	<u>947</u>	<u>880</u>

**7. INTEREST RECEIVABLE**

	2005 £000	2004 £000
Bank interest	<u>216</u>	<u>224</u>

**8. INTEREST PAYABLE**

	2005 £000	2004 £000
Bank loans, overdrafts and other loans	45	26
On finance leases	21	21
Expected rate of return on pension scheme assets	(3,080)	(2,824)
Interest on pension liabilities	<u>3,240</u>	<u>2,999</u>
	<u>226</u>	<u>222</u>

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2005 £000	2004 £000
Current tax:		
UK corporation tax on results of period	(252)	8
Share of associates tax	8	-
Adjustments in respect of prior periods	-	(299)
Foreign tax	<u>652</u>	<u>101</u>
	<u>408</u>	<u>(190)</u>
Deferred tax:		
UK deferred tax	(216)	10
Overseas deferred tax	<u>(192)</u>	<u>(70)</u>
Total deferred tax	<u>(408)</u>	<u>(60)</u>
Tax on result on ordinary activities	<u>-</u>	<u>(250)</u>

***Factors affecting tax charge for the period***

The tax assessed for the period is lower than the standard rate of Corporation tax in the UK (30%)

Profit on ordinary activities before tax	<u>38</u>	<u>477</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004: 30%)	11	143
Effects of:		
Items not deductible for tax purposes	277	186
Short term timing differences	199	30
Research & development tax credit	(355)	(321)
Prior year adjustment	-	(258)
Capital allowances in excess of depreciation	209	(43)
Tax losses	(23)	52
Adjustment in respect of overseas tax rates	<u>90</u>	<u>21</u>
Current tax charge (credit) for the period	<u>408</u>	<u>(190)</u>

**10. INTANGIBLE FIXED ASSETS**

	Goodwill £000	Marine Design Portfolio £000	Total £000
Cost:			
At 1 October 2004	9,292	1,920	11,212
Reduction in deferred consideration	(550)	-	(550)
Exchange difference	13	-	13
At 30 September 2005	8,755	1,920	10,675
Amortisation:			
At 1 October 2004	1,916	192	2,108
Provided during the year	1,011	128	1,139
Impairment during year	206	-	206
Exchange difference	6	-	6
At 30 September 2004	3,139	320	3,459
Net book value at 30 September 2005	5,616	1,600	7,216
Net book value at 30 September 2004	7,376	1,728	9,104

The reduction in deferred consideration relates to two acquisitions:

James Dillon & Co – An amount of £50,000 was accrued and was due to be paid out to the former shareholders and related to the profits made by the company post-acquisition. The directors now believe that based upon the evidence of past trading performance the level of profitability required to activate the payment of deferred consideration will not be achieved in the required timescales.

Nigel Gee & Associates – The agreement with the former shareholders related to deferred consideration being paid on a mixture of profits and royalties received. Based upon trading conditions, the directors have reduced their estimate of deferred consideration payable from £1,000,000 from £500,000.

**11. TANGIBLE FIXED ASSETS**  
**Group**

	Freehold land and buildings £000	Leasehold properties & improvements £000	Motor Vehicles £000	Computers & Instruments £000	Other Equipment £000	Total £000
Cost at:						
1.10.04	6,201	2,428	245	5,172	4,277	18,323
Additions	-	-	-	590	212	802
Disposals	-	-	(21)	(89)	(86)	(196)
Exchange fluctuations	3	24	(5)	84	114	220
At 30.9.05	6,204	2,452	219	5,757	4,517	19,149
Depreciation:						
1.10.04	1,616	1,095	168	4,179	3,444	10,502
Provided during year	171	157	17	517	295	1,157
Disposals	-	-	(18)	(88)	(73)	(179)
Exchange fluctuations	1	25	(4)	78	80	180
At 30.9.05	1,788	1,277	163	4,686	3,746	11,660
Net book value						
At 30.9.05	4,416	1,175	56	1,071	771	7,489
At 30.9.04	4,585	1,333	77	993	833	7,821

The net book value of tangible fixed assets includes an amount of £363,000 (2004: £371,000) in respect of assets held under finance leases.

**11. TANGIBLE FIXED ASSETS (Continued)**  
*Company*

	Freehold land and buildings £000	Leasehold properties & improvements £000	Motor Vehicles £000	Computers & Instruments £000	Other equipment £000	Total £000
Cost at:						
1.10.04	6,053	1,727	11	108	642	8,541
Additions	-	-	-	45	13	58
Disposals	-	-	(11)	(14)	-	(25)
At 30.9.05	6,053	1,727	-	139	655	8,574
Depreciation:						
1.10.04	1,611	574	8	85	543	2,821
Provided during year	167	64	-	25	36	292
Disposals	-	-	(8)	(17)	-	(25)
At 30.9.05	1,778	638	-	93	579	3,088
Net book value:						
At 30.9.05	4,275	1,089	-	46	76	5,486
At 30.9.04	4,442	1,153	3	23	99	5,720

The net book value of tangible fixed assets includes an amount of £363,000 (2004: £371,000) in respect of assets held under finance leases.



**12. FIXED ASSET INVESTMENTS****Group**

	Managed Fund £000	Listed Investments £000	Bank deposits £000	Total £000
Cost:				
At 1 October 2004	19,457	6,097	961	26,515
Additions	1,717	40	46	1,803
Disposals	-	-	-	-
At 30 September 2005	21,174	6,137	1,007	28,318
Provisions:				
At 1 October 2004	-	-	-	-
Released during year	-	-	-	-
At 30 September 2005	-	-	-	-
Net book value				
At 30 September 2005	21,174	6,137	1,007	28,318
At 30 September 2004	19,457	6,097	961	26,515

The managed fund represents two portfolios of readily marketable interest bearing securities held under management by Schroder Investment Management International Limited and Brewin Dolphin Securities Limited.

The market value of the managed fund at 30 September 2005 was £21,297,000 (2004: £19,568,000). The market value of the listed investments at 30 September 2005 was £6,723,000 (2004: £6,116,000).

The bank deposit of £1,007,000 is secured on a deed of charge dated 20 February 1987 in favour of ex Civil Servants employed within the Group.

In addition to the above investments, the Group also participates in associated undertakings as follows:

	Total £'000
<b>Associates:</b>	
Cost:	
At 1 October 2004	65
Additions	103
Share of profits and losses	(85)
Dividends paid	(7)
At 30 September 2005	76

**12. FIXED ASSET INVESTMENTS (Continued)**  
*Company*

	Managed Fund £000	Listed Investments £000	Bank Deposits £000	Subsidiary Undertakings £000	Associates £000	Total £000
Cost:						
At 1 October 2004	19,457	6,097	961	22,984	284	49,783
Additions	1,717	40	46	1,190	123	3,116
At 30 September 2005	21,174	6,137	1,007	24,174	407	52,899
Provisions:						
At 1 October 2004	-	-	-	3,259	72	3,331
Charge for year	-	-	-	-	124	124
At 30 September 2005	-	-	-	3,259	196	3,455
Net book value:						
At 30 September 2005	21,174	6,137	1,007	20,915	211	49,444
At 30 September 2004	19,457	6,097	961	19,725	212	46,452

The managed fund represents a portfolio of readily marketable interest bearing securities held under management by Schroder Investment Management International Limited and Brewin Dolphin Securities Limited.

The market value of the managed fund at 30 September 2005 was £21,297,000 (2004: £19,568,000).

The market value of the listed investments at 30 September 2005 was £6,723,000 (2004: £6,116,000)

The bank deposit of £1,007,000 is secured on a deed of charge dated 20 February 1987 in favour of ex Civil Servants employed within the Group.

**12. FIXED ASSET INVESTMENTS (Continued)**

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the figures of the Group:

<b>Subsidiary undertakings</b>	<b>Country of Registration/ incorporation</b>	<b>Holding</b>	<b>Proportion held</b>	<b>Nature of Business</b>
<b><i>Name of company</i></b>				
BMT Asia Pacific Ltd	Hong Kong	Ordinary	100%	Maritime consultancy
BMT Asia Pacific Pte Ltd	Singapore	Ordinary	100%	Maritime consultancy
BMT Asia Environment Ltd	Hong Kong	Ordinary	100%	Environmental consultancy
BMT Cordah Ltd	Scotland	Ordinary and Preference	100%	Environmental consultancy
BMT Defence Services Ltd	England and Wales	Ordinary	100%	Services to the defence industry
BMT Entech Inc	USA	Ordinary	100%	Environmental consultancy
BMT Fluid Mechanics Ltd	England and Wales	Ordinary and Preference	100%	Fluid and structural mechanics consultancy
BMT Marine Projects Ltd	England and Wales	Ordinary	100%	Procurement and contract management services for the marine industry
BMT Murray Fenton Ltd	England and Wales	Ordinary	100%	Maritime litigation consultancy services
BMT Nigel Gee and Associates Ltd	England and Wales	Ordinary and Preference	100%	Naval architectural services
BMT Reliability Consultants Ltd	England and Wales	Ordinary and Preference	100%	Reliability life cycle costing and safety services
BMT Salvage Ltd	England and Wales	Ordinary and Preference	100%	Marine Hull and machinery casualty surveying

**12. FIXED ASSET INVESTMENTS (Continued)**

<b>Subsidiary undertakings</b>	<b>Country of Registration/ incorporation</b>	<b>Holding</b>	<b>Proportion held</b>	<b>Nature of Business</b>
<b><i>Name of company</i></b>				
BMT SeaTech Ltd	England and Wales	Ordinary	100%	Specialist consultancy services for commercial shipping
BMT SHIPDESIGN Ltd	England and Wales	Ordinary	100%	Naval architectural and marine engineering services
BMT Designers & Planners Inc	USA	Common stock	100%*	Ship engineering and environmental services
BMT Transport Solutions GmbH	Germany	Ordinary	100%	Inter-modal transport
BMT Fleet Technology Ltd	Canada	Ordinary	100%*	Specialist consultancy
BMT Scientific Marine Services Inc.	USA	Common stock	100%*	Marine and offshore consultancy
BMT de Beer BV	Netherlands	Ordinary	100%	Marine surveying
Syntek Technologies Inc	USA	Common stock	100%*	Defence consultancy
BMT Maritime Consultants (Pty) Ltd	Australia	Ordinary	60%	Port consultancy
<b>Associated Prism Risk Management Ltd ***</b>	England and Wales	Ordinary and Preference	40% **	Risk management products for the health market
Argoss BV	Netherlands	Ordinary	20%	Earth observation consultancy
Info@Sea pte Ltd	Singapore	Ordinary	33%*	Solutions for the marine electronic highway.

\* Held by subsidiary undertaking.

\*\* Part held by subsidiary undertaking

\*\*\* Prism Risk Management Ltd is now in administration

**13. DEBTORS**

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Amounts falling due within one year:		restated		
Trade debtors	19,839	16,092	596	621
Amounts owed by subsidiary undertakings	-	-	1,230	1,743
Amounts owed by associated undertakings	156	-	-	-
Amounts recoverable on contracts	7,584	8,168	276	391
Other debtors	1,802	1,125	234	294
Corporation tax	72	213	72	80
Prepayments and accrued income	1,145	1,060	123	110
	<u>30,598</u>	<u>26,658</u>	<u>2,531</u>	<u>3,239</u>
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	3,375	2,799
Other debtors	692	338	-	-
Prepayments and accrued income	-	19	-	-
Pension prepayment	-	-	1,250	1,250
	<u>692</u>	<u>357</u>	<u>4,625</u>	<u>4,049</u>

Included within other debtors is an amount of £645,000 in respect of deferred tax recoverable in more than one year (see note 18)

**14. CASH**

Group	2005	2005	2004	2004	2003
	£000	Change In year £000	£000	Change In year £000	£000
Analysis of balances:					
Cash at bank and in hand	11,753	1,805	9,948	2,698	7,250
Bank overdrafts	<u>(5,725)</u>	<u>(1,420)</u>	<u>(4,305)</u>	<u>663</u>	<u>(4,968)</u>
At 30 September 2005	<u>6,028</u>	<u>385</u>	<u>5,643</u>	<u>3,361</u>	<u>2,282</u>

	2005	2004
	£000	£000
Changes during the year:		
At 1 October 2004	5,643	2,282
Net cash inflow / (outflow)	<u>385</u>	<u>3,361</u>
At 30 September 2005	<u>6,028</u>	<u>5,643</u>

**15. CREDITORS: Amounts falling due within one year**

	Notes	Group		Company	
		2005 £000	2004 £000 restated	2005 £000	2004 £000
Bank overdraft		5,725	4,305	-	-
Short term bank loan	17	545	749	528	489
Obligations under finance leases		7	7	-	-
Income in advance of work in progress		10,052	7,012	427	310
Trade creditors		7,519	5,256	108	327
Amounts owed to subsidiary undertakings		-	-	2,457	1,063
Corporation tax		399	253	-	-
Other taxation and social security		1,890	1,219	542	520
Other creditors		2,889	2,994	1,396	598
BMT profit sharing scheme		1,000	1,700	121	235
Accrued charges		3,645	4,162	648	817
		<u>33,671</u>	<u>27,657</u>	<u>6,227</u>	<u>4,359</u>

**16. CREDITORS: Amounts falling due after more than one year**

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Bank Loans	-	15	-	-
Obligations under finance leases	26	28	10	20
Other creditors	<u>661</u>	<u>1,295</u>	<u>500</u>	<u>1,000</u>
	<u>687</u>	<u>1,338</u>	<u>510</u>	<u>1,020</u>

The net finance lease obligations to which the group is committed are:

	2005 £000	2004 £000
In one year or less	7	7
Between one and five years	<u>26</u>	<u>28</u>
	<u>33</u>	<u>35</u>

**17. LOANS**

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Repayable within one year	545	749	528	489
Repayable between 1 – 2 years	-	15	-	-
	<u>545</u>	<u>764</u>	<u>528</u>	<u>489</u>

## Analysis of changes in group loan financing during the year:

	2005 £000	2004 £000
At 1 October 2004	764	600
New loans	-	190
Repayment of loans	<u>(219)</u>	<u>(26)</u>
At 30 September 2005	<u>545</u>	<u>764</u>

**18. PROVISIONS FOR LIABILITIES AND CHARGES**

	2005 £000	2004 £000 restated
<b>Deferred Taxation</b>		
<b>Group</b>		
Balance at 1 October 2004	(298)	(111)
Transfer from profit and loss	(408)	(30)
Reclassified	48	(157)
Exchange differences	13	-
Balance at 30 September 2005	<u>(645)</u>	<u>(298)</u>

Provision for deferred tax has been made as follows:

Short term timing differences	(436)	(212)
Depreciation in excess of capital allowances	<u>(209)</u>	<u>(86)</u>
Provision for deferred tax	<u>(645)</u>	<u>(298)</u>

The above deferred tax asset is shown in debtors

**Company**

Balance at 1 October 2004	365
Transfer from profit and loss	<u>(150)</u>
Balance at 30 September 2005	<u>215</u>

Deferred  
Taxation  
£000

The above provision relates to short term timing differences

**19. ACCRUALS AND DEFERRED INCOME**

Accruals and deferred income comprise cash grants for fixed asset additions upon formation of BMT Limited from the Department of Trade and Industry. The movements during the year have been as follows:

**Group and Company**

	£000
At 1 October 2004	241
Amounts released to profit and loss account	<u>(8)</u>
At 30 September 2005	<u>233</u>



**20. RESERVES**  
**Group**

	Pension reserve £000	Profit & loss reserve £000	Total £000
At 1 October 2004 – previously reported	-	51,443	51,443
Prior year adjustment (note 27)	(11,487)	(138)	(11,625)
At 1 October 2004 - restated	(11,487)	51,305	39,818
Retained profit for the year	-	43	43
Transfers in relation to pensions	(52)	52	-
Exchange translation gain	-	200	200
Net pension movements	(980)	-	(980)
At 30 September 2005	(12,519)	51,600	39,081

There remains an accumulated amount of goodwill written off directly to reserves of £3,073,000. This goodwill relates to the purchases of Designers & Planners Inc, Reliability Consultants Limited and Scientific Marine Services Inc.

**Company**

At 1 October 2004	54,672
Retained profit for the year	968
At 30 September 2005	55,640

**21. SHARE CAPITAL**

The company is limited by guarantee without share capital.

**22. CONSTITUTION AND CONTROL**

Within BMT Limited there are two classes of member with the following rights:-

Type of Member	Number of Votes	Interest
Ordinary	None	Non equity
Trustee of the EBT	1 vote each	Equity – on behalf of the EBT only

In accordance with the Company's Memorandum and Articles of Association, any surplus of assets, up to £30 million plus indexation based on RPI from September 1998 (£35.2 million at 30 September 2005), on a winding up must first be paid to such university or universities in the United Kingdom or, failing that, such charitable institutions as the Trustees may determine, and any remaining assets will be paid to the beneficiaries of the Employee Benefit Trust. No ordinary member shall have any entitlement to share in the profits or surplus assets of the company.

The company is in the ultimate control of the Trustees of the Employee Benefit Trust, in beneficial ownership for all employees.

**23. LEASING COMMITMENTS**

The annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings		Other	
	2005	2004	2005	2004
	£000	£000	£000	£000
<b>Group</b>				
Operating leases which expire:				
Within one year	523	680	106	141
In the second to fifth years inclusive	864	885	190	129
Over five years	<u>595</u>	<u>309</u>	<u>1</u>	<u>11</u>
<b>Company</b>				
Operating leases which expire:				
Within one year	-	-	9	6
In the second to fifth years inclusive	225	97	5	12
Over five years	<u>-</u>	<u>118</u>	<u>-</u>	<u>-</u>

**24. PENSION COMMITMENTS**

- 24a** The Group operates a number of pension schemes throughout the world, the most significant one being the BMT Pension and Life Assurance Scheme ("The BMT Scheme") which is a defined benefit scheme.

Contributions to defined benefit schemes are based on advice from independent actuaries using actuarial methods, the objective of which is to provide adequate funds to meet pension liabilities as they fall due.

*A summary of the defined benefit schemes is as follows:*

**The BMT Scheme**

A majority of UK employees are members of the BMT Scheme. Company contributions to the pension scheme have been set at 16% and these are matched on a 2:1 ratio by employees.

The date of the last actuarial valuation was 6 April 2003.

**BMT Salvage Limited Schemes**

The UK support staff participate in a multi-employer scheme with Lloyds of London. The latest actuarial valuation of the Scheme was at 31 March 2004 and company contributions have been set at 27%.

As the company is unable to identify on a consistent and reliable basis, its share of the underlying assets and liabilities of the scheme, the figures do not form part of these accounts.

The USA staff participate in a defined benefit scheme "BMT Salvage" where the latest actuarial valuation was carried out at 1 January 2001. Contributions are currently being paid to the scheme at £35,000 per annum and the scheme has been closed to new members. The deficit on this scheme is £970,000.



- 24b** The latest actuarial valuations of the defined benefit schemes have been updated by independent qualified actuaries in order to assess the assets and liabilities of the schemes at 30 September 2005 for the purposes of FRS17. Scheme assets are stated at their market value at 30 September 2005.

	2005 £000	2004 £000	2003 £000
Total market value of assets	51,666	41,525	37,076
Present value of schemes' liabilities	(69,730)	(58,162)	(56,133)
Deficit in Schemes	(18,064)	(16,637)	(19,057)
Related deferred tax asset	5,545	5,150	5,903
Net pension deficit	(12,519)	(11,487)	(13,154)

**24c**

Main assumptions for FRS 17 purposes	BMT Scheme			BMT Salvage		
	2005	2004	2003	2005	2004	2003
Rate of increase in salaries	4.4%	4.5%	4.0%	0.0%	0.0%	0.0%
Rate of increase in pensions in payment	3.4%	3.4%	3.3%	0.0%	0.0%	0.0%
Discount rate	5.0%	5.5%	5.3%	5.4%	5.4%	5.4%
Inflation assumption	2.9%	3.0%	2.7%	0.0%	0.0%	0.0%
Rate of increase to deferred pensions	2.9%	3.0%	2.7%	0.0%	0.0%	0.0%

The assets in the BMT Scheme at 30 September 2005 total £45,350,000 (2004: £35,540,000) of which £44,900,000 (2004: £35,130,000) is invested in the With Profits Cash Accumulation Policy issued by Prudential Assurance Co. Ltd. The long-term rate of return expected at 30 September 2005 is 7.2%. The spread of the assets within the Cash Accumulation Policy and the BMT Salvage USA scheme is estimated as follows:

	BMT Scheme			BMT Salvage		
	2005	2004	2003	2005	2004	2003
Equities	58%	48%	45%	70%	69%	57%
Bonds and Cash	26%	34%	38%	30%	31%	43%
Properties	16%	18%	17%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%

**24d**

## Analysis of the amount charged to operating profit

	2005 £000	2004 £000	2003 £000
Service cost	2,800	2,610	2,160
Total operating charge	2,800	2,610	2,160

## Analysis of the net return on pension schemes

	2005 £000	2004 £000	2003 £000
Expected rate of return on pension schemes' assets	3,080	2,824	2,378
Interest on pension liabilities	(3,240)	(2,999)	(2,309)
	(160)	(175)	69

**24e Analysis of amount that would be recognised in the statement of total recognised gains and losses**

	2005 £'000	2004 £'000	2003 £'000
Actual return less expected return of assets	4,618	71	2,134
Experience gains and losses on liabilities	(1,067)	1,371	(1,500)
Changes in assumptions	(4,830)	1,140	(6,430)
Actual amount recognised in statement of total recognised gains and losses	(1,279)	2,582	(5,796)

**24f Movement in deficit during the year**

	2005 £'000	2004 £000	2003 £'000
Deficit in schemes at beginning of year	(16,637)	(19,057)	(13,185)
Movement in year:			
Current service cost	(2,800)	(2,610)	(2,160)
Contributions	2,864	2,550	1,788
Net return on interest cost	(160)	(175)	69
Actuarial (loss) / gain	(1,279)	2,582	(5,796)
Exchange (loss) / gain	(52)	73	227
Gross deficit in schemes at end of year	(18,064)	(16,637)	(19,057)



<b>24g History of experience gains and losses</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£000</b>	<b>£'000</b>
Difference between expected and actual return on schemes' assets:			
amount (£'000)	4,618	71	2,134
Percentage of schemes' assets	9.1%	0.2%	5.8%
Experience gains and losses on plan liabilities:			
amount (£'000)	(1,067)	1,371	(1,500)
Percentage of schemes' liabilities	(1.5%)	(2.4%)	2.7%
Total amount recognised in statement of total			
Recognised gains and losses:			
amount (£'000)	(1,279)	2,582	(5,796)
Percentage of schemes' liabilities	1.7%	(4.4%)	10.3%

**The company**

The company accounts for pension costs in accordance with FRS 17 on retirement benefits. In accordance with the standard, the company treats contributions to defined benefits schemes as if they were contributions to a defined contribution plan. This is because the underlying assets and liabilities of the defined benefit schemes cover a number of the groups UK undertakings and cannot readily be split between each undertaking on a consistent and reliable basis.

**DEFINED CONTRIBUTION SCHEMES**

A number of subsidiary companies operate a mixture of state and private defined contribution schemes. Contributions to these schemes during the year amounted to £456,000 (2004:£420,000).

**25. CONTINGENT LIABILITIES**

BMT Limited has provided a guarantee to Barclays Bank plc in respect of overdraft facilities granted to the subsidiary undertakings. The amount guaranteed, as at 30 September 2005 was £5,442,000. The guarantee is unsecured.

**26. RELATED PARTY TRANSACTIONS**

Transactions with subsidiary companies where over 90% of the voting rights of that subsidiary are controlled within the Group have been eliminated on consolidation in the Group accounts. In accordance with FRS 8, these transactions have not been separately disclosed.

During the year the group sold intellectual property with a value of £395,000 to Info @ Sea Pte Limited, a company in which the group has a 33% holding. The group also provided management services to the value of £92,000. At the year end Info @ Sea Limited owed the group £295,000.

**27. PRIOR PERIOD ADJUSTMENT – UITF 40**

The company has adopted UITF 40 Revenue Recognition and Service Contracts in the accounts for the year ended 30 September 2005.

The impact on the results for the prior periods has been as follows:

	2004 £000	Prior Periods £000	Total £000
Turnover	35	810	845
Taxation	(11)	(242)	(253)
Net effect	<u>24</u>	<u>568</u>	<u>592</u>

The impact on the current year has been to reduce turnover and profit before tax by £396,000.

The balance sheet impact has been to reallocate Work in progress to amounts recoverable on contracts with an increase for the profit amounts shown above.

**28. PRIOR PERIOD ADJUSTMENT – FRS17**

The application of FRS 17 (Retirement Benefits) has reduced the 2004 balance sheet for debtors by £1,350,000 and decreased creditors by £307,000. The related deferred tax movement amounted to £313,000 and the net movement to the profit and loss account was a reduction of £730,000.

The impact upon the results of the company before tax has to reduce profit for the current year by £60,000 and for the prior year by £144,000.

The pension liability as shown by note 24 above has been brought into the financial statements as a result of this adjustment.