BMT Group Ltd

Directors' Reports & Accounts 2021

Company No: 1887373

Accounting Date:

30 September 2021

BMT GROUP LIMITED

DIRECTORS

Mr C M Packshaw	-	Chairman
Ms S L Kenny OBE	-	Chief Executive
Ms W J Barnes		
Ms S M Mackenzie		
Mr D K McSweeney		
Mr D R Webb		
Mr A Wyllie CBE		

COMPANY SECRETARY & GENERAL COUNSEL
Ms T M Grey

COMPANY NUMBER
1887373

REGISTERED OFFICE
Third Floor,
1 Park Road
Teddington
London
TW11 0AP

HEADQUARTERS
Zig Zag Building
70 Victoria Street
Westminster
London
SW1E 6SQ

AUDITOR
BDO LLP
55 Baker Street
London
W1U 7EU

CONTENTS	PAGE

STRATEGIC REPORT

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

BUSINESS AND FINANCIAL REVIEW

It has been a complex year. The Continuing business achieved a significant improvement in operating profit from the previous year, both before and after exceptional items of £10.6m (2020: £8.6m) and £13.5m (2020: loss of £7.5m) respectively. This was against a small fall in turnover, before exceptional items, largely due to project delays and deferrals associated with the UK defence review, the continued effects of the global pandemic, and the impact of fee-earner shortfalls in an increasingly overheated recruitment market. The results continued to benefit from improved margin generation alongside targeted operational savings across the business. The performance has enabled the business to provide for a profit share of £6.5m. Overall the group achieved a profit before tax of £5.9m (2020: loss of £13.5m) and profit after tax of £3.3m (2020: loss of £14.6m)

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

On 1 February 2022, the independent Board of our US Defence & Security business, BMT Designers & Planners Inc., filed for Chapter 7 of the US Bankruptcy Code. It had not secured agreement and payment over contract change requests submitted for additional money from the immediate, and the ultimate, customer on the onerous contract reported in 2020 and, thereby was unable to continue as a going concern. The impact of this adjusting post balance sheet event is recognised in the updated exceptional items for the year along with the appropriate adjustments on a break-up basis for certain assets and liabilities. The basis of preparation is further described on page 31 of the accounting policies. In next year's Annual Report, the BMT Designers & Planners Inc results will be restated as Discontinued Operations and the 2021 comparative data will be amended accordingly, the detail of which is shown in Note 28 of these accounts.

Business environment

Many of the clients we serve are public sector based, and therefore much of our engineering and professional service offerings are categorised as essential, which has enabled us to continue to deliver these services throughout the pandemic, despite the restrictions in many of our trading markets during the financial year. We were privileged to be able to maintain essential engineering design, risk, and support services to our defence clients in Australia, Canada, the United States of America, and the United Kingdom.

The UK remains the Group's largest geographic market, with our core offerings being in defence and security. Whilst we enjoyed essential service status during the pandemic, the UK business overall saw a decline in revenue during the reporting year, attributed to programme delays during the UK Defence and Security Industrial Strategy (DSIS) review, the ongoing effects of the pandemic on our clients and on our employees, and difficulty recruiting and retaining employees.

The US and Canadian markets saw opportunities for growth, with a strong defence sector complemented by the offshore energy sector continuing to increase investment.

Defence and maritime environmental markets in Australia saw continuing demand remaining steady in the public sector.

Markets in Southeast Asia continued to be challenging. In response, we pursued a renewed SE Asia strategy to drive growth from a regional hub in Singapore, and we tidied up our portfolio, completing the sale to local management of our subsidiaries in India and Indonesia (retaining a 5% stake). This follows the liquidation of our businesses in Hong Kong and Malaysia during the prior year.

We also took the decision to exit Brazil due to the challenges of maintaining a permanent base and sold the business to the local employees in December 2020.

Continuing operations before exceptional items

Financial Highlights and Key Performance Indicators

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

	2021	**2020** *Restated*
Group Operating Profit	£10.6m	£8.6m
Depreciation & Amortisation*	£1.7m	£2.6m
EBITDA	£12.3m	£11.2m

Results summary:

	2021	**2020**
Turnover	£162.5m	£163.8m
EBITDA (as above)	£12.3m	£11.2m
Profit before Profit Share & tax	£9.7m	£7.5m

**Shown net of exceptional impairment charge of £0.9m (see Note 3)*

STRATEGIC REPORT (continued)

Group overall performance against strategic targets for the year, whose purposes are to improve our economic sustainability, is as follows:

Financial related:	2021	2020 *Restated*
Sales Order Intake^	£180.5m	£181.2m
Sales Order growth	nil%	+3%
Turnover per employee (£000)	£121.3	£118.4
EBITDA Margin	7.6%	6.8%
Non- financial related:		
Ave. No. of employees (FTEs)	1,339	1,383
Employee Engagement Index^^	76	76

^ Sales Orders are tracked within internal management information
^^ The EEI uses the same survey for both years; EE Surveys are undertaken roughly triennially with interim 'pulse' surveys

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

Overall, turnover from continuing operations before exceptional items decreased by 1% to £162.5m with revenue decreases in the UK being offset by increases in other geographic markets. Included in North America is continuing revenue of £25.2m related to BMT Designers and Planners Inc (pre-exceptional items see note 28) which will not recur in the subsequent year and will be restated within discontinued operations. EBITDA margin improved by 80bps which reflects the higher turnover per employee and the continued drive to improve delivery efficiency and control costs, beyond those resulting from pandemic restrictions.

Exceptional Item

Pre-tax exceptional gains from continuing operations totalled £2.9m (2020: charge of £16.1m), with exceptional revenue of £7.5m (2020: £(0.4m)) being recognised. The revenue and gain in the current year represent a revision of the estimated loss on the single onerous customer contract recognised in the prior year and revisions to carrying value estimates of BMT Designers and Planners Inc as a result of its bankruptcy post year end. Further details on the exceptional item are disclosed in the notes to the accounts (Note 4 & 28).

Discontinued Operations

The Group continued to rationalise its operations and legal entities. Included within discontinued operations are the costs of selling several underperforming entities which are not part of the strategic plan, including operations in Brazil, India and Indonesia in the current year and Malaysia and Hong Kong in the prior year. The post-tax loss on discontinued operations totalled £0.1m (2020: loss of £5.4m). The prior year results include the write down of the assets of Brazil, India, & Indonesia to recoverable value.

Group result for the year

The group delivered an overall profit before tax and Profit-Sharing Schemes of £12.4m (2020: Loss of £13.5m), with £9.7m (2020: £7.5m) being delivered by the continuing business before exceptional items:

Figures in £m	2021	2020 *Restated*
Continuing operations		
Profit before exceptional items and profit-sharing scheme	9.7	7.5
Exceptional items	2.9	(16.1)
Profit sharing schemes	(6.5)	-
Continuing Ops. profit/(loss) before tax	**6.1**	**(8.6)**
Discontinued Ops. loss before tax	(0.2)	(4.9)
Total profit / (loss) before tax	**5.9**	**(13.5)**

The profit after tax was £3.3m (2020: loss after tax 14.6m)

Group Balance Sheet and Cash Flows summarised

We continue to tightly manage our working capital including our cash position. The Group had net assets before the pension deficit and associated deferred tax of £43.9m (2020: £41.0m). Including the net pension deficit, the consolidated Group had net assets of £16.9m (2020: £1.1m). A non-GAAP summary of the Consolidated Balance Sheet is re-presented below:

Figures in £m *Group Balance Sheet re-presented*	2021 £m	2020 *Restated* £m
Fixed assets	13.6	13.1
Cash and cash equivalents *	41.3	41.9
Other net liabilities before net pension deficit	(4.3)	(6.7)
Provisions for liabilities & charges	(6.7)	(7.5)
Net assets before net pension deficit	**43.9**	**40.8**
Pension deficit **	(35.7)	(49.0)
Pension related deferred tax asset	8.7	9.3
Net assets	**16.9**	**1.1**
Profit & loss reserves	39.9	37.1
Revaluation reserves	3.9	3.6
Non-controlling interests	0.1	0.1
Equity before Pension reserve	**43.9**	**40.8**
Pension reserve	(27.0)	(39.7)
Total Equity	**16.9**	**1.1**

**Cash and cash equivalents include cash at bank and in hand, bank overdrafts, bank loans and current asset investments.*
***The Group continues to fund the pension deficit through Deficit Recovery Contributions agreed with the Pension Trustees, where the short-term commitment (12 months of contributions) from 30 September 2021 is £2.9m.*

The Group's cash and cash equivalents decreased by £0.6m to £41.3m. The Group generated £2.6m of cash from operations, which funded capital expenditure in tangible and intangible assets of £3.0m. It should be noted that the prior year included £2.3m timing benefit from tax related payments deferred through government COVID-19 relief initiatives which has been repaid in the current year.

BMT Group Limited, the parent entity, had net assets of £15.7m on 30 September 2021 (2020 restated: £6.6m), including the UK pension deficit. The increase in net assets is in part due to a £12.5m improvement in the defined benefit pension valuation, £12.0m net of associated deferred tax.

OWNERSHIP, PURPOSE, VISION & VALUES

BMT's Ownership Structure

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

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

In view of the size, nature and ownership structure of the organisation and the readily available amount of information and data provided to members on a regular basis throughout each year, this Strategic Report aims to present a fair, balanced, and understandable view for the members to help them assess how the directors have performed their duties particularly in relation to promoting the success of the company for the benefit of its members taken as a whole. It should be read with the rest of the Annual Report and Accounts and draws on FRC guidance on s.172 reports. The directors have taken advantage of the exemption, where necessary, not to disclose matters which, in their opinion, are seriously prejudicial to the interests of the Group.

Our Purpose

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

Our Vision

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

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

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

Investing in Research & Development is a key pillar supporting the delivery of our Vision.

Who we are

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

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

Since privatisation in 1985, BMT has evolved into a unique firm with a strong culture, thanks in part to our independence and our shared values.

STRATEGY

Our Core Business and Our Strategy

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

We summarise this as:

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

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

1) Maritime design and consultancy
2) Asset monitoring and sustainment
3) Environment and climate solutions
4) Defence and security acquisition and customer friend/ partnering roles

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

Whilst margins are restricted with single sourced contracts, which represent a significant proportion of our revenues, they provide a good foundation on which to build future capability and invest in new offerings with greater confidence.

We see exciting growth opportunities in both defence and commercial Ship Design, and in the rapid development of digital capabilities to offer truly integrated environmental solutions, and advanced asset lifecycle services. These are the focus of our strategic growth campaigns and will underpin our future prosperity and growth.

Our Goals

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

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

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

Our headline strategic targets are:

Financial related: -

- Double digit sales orders growth
- Turnover per employee (FTE)
- Double digit (%) EBITDA (pre profit shares)

Non- financial related: -

- Improved employee engagement
- Improved customer satisfaction
- Sustainability targets/commitment to net zero

Response to COVID-19 – a strategic priority in both 2020 and 2021

1. The global pandemic persisted throughout the financial year, and we continued to:
2. Ensure our employees, customers and suppliers were kept safe and well in their interactions with our business.
3. Enable our people to work flexibly and effectively from home during various lockdowns around the world.
4. Invest further in technologies to enable client work to continue unabated.
5. Maintain our working capital management to maintain liquidity.

Making a difference

The principles of good corporate responsibility are embedded in our behaviours and our ways of working.

In addition, we carry out many specific activities across the Group as part of our commitment to good corporate responsibility, providing opportunity for employees to participate in structured corporate activities or to pursue personal aims and objectives.

Employee Value Proposition ('EVP')

In 2020, we reflected on how each of us contributes to our culture and working environment and what attracts people to work for us. This has resulted in our updated EVP - a commitment between BMT and our employees to create a positive and inclusive environment where we feel valued and at our best.

We are investing in initiatives that promote equality, diversity, and inclusion, and supporting colleagues to be active in their local communities.

Our EVP is to some degree aspirational, but we are already living it across the organisation, implementing new programmes and initiatives, and refreshing existing ones. Some of these are:

- A global employee assistance programme providing employees and their families with counselling and other valuable services to support them in their personal and professional lives, which has been particularly important during the pandemic.

- Continued investment in our practice communities - internal networks of colleagues joined together by a common area of professional and technical interest which help bring world-class expertise to our projects and provide a fertile environment for professional development.

- Our Bursary/Scholarship Fund, aiming to support leading edge skills and thought leadership through further specialisation, and investments in innovation encouraging colleagues to generate new ideas, solutions, and approaches.

- The Employee Dividend and Bonus provide a key financial return to the beneficial owners of the EBT.

MANAGING RISK AND UNCERTAINTY

The Board has ultimate responsibility for determining the nature and extent of the risks that the business is willing to take and that the risks are effectively managed across the Group. They oversee a risk governance process, with risk assessment increasingly embedded within our key management processes.

Principal Risks

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

Some risks are outside the immediate control of the Company and despite robust processes, these risks may occur without warning. Our ability to respond demonstrates the resilience to navigate through a changing environment, as we have seen in the last 2 years. The impacts from COVID-19 have been felt in our key markets, with travel restrictions and other mitigations introduced to varying degrees (most notably across Australia and wider APAC region). Through deploying effective risk management processes to keep our employees safe and manage our cost base, we have been able to continue to deliver to the majority of our customers. We also recognise that many governments are sitting on high levels of debt from funding these mitigation strategies, and this may affect the timing of investment decisions. While we remain heavily weighted towards the UK market, we seek to balance the market risk through working across a number of sectors and geographies, providing a diverse portfolio of services and capabilities.

As we continue our transformation to deliver strategic growth, we recognise that people are at the heart of what we do. We are investing in our people and our capabilities and are working through a significant change management programme together with introducing new technologies to support how we operate. We mitigate the associated risks through employing a range of project and change management disciplines and through ensuring our people are at the forefront of our transformation journey. We have also developed a global careers map to ensure we retain the best people through encouraging opportunities for progression.

We have strengthened the risk assessment process early in the project lifecycle specifically at the bid stage, to help mitigate the risk of committing to potential onerous contracts, and through our transformation programme we are harmonising our project delivery processes across the Group. We carefully manage our financial risks including long-term liabilities through employing appropriate funding strategies.

Emerging Risks

Emerging risks and opportunities are those that are developing or are changing, with the full impact being evaluated. While the consequences of COVID-19 may continue to weigh on global economic outlook, more sophisticated cyber threats by state and non-state actors, together with the wider geopolitical risks will feed into investment decisions by governments and their suppliers, as witnessed most recently with the war in Ukraine and associated economic sanctions. The heightening war on talent is a growing phenomenon in most of our geographical locations, as well as rising inflation and continuing supply chain delays. Therefore, we expect a greater focus on national and regional security including cybersecurity and energy resilience. We will continue to build on our long history of working with key governmental agencies in these areas, and we undertake targeted investment to develop solutions and develop scientific and engineering capabilities to address these everchanging threats.

Climate change and extreme weather events will continue to influence economic policy, factoring into infrastructure and capital investment decisions. We are assessing the Environmental, Social and Governance ('ESG') risks in our business and are working to reduce our carbon footprint as a business and ensure our supply chain continues to meet global ethical standards. We also seek to use our collective engineering expertise to work with our customers and partners to accelerate the transition to clean energy (including within the defence and maritime sectors) and to reduce the environmental impact of extractive industries.

Risk Appetite

To achieve our ambitious strategy, we recognise the need to take a well-considered and balanced approach to risk. In areas including pipeline growth, organisational transformation, and innovation we are willing to accept a higher level of risk. Our risk appetite in matters of compliance, ethics, cybersecurity, and safety is naturally lower and we are more cautious in our approach.

A table of our principal risks, why they are important and how we manage them is shown overleaf:

MANAGING RISK AND UNCERTAINTY (continued)

Risk	Link to our Strategy	Why it Matters	How we Manage it
Strategy, Future Business & Brand Management	Sustain the Core Invest in Innovation	While we work across several geographies and industries, we are reliant on long-term relationships with several key customers and partners, (with a UK market concentration). We are exposed to the investment decisions by governments across those markets. We are also trusted to deliver and be competitive. The renewed urgency around climate change and environmental sustainability presents opportunities and challenges to provide effective and efficient solutions.	Our key account managers work with our main customers to ensure we are the engineering delivery partner of choice and provide solutions aligned with their requirements and budgets. We continually review market developments and monitor the activity of our competitors, adapting our strategies accordingly. This may include exiting markets or business lines where we feel we cannot remain competitive. We also target investments where we see growth opportunities, such as enhancing our digital capabilities to offer integrated environmental and asset lifecycle solutions.
Programmes and Project Delivery Risks	Sustain the Core Grow through Collaboration Exploit and invest in Innovation	We contract and deliver to a wide range of customers across many geographies. Our reputation and performance are at risk if we do not manage our diverse project portfolio consistently and effectively. Failure to assess adequately the contractual, technical, and delivery risks at the outset, could result in financial losses, legal claims and material damage to our reputation and brand.	Our business and project lifecycle processes are controlled by relevant policies, procedures and management systems and reinforced by reviews. We have enhanced our bid and contract approval processes, with commercial, technical, financial, and legal oversight of potential risks. Current organisational change activities are focused on optimising our delivery function and strengthening our technical assurance to ensure consistent standards of delivery. We invest in customer satisfaction monitoring, using the feedback to improve our performance.
People: Increasing 'War on Talent', Recruitment, Salary inflation and Wellbeing	Sustain the Core Grow through Collaboration Exploit and Invest in Innovation	We achieve success through our people, and we need to be able to recruit and retain the requisite skills to meet our customers' needs and to drive the business forward. We also need to manage the health, safety, and wellbeing of our people and third parties.	Targeted recruitment campaigns ensure we attract the best people, and we benchmark our performance and Employee Value Proposition against other companies in key areas. We have increased our talent acquisition capability, maintain a Global Careers Map to assess performance, enable opportunities for development and progression and facilitate succession planning. We provide several platforms for training and employee engagement. We encourage a safety-first culture, monitoring risks and taking concerted efforts, supported by investment, to promote wellbeing.

MANAGING RISK AND UNCERTAINTY (continued)

Risk	Link to our Strategy	Risk	How we Manage it
Global Pandemic	Sustain the Core	New variants or pathogens could lead to renewed disruption, impacting customers, supply chains or internal projects.	We adapt our ways of working to minimise the health risks to our employees and other stakeholders. Our annual integrated strategic planning exercises are stress tested for a range of outcomes across all our markets. We focus on cost control and maintain cash reserves in response to business or market volatility.
Business Transformation – Organisational Design, and ERP System Implementation	Sustain the Core Grow through Collaboration Exploit and invest in Innovation	New technologies change how our customers operate, and constant innovation is required to stay competitive and relevant. We are working through a significant business transformation and organisational change management programme supported by the rollout of a global ERP system.	We apply a range of change management programme disciplines, close engagement with stakeholders, and continuous monitoring and communication of the benefits. Oversight and governance by our senior leadership team ensures investment decisions are aligned with our strategy. We invest in innovation that will give us a competitive advantage and optimise the return from our existing product portfolio.
Long-term Liabilities: Defined Benefit Pension Commitments	Sustain the Core	We hold defined benefit (DB) pension schemes which are now closed. A material and sustained drop in the value of the pension fund assets, or an increase in liabilities beyond actuarial assumptions, could require additional funding to manage the deficit.	We manage the DB scheme liabilities by implementing appropriate funding strategies based on actuarial valuations. We are working with Trustees to employ the services of a Fiduciary Management Investment organisation to execute and manage the approved investment strategies on behalf of the Trustees.
Physical and Data Security Risks	Sustain the Core Exploit and Invest in Innovation	A breach of physical or data security, cyber-attack or system failure could adversely impact our business and potentially our stakeholders, and may lead to a breach of regulations, exposing the company to financial and reputational losses.	We adopt a multi-layered approach, using physical and network security measures to protect our systems and data. Software tools monitor and support our data and systems security. All employees undertake mandatory training. We assess our network resilience and security, including undertaking cybersecurity health-checks.
Innovation – new technologies and digitalisation; market disruptors	Exploit and Invest in Innovation Grow through Collaboration	New technologies and industry trends change how our customers operate, and constant innovation is required to stay competitive and relevant.	We invest in innovation that is aligned with our overall strategy. Through targeted spending programmes, via an employee innovation network to harness creativity, and by working closely with our customers, we continue to mature our approach to delivering more advanced solutions. We launched a digitalisation strategy to help drive efficiencies and sustain the skills necessary to support our customers. This will provide more integrated tools and ways of working, enabling enhanced customer service and more innovative and cost-effective solutions.

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT

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

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

COVID-19

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

Our Customers & Partners

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

The decision of the independent Board of Directors of BMT Designers & Planners Inc to enter a formal insolvency process has required extra customer engagement post-bankruptcy.

Our Employees

Our ability to deliver our strategy and the desired outcomes for our customers requires competent and empowered people working safely together across BMT. Actions the Board has taken to position the business for profitable growth create long-term values for our owners.

This year the focus on the employees has continued to be at the forefront of Board decisions more than ever before, including the reinstatement of full pay since Q4 for FY 2019/20, with wellbeing and career development recognised as vital enablers to the success of the organisation. This has led to continued high levels of employee engagement.

Throughout the year, the board have ensured they understand the views of the employees through engagement with the Employee Engagement Group (EEG) and as well as less formal channels. The Board also supports and listens to feedback obtained from senior leaders around the business to fully inform the rich picture of employee engagement where necessary.

Every month the employees are provided with an overview of business performance via a dedicated intranet site, and once per quarter the CEO provides 'townhall' briefings via videoconference globally. These media include a narrative describing the financial and economic factors affecting performance of the business, as well as an overview of any key events or trends such as the business exits and the rationale, therefore.

The payment of a bonus for FY 2020/21 will also help restore confidence of the business recovery – the last profit share was out of the FY 2017/18 and paid in 2019.

Our Suppliers

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

To support both objectives, BMT seeks the continuous promotion of due diligence and the transparent application of our Supplier Code of Conduct. This helps suppliers to ensure they comply with all relevant policies, laws and regulations covering topics such as bribery, slavery, human rights, and Health & Safety and, has placed particular emphasis on due diligence during this uncertain time of COVID-19. The Board periodically review and approve BMT's approach to supplier and customer engagement, actively taking a role in strategic decisions representing exceptionally high-risk to the business.

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

Our Wider Community

The Board fully support community engagement, recognising the strategic importance of delivering value and having a positive impact in our local communities. Our approach to encouraging volunteering and engaging with charities and community partnerships creates real and enduring value for BMT and those we work with, in particular this year during the COVID-19 pandemic, where we have seen BMT employees going to great lengths to contribute to wider social challenges.

We apply our expertise in delivering environmental projects and minimising detrimental impacts of our operations. We inspire the future workforce of BMT by supporting national and local initiatives such as STEM and are targeting growth by focusing on a sustainable future.

Our Pension Scheme

The Board recognises current and future pensioners within its Defined Benefit Scheme as stakeholders in its decision making. The Board is committed to ensuring the pension scheme is fully funded and through the Chief Financial Officer engages in a transparent and regular dialogue with the Pension Trustee.

Our Industry Bodies

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

STRATEGIC REPORT (continued)

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

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

STRATEGIC REPORT (continued)

FUTURE DEVELOPMENT OF THE BUSINESS

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

Over the past 4 years BMT has been moving from an operating model of highly autonomous operating companies to a much more aligned global business with delivery teams supported by joined up global business services, business development, sales, and marketing activity. Modifications in organisational design will be a constant feature over the coming years.

In the coming year BMT will continue its journey of alignment as a global business, adapted locally to reflect different geographic regions and markets. Global alignment means consistency in delivering value to our customers through our processes, tools, and the way we manage information. This increases the reliability of our performance, the efficiency of our delivery and gives us the ability to deploy our global capabilities. It means career development opportunities at a global, not just local, level so we can attract and retain the best talent.

We will build on our strong delivery focus, ensuring project managers have the skills, recognition, authority, and accountability for delivering successful project outcomes with the right tools and information at their disposal, ensuring that we have satisfied customers.

Our technical assurance community will support all areas of the business to ensure that our delivery is 'right first time'.

We will be a more outward looking business, investing more time and effort in building customer relationships, understanding their needs, and ensuring they are represented in all aspects of our thinking. Our Future Business team will drive the acquisition of new business, and everyone involved in delivering projects for customers will help secure repeat and follow-on opportunities.

Culturally we will strengthen what it means to be BMT, founded on our rich heritage of technical excellence and innovation, but with a stronger emphasis on strategic ambition, consistent, profitable delivery, and customer focus.

Employees have always been at the heart of our business model and will continue to be so. Competitive
The Directors submit their Report, along with the Strategic Report and Accounts for BMT Group Ltd, and the Group as a whole, for the year ended 30 September 2021.

remuneration and benefits will help attract and retain talent. Meaningful profit distributions will connect everyone to our shared success. Fundamental to that success is the importance of providing employees with the professional development, challenging work, and opportunities to build careers at BMT.

We will have a more diverse workforce, bringing a wide range of thinking and operating in an inclusive and safe environment that promotes employee wellbeing.

Underpinning everything we do, we will be a more environmentally, socially, and economically sustainable business in the way we run the organisation, but also in the things we do for our customers and the value we create for our wider stakeholders.

What are our priorities?

There are many elements that come together in driving our long-term success. But at its heart our route to success is simple.

To win next year and beyond we must focus on growing and profitably delivering our order book, staying close to our customers, and investing in our people.

Our strategic priorities are therefore:

- Performance
- Customers
- People

Our strategy of selective focus on our core sectors is complemented by our expertise in market differentiators like climate resilience and sustainability. Our narrative on ethical & social outcomes means we deliver a strong value proposition for our clients and employees.

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

We continue to win exciting and challenging projects and enter 2021/22 with a healthy order book.

As approved by the Board and signed on its behalf:

Sarah Kenny OBE
Director
7 June 2022

DIRECTORS' REPORT

Principal Activities

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

Corporate Governance

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

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

Strategic Report

The Company has chosen in accordance with the Companies Act 2006, s. 414C(11) to set out in the Company's Strategic Report information required by "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. Sch. 7" to be contained in the Directors' Report. It has done so in respect of future developments and financial risk management. The information given to meet the requirements of s172 in the Companies Act 2006 has also been included within the Strategic Report.

BMT Employee Benefit Trust

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

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

Ms W J Barnes	(Chair)
Mr G W Morton	(Independent Trustee since 1998)
Mr C M Packshaw	
Mr D R Webb	

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

Directors

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

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

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

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

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

Results and Profit Sharing

The financial highlights are set out in the Strategic Report. Total Group operating profit, after exceptional items, was £13.4m (2020: loss of £11.8m) and profit after tax was £3.3m (2020: loss of £14.6m). Profit after tax includes a profit share of £6.5m to eligible employees (2020: £nil).

Events Impacting the Group after the Year End

On 1 February 2022, our US Defence & Security business filed for Chapter 7 of the US bankruptcy Code, due primarily of the failure to secure the additional contract change money requested from the immediate, and the ultimate, customer to be able to continue as a going concern. The impact of this adjusting post balance sheet event is recognised in the updated exceptional items for the year; the impact of the liquidation in the financial year ending 30 September 2021 reflects where the assets and liabilities at time of filing for bankruptcy have been written down to net recoverable amount at 30 September 2021.

Sustainability reporting

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

https://www.bmt.org/media/7015/bmt-sustainability-report-2021.pdf

PLANET

Streamlined Energy Carbon Reporting ('*SECR*')

Emissions are reported in accordance with "The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018". Legal entities outside of our UK operations are not required to include energy and carbon information within the Directors' Report and have been excluded. The reporting figures are therefore a summary of our UK emissions. This is our second year of reporting our UK emissions.

		2021	2020
Total Scope 1 Emissions (tCO_2e)	Emissions from combustion of gas	39.41	40.94
	Emissions from combustion of fuel for transport purposes	0	1.06
Total Scope 2 Emissions (tCO_2e)	Emissions from purchased electricity (A location-based method)	122.89	167.85
Total Scope 3 Emissions (tCO_2e)	Emissions from business travel where company is responsible for purchasing the fuel	55.07	157.04
	Emissions from employee business travel where company is not responsible for purchasing the fuel (Scope 3) / tCO_2e	51.20	522.58
Total gross CO2e based on above (tCO_2e)		268.57	889.47
Intensity ratio (tCO_2e per £M of revenue)		1.57	5.22
Energy consumption (kWh)	Gas	214,332.49	222,695.81
	Electricity	563,542.42	656,698.17
	Scope 3 emissions from business travel where company is responsible for purchasing the fuel	213,952.27	605,138.92

Energy Efficiency Action

In FY2020/21 we signed the Business Ambition for 1.5°C Pledge and committed to setting science-based emission reduction targets across our value chain that are consistent with keeping global warming to 1.5°C above pre-industrial levels. BMT have also committed to a long-term target to reach net zero emissions by no later than 2050.

To drive emissions reductions whilst we define our roadmap to Net Zero, we have embedded temporary targets across the business. Our executive team have a target to reduce discretionary travel by 50% against a business as usual (pre pandemic) scenario directly impacting Scope 3 emissions.

As expected, this year we have continued to see a reduction in our emissions because of the pandemic, however we anticipate some increase in 2021/22 as employees working arrangements readjust.

Energy Efficiency Action (continued)

Across the business we continue to focus on travel reductions, and reducing energy usage across our value chain, in line with ISO14001. Some of the improvements we have made include:

- Upgrades to LED lighting during April and May in our Weymouth and Bath offices, which will reduce our carbon footprint and improve the quality of light in the offices. Since installation we have experienced an energy reduction.
- In June our Sustainability Action Team, who are helping to shape BMT's local and global approaches to sustainability, launched a Digital Declutter Campaign in the UK, raising awareness of energy consumption and GHG footprint relating to employee's digital footprint.
- In support of our hybrid working arrangements, we have reduced our UK office space by approximately 15-20%. This has reduced energy use associated with offices, and travel emissions resulting from employee commuting.

We also continue to work closely with our clients across clean technology, green shipping and aerospace and defence, to support industry transition to Net Zero.

In FY 2021/22 we will focus on:

- Electric pool car and charging infrastructure.
- Development of a global baseline and Net Zero strategy.
- A working group to transition energy supply to renewable sources.
- Completing installation of LED lighting and passive infrared sensors.
- Updating BMT's IT policy with a focus on sustainability.

Methodology to prepare BMT's SECR report

Scope and Boundaries

BMT includes Scope 1, 2 and 3 greenhouse gas emissions, as defined in section 92 of the Climate Change Act 2008. Greenhouse gases within the report include carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6).

The following sources of emissions are included within this report:

Direct emissions:

- Stationary combustion – combustion fuels in stationary equipment e.g., boilers, heaters, and engines.
- Mobile combustion – combustion of fuels in transportation devices e.g., automobiles and aircraft.

Indirect Emissions:

- Emissions from the generation of purchased electricity that is consumed in owned or controlled equipment.

Property Assets:

GHG emissions include all UK assets included in BMT's mixed tenure property portfolio. This includes assets that are wholly owned by BMT, and assets to which BMT is the lessee to a 3rd party landlord entity.

Reporting

The SECR report aligns to our annual reporting period - 12 months to 30 September. For the second year of SECR reporting, BMT reports GHG emissions against last year's reporting year. These are normalised against Group revenue to give an intensity ratio with the units Tonnes of CO_2 equivalent per million pounds (TCO_2e/£M).

Emission Factors

For the 12 months to 30 September 2021 (FY20/21), BMT has used the Greenhouse gas reporting: conversion factors 2021 for our UK emissions in order to determine the Group's Scope 1, Scope 2 and Scope 3 emissions.
(See: *https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021*)

We calculate our carbon emissions through the collection of primary source data in their appropriate units (e.g., kilowatt hours (kWh), kilometres (km) etc.) and converting into the associated carbon emissions using the relevant emissions factors. In instances where that data is not accessible (distances travelled for hire car journeys or train travel) a conversion factor calculated based on existing journeys (CO_2e/£) has been applied.

Emissions Data

The data collection was conducted in two phases. The first collection captures periods 1-7 of the financial reporting year and was collected in May. Data relating to periods 8-12 was collected at year end in October 2021. Data was requested from Accounts payable, Travel Management Companies, Facilities and Operations. This data was then converted by BMT's Sustainability Manager. The internal audit function will provide periodic reviews of future emissions data and conversions to assure quality and consistency of reporting.

PROSPERITY

Global Research & Development

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

PEOPLE

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

Employee engagement, a key metric for our business, is encouraged in several ways including an active BMT Employee Engagement Group which has regular, direct access to senior leaders in the organisation, and where their views are considered when making decisions that are likely to affect their interests.

We recognise the importance of communicating effectively with our staff through many channels including our intranet and digital media. Business performance is shared monthly with staff via a performance dashboard on the corporate intranet.

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

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

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

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

Health and Safety ("H&S")

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

We take extra measures to safeguard workers who might be more vulnerable to the risk of work-related injury or ill health, such as workers facing language barriers or having visual or hearing impairments. All our training contains subtitles with no time limits, so individuals can read and undertake health and safety training at their own pace. Moving forward employees will also have access to an app which will support those who are visually impaired or colour blind.

As well as training, qualified health and safety representatives and fire wardens are accessible in all our offices. These personnel have a responsibility to undertake specific needs risk assessments for people with physical or learning difficulties, young persons (under 18), new mothers and pregnant women. Our local wardens and representatives are supported by qualified health and safety leadership in every operating entity.

Our overall approach to health and safety is underpinned by our H&S Policy, which sets our principles for delivering a healthy and safe environment. We also track performance of global health and safety performance, including the total recordable injury rate (TRIR) of our employees.

Wellbeing

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

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

Wellbeing (continued)

Our global approach addresses 5 key topics:

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

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

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

External evaluation

After the year end, the Board engaged Linstock to undertake a review of the Board's effectiveness. The Chair is currently considering how to prioritise and take forward the recommendations, which included fostering an increased level of expertise sharing between Non-Executives and Executive Directors, as part of a process of continuous improvement. The top priorities for the Board over the coming year include an increased focus on Board dynamics and culture, ESG, contract delivery, Group strategy, and spending time in the business.

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE ACCOUNTS

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

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

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

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

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

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

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

DIRECTORS' REPORT (Continued)

AUDITOR AND STATEMENT OF DISCLOSURE

The directors who were in office on the date of approval of the annual reports and financial statements have confirmed that, as far as they are aware:

- there is no relevant audit information of which the auditor is unaware;
- they have taken all the steps which they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor; and
- they have taken all the steps which they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

RSM UK Audit LLP, Chartered Accountants, resigned as auditor of the Company on 20 October 2021 pursuant to section 516 and section 519 of Companies Act 2006. On 26 November 2021, BDO LLP was appointed as auditor of the Company.

As approved by the Board and signed on its behalf:

David McSweeney
Director
7 June 2022

AUDITOR'S REPORT

Independent auditor's report to the directors of BMT Group Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2021 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BMT Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021 which comprise consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, parent company balance sheet, consolidated statement of changes in equity, parent company statement of changes in equity, consolidated statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

AUDITOR'S REPORT (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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

AUDITOR'S REPORT (continued)

Our approach was as follows:

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

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

Our tests included, but were not limited to:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring with management and those charged with governance regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the Company;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries. We investigated journals determined by key risk characteristics based on our knowledge of the business and material journals.

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

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

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

Use of our report

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

DocuSigned by:
Mark Cardiff
232FC03A0B87497...
Mark Cardiff (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
13 June 2022
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	2021 Continuing operations Before Exceptional Items £000	2021 Continuing operations Exceptional Items* £'000	2021 Continuing operations Total £000	2021 Discontinued operations £000	2021 Total £000	2020 Continuing operations Before Exceptional Items Restated £000	2020 Continuing operations Exceptional Items* £'000	2020 Continuing operations Total Restated £'000	2020 Discontinued operations Restated £000	2020 Total Restated £000
Group turnover	2	**162,450**	**7,467**	**169,917**	**627**	**170,544**	**163,813**	**(421)**	**163,392**	**6,366**	**169,758**
Group operating costs	3	(151,806)	(4,607)	(156,413)	(749)	(157,162)	(155,262)	(15,656)	(170,918)	(10,668)	(181,586)
Group operating profit / (loss)	5	**10,644**	**2,860**	**13,504**	**(122)**	**13,382**	**8,551**	**(16,077)**	**(7,526)**	**(4,302)**	**(11,828)**
Fixed asset investments:											
- Loss on disposal of business		-	-	-	(29)	(29)	-	-	-	(634)	(634)
- Fair value (loss) / gain	14	-	-	-	-	-	(126)	-	(126)	-	(126)
Net interest payable	10	(904)	-	(904)	(2)	(906)	(897)	-	(897)	(48)	(945)
Profit / (Loss) before BMT profit sharing scheme & tax		**9,740**	**2,860**	**12,600**	**(153)**	**12,447**	**7,528**	**(16,077)**	**(8,549)**	**(4,984)**	**(13,533)**
BMT profit sharing schemes		(6,500)	-	(6,500)	-	(6,500)	-	-	-	-	-
Profit / (Loss) before tax		**3,240**	**2,860**	**6,100**	**(153)**	**5,947**	**7,528**	**(16,077)**	**(8,549)**	**(4,984)**	**(13,533)**
Taxation	11	(2,093)	(569)	(2,662)	31	(2,631)	(3,048)	2,446	(602)	(456)	(1,058)
Profit / (Loss) after tax retained / (absorbed) for the year		**1,147**	**2,291**	**3,438**	**(122)**	**3,316**	**4,480**	**(13,631)**	**(9,151)**	**(5,440)**	**(14,591)**

Profit / (Loss) for the year attributable to:

	2021 Continuing operations £000	2021 Discontinued operations £000	2021 Total £000	2020 Continuing operations Restated £000	2020 Discontinued operations Restated £000	2020 Total Restated £000
Owners of the parent	3,436	(122)	**3,314**	(9,211)	(5,440)	**(14,651)**
Non-controlling interest	2	-	**2**	60	-	60
Profit / (Loss) for the year	**3,438**	**(122)**	**3,316**	**(9,151)**	**(5,440)**	**(14,591)**

* Further information on exceptional items can be found in Note 4.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2021	2020 Restated
	£000	£000
PROFIT / (LOSS) FOR THE YEAR	3,316	(14,591)
Other comprehensive income / (loss): -		
Movement on defined benefit pension schemes		
Return on scheme assets (excluding amount included in net interest expense)	12,818	(148)
Actuarial gains on liabilities	231	2,282
Net assets in US Scheme derecognised due to uncertainty on recovery	(738)	-
Movement in deferred tax relating to actuarial gain/(loss) on pensions	(2,365)	(415)
Deferred tax rate change on opening pension scheme deficit	2,055	1,029
Exchange movement on foreign pensions	54	63
Gain on defined benefit pension plans (note 22)	12,055	2,811
Revaluation of freehold land and buildings	469	-
Movement in associated deferred tax on revaluation	(153)	-
Revaluation of freehold land and buildings net of deferred tax	316	-
Unrealised net exchange movement on foreign equity investments	209	(256)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR	**15,896**	**(12,036)**

None of the above Other Comprehensive Income was attributable to non-controlling interests (2020: nil).

CONSOLIDATED BALANCE SHEET

Company No: 1887373

	Notes	2021 £000	2020 Restated £000
FIXED ASSETS			
Intangible assets	12	3,819	2,363
Tangible assets	13	9,753	10,733
		13,572	13,096
CURRENT ASSETS			
Stock		333	400
Debtors			
amounts falling due within one year	15	38,851	34,508
amounts falling due after one year	15	9,423	12,458
Current asset investments		-	7,000
Cash at bank and in hand	16	41,334	34,940
		89,941	89,306
CREDITORS: amounts falling due within one year	18	(44,169)	(44,619)
NET CURRENT ASSETS		45,772	44,687
TOTAL ASSETS LESS CURRENT LIABILITIES		59,344	57,783
CREDITORS: amounts falling due after more than one year	19	(53)	(225)
PROVISIONS FOR LIABILITIES AND CHARGES	20	(6,670)	(7,455)
NET ASSETS EXCLUDING PENSION LIABILITY		**52,621**	**50,103**
Defined benefit pension liability	22	(35,675)	(49,053)
NET ASSETS INCLUDING PENSION LIABILITY		**16,946**	**1,050**
CAPITAL AND RESERVES			
Profit and loss account	23	39,961	37,071
Other reserves – Pension	22	(27,020)	(39,708)
Other reserves – Revaluation reserve	23	3,873	3,557
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**16,814**	**920**
NON-CONTROLLING INTERESTS		132	130
TOTAL EQUITY		**16,946**	**1,050**

The accounts on pages 23 to 60 were approved by the Board of Directors and authorised for issue on 7 June 2022 and are signed on its behalf by:

S L Kenny OBE
Director

D K McSweeney
Director

PARENT COMPANY BALANCE SHEET

Company No: 1887373

	Notes	2021	2020 Restated
		£000	£000
FIXED ASSETS			
Intangible assets	12	3,819	2,363
Tangible assets	13	5,940	5,618
Investments	14	6,389	9,475
		16,148	17,456
CURRENT ASSETS			
Debtors			
amounts falling due within one year	15	4,188	6,798
amounts falling due after one year	15	24,084	25,202
Current asset investments	17	-	7,000
Cash at bank and in hand	17	17,544	10,520
		45,816	49,520
CREDITORS: amounts falling due within one year	18	(9,495)	(11,427)
NET CURRENT ASSETS		36,321	38,093
TOTAL ASSETS LESS CURRENT LIABILITIES		52,469	55,549
PROVISIONS FOR LIABILITIES AND CHARGES	20	(1,119)	(837)
NET ASSETS EXCLUDING PENSION LIABILITY		**51,350**	**54,712**
Defined benefit pension liability	22	(35,675)	(48,128)
NET ASSETS INCLUDING PENSION LIABILITY		**15,675**	**6,584**
CAPITAL AND RESERVES			
Profit and loss account	23	38,984	42,104
Other reserves - Pension	22	(27,020)	(38,984)
Other reserves - Revaluation reserve	23	3,711	3,464
TOTAL EQUITY		**15,675**	**6,584**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company's loss for the year and total comprehensive profit for the year were £2,470,000 (2020: loss £7,602,000) and profit £9,091,000 (2020: loss £5,207,000) respectively. The accounts on pages 23 to 60 were approved by the Board of Directors and authorised for issue on 7 June 2022 and are signed on its behalf by:

S L Kenny OBE
Director

D K McSweeney
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent					
	Profit and loss account Restated £000	Defined Benefit Pension reserve Restated £000	Revaluation reserve Restated £000	Controlling interests Restated £000	Non-controlling interests £000	Total Restated £000
Balance at 1 October 2019 as previously stated	52,536	(44,091)	2,345	10,790	70	10,860
Prior year adjustment (note 30)	451	-	1,775	2,226	-	2,226
Balance at 1 October 2019 as restated	52,987	(44,091)	4,120	13,016	70	13,086
(Loss) / profit for the year	(14,651)	-	-	(14,651)	60	(14,591)
Other comprehensive income / (loss):						
Gain on defined benefit pension plans*	-	2,811	-	2,811	-	2,811
Unrealised net exchange movement on foreign equity investments	(256)	-	-	(256)	-	(256)
Total Comprehensive Income / (loss)	(14,907)	2,811	-	(12,096)	60	(12,036)
Transfer between reserves:						
Gain on disposal of revalued land and buildings	563	-	(563)	-	-	-
Pension Costs	(1,572)	1,572	-	-	-	-
Total movements in the year	(15,916)	4,383	(563)	(12,096)	60	(12,036)
Balance at 30 September 2020	**37,071**	**(39,708)**	**3,557**	**920**	**130**	**1,050**
Profit for the year	3,314	-	-	3,314	2	3,316
Other comprehensive income:						
Gain on defined benefit pension plans*	-	12,055	-	12,055	-	12,055
Unrealised net exchange movement on foreign equity investments	209	-	-	209	-	209
Revaluation of freehold land and buildings*	-	-	316	316	-	316
Total Comprehensive Income	3,523	12,055	316	15,894	2	15,896
Transfer between reserves:						
Pension Costs	(633)	633	-	-	-	-
Total movements in the year	2,890	12,688	316	15,894	2	15,896
Balance at 30 September 2021	**39,961**	**(27,020)**	**3,873**	**16,814**	**132**	**16,946**

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

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Profit and loss account Restated £000	Defined Benefit Pension reserve Restated £000	Revaluation reserve Restated £000	Total Restated £000
Balance at 1 October 2019 as previously stated	50,501	(42,738)	2,176	9,939
Prior year adjustment (note 30)	-	-	1,852	1,852
Balance at 1 October 2019 as restated	50,501	(42,738)	4,028	11,791
Loss for the year	(7,602)	-	-	(7,602)
Other comprehensive income:				
Gain on defined benefit pension plan	-	2,395	-	2,395
Total Comprehensive Income / (loss)	(7,602)	2,395	-	(5,207)
Gain on disposal of revalued land and buildings	564	-	(564)	-
Pension scheme	(1,359)	1,359	-	-
Total movements in the year	(8,397)	3,754	(564)	(5,207)
Balance at 30 September 2020	**42,104**	**(38,984)**	**3,464**	**6,584**
Loss for the year	(2,470)	-	-	(2,470)
Other comprehensive income / (loss):				
Revaluation of land and buildings	-	-	400	400
Gain on defined benefit pension plan	-	11,431	-	11,431
Taxation in respect of other comprehensive income / (loss):	-	(117)	(153)	(270)
Total Comprehensive Income / (loss)	(2,470)	11,314	247	9,091
Transfer between reserves:				
Pension scheme	(650)	650	-	-
Total movements in the year	(3,120)	11,964	247	9,091
Balance at 30 September 2021	**38,984**	**(27,020)**	**3,711**	**15,675**

CONSOLIDATED STATEMENT OF CASH FLOWS

	2021 £000	2020 £000
OPERATING ACTIVITIES		
Cash generated from operations on page 30	2,629	12,441
Interest paid	(147)	(106)
Income taxes paid	(126)	(885)
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,356	11,450
INVESTING ACTIVITIES		
Net movement in investments	-	5,411
Purchase of tangible fixed assets	(1,525)	(1,406)
Purchase of intangible fixed assets	(1,456)	(263)
Proceeds on disposal of tangible fixed assets	47	1,560
Interest and similar income received	23	157
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES	(2,911)	5,459
BMT PROFIT SHARING SCHEMES PAYMENT	-	-
NET CASH (OUTFLOW) / INFLOW BEFORE FINANCING	(555)	16,909
FINANCING ACTIVITIES		
Repayments of short-term loans	(51)	(71)
NET CASH USED IN FINANCING ACTIVITIES	(51)	(71)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(606)	16,838
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	41,940	25,102
CASH AND CASH EQUIVALENTS AT END OF YEAR	41,334	41,940

Relating to:		
Bank balances and short-term deposits included in cash at bank and in hand	41,334	34,940
Current asset investments	-	7,000
	41,334	41,940

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	2021 £000	2020 £000
RECONCILIATION OF PROFIT / (LOSS) AFTER TAX TO NET CASH GENERATED FROM OPERATIONS		
Profit / (Loss) after tax	3,316	(14,591)
Adjustments for:		
Depreciation of tangible fixed assets	2,677	2,616
Amortisation & impairment of intangible assets and goodwill	-	450
Loss / (gain) on disposal of tangible fixed assets	143	(223)
Defined benefit pension contributions paid	(2,776)	(3,468)
Defined benefit pension scheme administrative expenses	993	522
Net interest on defined benefit pension liabilities	782	996
Net Interest payable / (receivable) excluding pension scheme interest	124	(51)
Fair value in losses on investments	-	126
Foreign exchange differences	243	(526)
Loss on disposal of discontinued operations	29	634
BMT profit sharing schemes (Profit and Loss Account charge)	6,500	-
Taxation	2,631	1,058
OPERATING CASHFLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	14,662	(12,457)
Decrease in stock	67	277
(Increase) / decrease in debtors	(4,963)	8,371
(Decrease)/Increase in creditors	(6,352)	9,494
(Decrease) / increase in provisions	(785)	6,756
CASH GENERATED FROM OPERATIONS	2,629	12,441

	2021 £000	**2020 £000**
RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN FUNDS		
Increase in cash	6,394	9,838
Net movement in current asset investments	(7,000)	7,000
Net movement on loans	51	71
	(555)	16,909
Net funds as at 1 October	41,878	24,969
Net funds as at 30 September	**41,323**	**41,878**

	2021 £000	**2020 £000**
ANALYSIS OF NET FUNDS		
Net cash at bank and in hand	41,334	34,940
Bank loans	(11)	(62)
Current asset investments	-	7,000
	41,323	**41,878**

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

General Information

BMT Group Limited ("the Company") is a private company, limited by guarantee, domiciled, and incorporated in England. The address of the Company's registered office and principal place of business is Third Floor, 1 Park Road, Teddington, London, TW11 0AP. The Group consists of BMT Group Limited and all of its subsidiaries.

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

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold property.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

The Group operates a number of profit-sharing schemes, which are now all based on the overall results of the Group, and they are designed to reward performance as well as loyalty. In view of the bases of these shares of profit, the Directors have modified the format of the Group Statement of other Comprehensive Income 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.

Reduced disclosures

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

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

Going concern

The Group and Company remain in a strong position due to the long-term relationships in place with the principal customers, combined with a robust balance sheet and no external debt. At the time of approving the financial statements, the Directors have considered forecasts of trading and cash flows for the company taking consideration of post balance sheet events including the Chapter 7 filing of BMT Designers & Planner Inc along with stress tests and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the Directors consider it appropriate to prepare the accounts on the going concern basis.

Functional and presentational currencies

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

Prior year restatements

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

a. Defined benefit pension scheme - Following an enquiry into the FRS102 actuarial report as at 30 September 2020, it was found that the net assets for the Group and the Company had been understated by £551,000, due to an error in an actuarial report.
b. Freehold property valuation – the group applies the revaluation model under FRS 102, with respect to freehold properties. Following an external valuation of the properties in the year, it was established that the fair value used previously had, in error, departed materially from the stated carrying value and such departure applied to prior periods.
c. Reclassifications in Group Operating Costs and Staff Costs notes (Note 3 and Note 8)
d. Update to related parties to include items not deemed related in the prior year (Note 26)

Further information in relation to these retrospective amendments is provided in Note 30.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Basis of consolidation

Subsidiaries
The consolidated financial statements incorporate those of BMT Group Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method.

All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date.

Associates
Undertakings in which the Group has significant influence (i.e., the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 30 September.

Company Profit & Loss Account
As permitted by Section 408 of the Companies Act 2006, no individual profit & loss account is presented for the parent company as it prepares group accounts and the Company's individual balance sheet shows the Company's profit or loss for the financial year.

Accounting for an Insolvent Subsidiary
The insolvency of BMT Designers & Planners Inc on 1 February 2022 has been treated as an adjusting post balance sheet event as the factors that led to its insolvency were conditions clearly evident at the year-end date. Consequently, the assets and liabilities of BMT Designers and Planners Inc. at 30 September 2021 were assessed on a 'break-up' basis with assets and liabilities held at their respective amounts recoverable or payable by the company before it filed for a Chapter 7 insolvency process on 1 February 2022. The impact of this reassessment has been included within Continuing Operations Exceptional Items due to its material nature, whilst the in-year trading has been included within Continuing Operations Before Exceptional Items. The basis of the reassessment of asset and liability values was as follows:

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

The amount recognised within exceptional items related to the insolvency is disclosed in Note 4 and 28.

Exceptional Items
Items which are significant by virtue of their size or nature and/or which are considered non-recurring are classified as an exceptional operating item. Such items are included within the appropriate consolidated income statement category but are highlighted separately. Exceptional operating items are excluded from the profit measures used by the Directors to monitor underlying performance.

Discontinued operations
The Group recognises as discontinued, operations components which have been disposed or curtailed which represented a separate major line of business. In the current year several additional operations were curtailed leading to a recalculation of the results of the prior year discontinued operations.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Fixed asset investments
The Group's investments are classified as financial instruments and accounted for, in accordance with the accounting policy, at fair value through the profit and loss. Since the investments are all listed, the basis of measurement is market value.

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

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

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

Intangible Fixed Assets
Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives on the following basis:

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

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

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

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

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of fixed assets

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

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

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

Sale of professional services

The Company enters into a number of different forms of contracts with clients, the most common being fixed price lump sum contracts and time and materials contracts based on hourly rates.

Revenue is recognised on the majority of the Company's contracts on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Under the percentage completion method, the percentage of the total forecast revenue reported at any point in time is calculated based upon the proportion of total costs incurred to date as a percentage of total forecast costs or, in some cases, based upon the estimated physical per cent complete of the total work to be performed under the contract. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations.

In some cases, a margin provision is then made, depending on how far progressed each project is and the risk profile of the project. In addition, provision is made in full for estimated losses and, where the outcome of a contract cannot be reasonably foreseen, profit is taken on completion.

The Company's contract accounting policy is central to how the Company values the work carried out in each financial period/year. The value of contract work in progress comprises the costs incurred on contracts plus an appropriate proportion of overheads and attributable profit.

Fees invoiced on account are deducted from the value of work in progress and the balance is separately disclosed in trade and other receivables as amounts recoverable on contracts unless such fees exceed the value of the work in progress on any contract in which case the excess is separately disclosed in trade and other payables as income in advance.

Software

Turnover is recognised when it and the associated costs can be measured reliably, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. Sales of software are recognised when goods are delivered, and legal title has passed, and the Group has no continuing managerial involvement associated with ownership or effective control of the goods sold. This is generally when goods have been checked and accepted by the customer on delivery at the specified location.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all its economic benefits), deferred tax is measured using the tax rates and allowances that would apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally and enforceable right to set off the amounts and the entity intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

A deferred tax asset is only recognised when it is more likely than not that it will be recoverable in the foreseeable future.

Stocks
Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable.

Leases
Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases, net of any lease incentives.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the Directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

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

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Retirement Benefits

Defined benefits plan

The Group operates two defined benefit schemes that are established in accordance with local conditions and practices. The schemes are in the United Kingdom and the United States of America (which were closed to future accrual with effect from January 2011 and November 2001 respectively).

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

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

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

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

Contributions to the scheme are divided across the relevant Group companies based on the actuarial proportion of the deferred pensioners.

Defined contribution plans

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

Restructuring

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

Onerous leases

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

BMT Employee Benefit Trust (EBT)

The accounts of the EBT are not incorporated into the results of the Group and its asset is immaterial. It is administered by the Trustees and held separately and has not been used for payment of any employees' benefits.

Financial Instruments

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

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

Basic financial assets

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

Investments

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

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

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

Provisions for liabilities and charges
Provisions are recognised at the balance sheet date at management's best estimate of the expenditure required to settle the present obligation. Non-current amounts are discounted at a rate intended to reflect the time value of money. Provisions are recognised in the period in which an obligation arises, and the amount can be reasonably estimated. The carrying amounts of provisions are regularly reviewed and adjusted for new facts.

Valuation of freehold property
The Group carries its freehold properties at valuation. Property valuations are based on estimates of rental yields, likelihood of resale, current property condition and other external factors. As a result, this is considered a key accounting estimate within the accounts and could fluctuate based on the market conditions at the time.

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

2. TURNOVER

Turnover is generated from the Group's principal activity, being a multi-disciplinary engineering and technology consultancy, specialising in design, design support, software sales, and risk and contract management across the defence, energy and environment and marine transport market sectors. This consultancy is supported by significant scientific research and development investment.

An analysis of turnover by geographical market is given below:

	2021			2020		
	Continuing *operations*	**Discontinued *operations***	***Total***	**Continuing *operations*** Restated	**Discontinued *operations*** Restated	***Total*** Restated
	£000	£000	£000	£000	£000	£000
United Kingdom	74,194	-	**74,194**	77,995	90	**78,085**
Continental Europe	11,485	-	**11,485**	11,891	25	**11,916**
North America	54,078	-	**54,078**	40,991	55	**41,046**
Asia Pacific	28,563	608	**29,171**	29,478	5,721	**35,199**
Rest of the World	1,597	19	**1,616**	3,037	475	**3,512**
	169,917	**627**	**170,544**	**163,392**	**6,366**	**169,758**

3. GROUP OPERATING COSTS

	2021			2020		
	Continuing operations	**Discontinued operations**	**Total**	**Continuing operations** Restated	**Discontinued operations** Restated	**Total** Restated
	£000	£000	£000	£000	£000	£000
Subcontract labour, raw materials and consumables	35,486	256	**35,742**	36,205	2,996	**39,201**
Staff costs before BMT profit sharing schemes (note 8)	97,545	512	**98,057**	98,648	3,878	**102,526**
Depreciation, amortisation & impairment of fixed assets:						
pre-exceptional	1,758	17	**1,775**	2,674	392	**3,066**
exceptional	902	-	**902**	-	-	**-**
Government grants	(996)	-	**(996)**	(754)	-	**(754)**
Other operating charges	22,670	(34)	**22,636**	35,323	3,538	**38,861**
Other operating income	(952)	(2)	**(954)**	(1,178)	(136)	**(1,314)**
	156,413	**749**	**157,162**	**170,918**	**10,668**	**181,586**

Covid-19 Government Grant Income was received in the current and prior year, and due to its size, has been reclassified in the prior year from Other Operating Income to a separate Government grants line within the above disclosure.

An impairment loss of £0.9m on the tangible fixed assets (equipment) of BMT Designers & Planners Inc. is included in depreciation in the consolidated profit & loss account.

NOTES TO THE ACCOUNTS (continued)

4. EXCEPTIONAL ITEMS

An exceptional operating gain of £2.9m (2020: operating loss of £16.1m) was incurred due to the revision of estimates in relation to a single loss-making contract recognised as an exceptional item in the prior year and, asset and liability carrying value reassessment following BMT Designers and Planners Inc entering a formal insolvency process subsequent to year end. The basis of insolvency reassessment is disclosed within the accounting policies. The size of the loss incurred during the prior year on the loss-making contract merited it to be classified as an exceptional item; revisions to the estimated loss along with the associated insolvency that followed continue to be shown as exceptional in the year under review.

BMT Designers and Planners Inc. had mitigated BMT's foreign ownership through a Special Security Agreement (termed Proxy Agreement) between the US Government, BMT Designers and Planners Inc. and BMT Group Ltd. The Proxy Agreement called for an independent Board comprised of Outside Directors; the independent Board filed for Chapter 7 of the US Bankruptcy Code on 1 February 2022 and, as such, will be disclosed as a discontinued operation for the year ending 30 September 2022. The Post Balance Sheet Event note (note 28) highlights the items that will be included in discontinued operations, that are included within Continuing operations in the current year. The elements comprising the current year exceptional item were:

	Subsidiary Insolvency adjustment £000	**Onerous Customer Contract** £000	**Total** £000
Turnover	908	6,559	7,467
Operating Costs	734	(5,341)	(4,607)
Operating profit	**1,642**	**1,218**	**2,860**
Interest	-	-	-
Profit before tax	**1,642**	**1,218**	**2,860**

5. OPERATING PROFIT / (LOSS)

This is stated after charging/(crediting):

	2021 £000	**2020** Restated £000
Exceptional (profit)/ loss on a single onerous contract (note 4)	(1,218)	16,077
Operating lease rentals receivable - buildings	(363)	(388)
Operating leases payable	3,942	3,955
Depreciation on owned assets	2,677	2,616
Loss / (gain) on disposal of tangible fixed assets	143	(223)
Amortisation of goodwill	-	450
Foreign exchange losses	316	95

6. AUDITORS' REMUNERATION

	2021 £000	**2020** £000
Audit services:		
Statutory audit	140	117
Tax services:		
Compliance	1	65
Advisory services	1	73
Other services:		
Auditing of accounts of subsidiary companies	145	81
Auditing of accounts of subsidiary companies by auditor's associates	116	10
Other services not covered by the above	-	15

7. DIRECTORS' REMUNERATION

	2021 £000	2020 £000
Emoluments (excluding pension contributions)	966	872
Employer defined contribution pension	61	55
BMT profit sharing schemes (includes social security costs)	60	-
	1,087	**927**
Highest paid director:		
Aggregate emoluments	401	351
BMT profit sharing schemes (includes social security costs)	35	-
	436	351
Defined contribution scheme:		
Employer contributions	35	31

There are no directors for whom retirement benefits are accruing under defined benefit pension schemes, due to closure to future accrual of the UK Scheme on 31 January 2011. Retirement benefits are accruing to one director under a defined contribution scheme.

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

8. STAFF COSTS

Group	2021 £000	2020 Restated £000
Wages and salaries	85,059	89,322
Social security costs	6,767	7,017
Pension and post retirement costs	6,231	6,187
Staff costs before BMT profit sharing schemes	98,057	102,526
BMT profit sharing schemes (includes social security costs)	6,500	-
Total staff costs	**104,557**	**102,526**

A reclassification has been made in the 2020 comparatives, please see Note 30 for further information.

Company	2021 £000	2020 £000
Wages and salaries	6,332	7,236
Social security costs	704	746
Pension and post retirement costs	462	487
	7,498	8,469
BMT profit sharing schemes	640	-
Total staff costs	**8,138**	**8,469**

NOTES TO THE ACCOUNTS (continued)

9. EMPLOYEE NUMBERS

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

	Full Time Equivalents (FTE)		Headcount	
Group	**2021**	**2020**	**2021**	**2020**
	No.	No.	No.	No.
Scientific and technical	1,016	1,102	1,080	1,165
Administrative and support	349	397	380	416
Total staff numbers	**1,365**	**1,499**	**1,460**	**1,581**

Company	**2021**	**2020**	**2021**	**2020**
	No.	No.	No.	No.
Scientific and technical	0	1	0	1
Administrative and support	83	89	91	91
	83	**90**	**91**	**92**

10. NET INTEREST PAYABLE

	2021	**2020**
	£000	£000
Interest receivable:		
Bank interest	15	33
Other interest	8	124
Total interest receivable	23	157
Interest payable:		
Bank loans and overdrafts	147	106
Net interest on defined benefit pension liabilities	782	996
Total interest payable	929	1,102
Net interest payable	**906**	**945**
Net interest payable is summarised below:		
Bank deposits less loans and overdrafts (net payable)	132	73
Net interest on defined benefit pension liabilities	782	996
Managed fund interest received	(8)	(124)
Net interest payable	**906**	**945**

11. TAXATION

	2021	2020
	£000	£000
Current tax:		
- UK corporation tax on profits / (losses) of period	(150)	454
- adjustments in respect of prior periods	(223)	919
- foreign tax	597	1,165
Total current tax	224	2,538
Deferred tax:		
- UK deferred tax	645	13
- overseas deferred tax	304	(2,100)
- adjustments in respect of prior periods	1,269	231
- pension scheme	189	376
Total deferred tax	2,407	(1,480)
Tax on result	**2,631**	**1,058**

Factors affecting tax charge for the period:

The tax assessed for the period is higher than the effective rate of corporation tax in the UK (19%).

	2021	2020 Restated
	£000	£000
Profit / (loss) before tax	5,947	(13,533)
Profit / (loss) at the effective rate of corporation tax in the UK of 19% (2020: 19%)	1,130	(2,572)
Effects of:		
- items not deductible for tax purposes	102	2,614
- prior year adjustment	1,046	1,150
- impact of tax losses	122	323
- adjustment in respect of overseas tax rates	(8)	(428)
- effect of changes in tax rates and laws	186	(29)
- other tax adjustments	53	-
Total tax charge for the period	**2,631**	**1,058**

In addition to the amounts credited to the profit and loss account, £463,000 has been charged to other comprehensive income in relation the deferred tax on pension liabilities and the revaluation of freehold properties. A charge of £310,000 (2020: credit of £614,000) has been recognised in relation to pension liabilities which includes a credit of £2,055k related to the change in the substantively enacted tax rate from 19% to 25%. A deferred tax charge of £153,000 was recognised from the movement of deferred tax relating to the revaluation of freehold land and buildings.

The current UK corporation tax rate for is 19% (2020: 19%). However, the UK government has signalled its intention to increase the main rate of corporation tax to 25% from 19% with effect from 1 April 2023. This change was substantially enacted following the third reading of the Finance Act 2021 on 24 May 2021. As a result, deferred tax has been calculated at a rate of 19% on any assets or liabilities which are expected to unwind prior to 1 April 2023 and at a deferred tax rate of 25% on all other assets and liabilities which are expected to be realised after that date.

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill £000	Vessel Design Portfolio £000	ERP System Software £000	Total £000
Cost				
At 1 October 2020	11,700	1,920	2,363	15,983
Additions	-	-	1,456	1,456
Disposals	(1,763)	(20)	-	(1,783)
Exchange differences	-	-	-	0
At 30 September 2021	9,937	1,900	3,819	15,656
Amortisation				
At 1 October 2020	11,700	1,920	-	13,620
Provided during the year	-	-	-	-
Disposals	(1,763)	(20)	-	(1,783)
Exchange differences	-	-	-	-
At 30 September 2021	9,937	1,900	-	11,837
Net book value at 30 September 2021	**-**	**-**	**3,819**	**3,819**
Net book value at 30 September 2020	-	-	2,363	2,363

The amortisation of goodwill and intangible assets are included within Group operating costs. ERP System Software is currently in development and has not been brought into use. Accordingly, it has not been amortised in the period.

Company

	ERP System Software £000	Total £000
Cost		
At 1 October 2020	2,363	2,363
Additions	1,456	1,456
At 30 September 2021	3,819	3,819
Amortisation		
At 1 October 2020	-	-
Provided during the year	-	-
At 30 September 2021	-	-
Net book value at 30 September 2021	**3,819**	**3,819**
Net book value at 30 September 2020	2,363	2,363

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

13. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings Restated £000	Long leasehold properties and improvements £000	Other equipment £000	Total Restated £000
Cost / valuation				
1 October 2020 (restated)	5,472	5,559	16,032	27,063
Additions	-	194	1,331	1,525
Disposals	(60)	(1,148)	(4,935)	(6,143)
Revaluations	469	-	-	469
Exchange differences	(22)	(113)	(256)	(391)
At 30 September 2021	5,859	4,492	12,172	22,523
Depreciation				
1 October 2020 (restated)	-	3,669	12,661	16,330
Provided during the year	-	971	1,706	2,677
Disposals	-	(1,128)	(4,823)	(5,951)
Revaluation adjustment	-	-	-	-
Exchange differences	-	(82)	(204)	(286)
At 30 September 2021	-	3,430	9,340	12,770
Net book value				
At 30 September 2021	**5,859**	**1,062**	**2,832**	**9,753**
At 30 September 2020	5,472	1,890	3,371	10,733

Land and buildings in the UK with a carrying amount of £5.3m were revalued as at 30 September 2021 by an external valuer in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards ("RICS Red Book Global"), who are not connected with the Group/Company. The basis of valuation adopted is Fair Value. Fair value for an occupied, non-specialised property such as this is considered to be equivalent to market value.

Land and buildings in Belgium with a carrying amount of £559,000 were revalued as at 30 September 2021 by an external valuer, who are not connected with the Group. The basis of valuation adopted is Fair Value. Fair value for an occupied, non-specialised property such as this is considered to be equivalent to market value.

An impairment loss of £0.9m on the tangible fixed assets (equipment) of BMT Designers & Planners Inc. is included in depreciation in the consolidated profit & loss account.

The opening value of freehold land and buildings at 1 October 2020 has been restated, please see Note 30 for further information.

The historical cost of Freehold Land and Buildings is £2.559m (2020: £2.559m).

13. *TANGIBLE FIXED ASSETS (continued)*

Company

	Freehold land and buildings Restated £000	Long leasehold properties and improvements £000	Other equipment £000	Total Restated £000
Cost/Valuation				
1 October 2020 (restated)	4,900	720	1,921	7,541
Additions	-	(12)	191	179
Disposals	-	-	(1,445)	(1,445)
Revaluations	400	-	-	400
At 30 September 2021	5,300	708	667	6,675
Depreciation				
1 October 2020 (restated)	-	206	1,717	1,923
Provided during the year	-	138	119	257
Disposals	-	-	(1,445)	(1,445)
At 30 September 2021	-	344	391	735
Net book value				
At 30 September 2021	**5,300**	**364**	**276**	**5,940**
At 30 September 2020	4,900	514	204	5,618

The historical cost of Freehold Land and Buildings is £2.095m (2020: £2.095m). See above for note regarding revaluation of land and buildings.

The opening value of freehold land and buildings at 1 October 2020 has been restated, please see Note 30 for further information.

14. FIXED ASSET INVESTMENTS

Group and Company

In the prior year the Managed Fund of £7,000,000 was transferred to current asset investments during the year – see note 17. Prior to this transfer, a valuation loss of £126,000 was recognised through the profit and loss account.

Company

	Group undertakings £000	Total £000
Cost/Valuation		
At 1 October 2020	19,909	19,909
Additions	701	701
Disposals	(554)	(554)
At 30 September 2021	20,056	20,056
Provisions		
1 October 2020	10,434	10,434
Impairment in year	3,787	3,787
Disposals	(554)	(554)
At 30 September 2021	13,667	13,667
Net book value		
At 30 September 2021	**6,389**	**6,389**
At 30 September 2020	9,475	9,475

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

The impairment loss recognised on fixed asset investments in the period was £3,787,000 (2020: £5,580,000) and is included in Company operating costs, with no impact on the consolidated Group results. The loss mainly relates to a £3,367,000 impairment of the investment of BMT International Inc, the parent of Technology Financing Inc and its subsidiary BMT Designers and Planners Inc.

NOTES TO THE ACCOUNTS (continued)

15. DEBTORS

	Group		*Company*	
	2021	**2020**	**2021**	**2020**
		Restated		Restated
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	23,115	19,854	1	-
Amounts owed by subsidiary undertakings	-	-	2,922	5,763
Amounts recoverable on contracts	9,585	8,840	-	-
Other debtors	766	1,240	353	317
Corporation tax	1,050	1,039	386	129
Prepayments and accrued income	4,335	3,535	526	589
	38,851	**34,508**	**4,188**	**6,798**
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	16,047	16,232
Deferred tax asset (see note 21)	9,423	12,457	8,037	8,970
Prepayments and accrued income	-	1	-	-
	9,423	**12,458**	**24,084**	**25,202**

16. CASH AND OVERDRAFTS - GROUP

	2021	**2021** Change in year	**2020**	**2020** Change in year	**2019**	**2019** Change in year
Analysis of balances:	£000	£000	£000	£000	£000	£000
Current assets:						
Cash at bank and in hand	41,334	6,394	34,940	9,740	25,200	2,148
Current liabilities:						
Bank overdrafts	-	-	-	98	(98)	400
Net position at 30 September	**41,334**	**6,394**	**34,940**	**9,838**	**25,102**	**2,548**

	2021	**2021** Change in year	**2020**	**2020** Change in year	**2019**	**2019** Change in year
Sub-analysed as follows:	£000	£000	£000	£000	£000	£000
Cash held for third parties	-	(610)	610	(836)	1,446	1,063
Group's own net cash	41,334	7,004	34,330	10,674	23,656	1,485
Net position at 30 September	**41,334**	**6,394**	**34,940**	**9,838**	**25,102**	**2,548**

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

The impact of foreign currency translation on the opening cash balance included in the year-on-year change was a reduction of £217,000 (2020: £231,000). These amounts are included in foreign exchange differences in the Consolidated Statement of Cash Flows.

17. CASH AND CASH EQUIVALENTS RECONCILIATION

Group

	1 October 2020 £000	Cash flows £000	30 September 2021 £000
Cash at bank and in hand	34,940	6,394	41,334
Bank loans	(62)	51	(11)
Current asset investments	7,000	(7000)	-
Cash and Cash Equivalents	**41,878**	**(555)**	**41,323**

Company

	1 October 2020 £000	Cash flows £000	30 September 2021 £000
Cash at bank and in hand	10,520	7,024	17,544
Current assets investments	7,000	(7,000)	-
Cash and Cash Equivalents	**17,520**	**24**	**17,544**

There are no restrictions over the uses of the cash and cash equivalents balances which comprise cash at bank and in hand, bank overdrafts and current asset investments.

The Company and Group held £7 million of readily available marketable interest-bearing securities in the prior year which were recognised as current asset investments and were available on demand. These securities were converted into cash during the year.

Non-cash movements related to foreign exchange movements on cash at bank and in hand are included within cash flow movement.

18. CREDITORS: Amounts falling due within one year

	Group		*Company*	
	2021 £000	2020 £000	2021 £000	2020 £000
Bank loans (note 17)	11	62	-	-
Income in advance	15,811	13,065	-	42
Trade creditors	6,058	7,208	925	1,498
Amounts owed to subsidiary undertakings	-	-	4,308	3,980
Corporation tax	51	925	-	-
Other taxation and social security	3,992	5,723	1,269	2,729
Other creditors	1,011	2,813	360	1,130
Accruals and deferred income	17,235	14,823	2,633	2,048
	44,169	**44,619**	**9,495**	**11,427**

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

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

	Group 2021 £000	2020 £000	*Company* 2021 £000	2020 £000
Bank loans	-	-	-	-
Other creditors	53	225	-	-
	53	**225**	**-**	**-**

Bank loans are secured over the assets of a subsidiary company.

20. PROVISIONS FOR LIABILITIES AND CHARGES

Group

	Onerous Leases Contracts £000	Other Onerous Contract £000	Dilapidations Provision £'000	Legacy Claims £000	Total £000
At 1 October 2020	661	6,294	-	500	7,455
Charge to profit and loss	259	-	25	-	284
Reclassification from other balance sheet account	-	-	655	-	655
Released in year	(294)	(1,330)	-	(100)	(1,724)
At 30 September 2021	**626**	**4,964**	**680**	**400**	**6,670**

Company

	Onerous Leases Contracts £000	Dilapidations Provision £'000	Legacy Claims £000	Total £000
At 1 October 2020	337	-	500	837
Charge to profit and loss	80	25	-	105
Reclassification from other balance sheet account	-	365	-	365
Released in year	(88)	-	(100)	(188)
At 30 September 2021	**329**	**390**	**400**	**1,119**

Legacy claims

The legacy claims are in relation to former employees and are associated with assets and liabilities that were transferred when BMT Group Ltd (formerly British Maritime Technology Ltd) was privatised in 1985. It is expected that payment for these claims will be expended in full, on, or before, December 2045.

Onerous lease contracts

The onerous lease provision relates to rentals due on leased properties which are no longer occupied by the Group and are the net present value of the obligations under the lease. During the year 4 property leases met the criteria to be recognised as an onerous lease due to the closure of certain business operations.

20. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Dilapidations Provisions

The Group has a number of operating leases where it has an obligation to maintain the property and return it in good state of repair at the end of the lease. As the leases are for office space, which is mainly open plan, the obligation is primarily created through wear and tear, rather than leasehold improvements and / or structural changes. In the current year, the dilapidations provisions have been reclassified in the Group and Company from accruals and other creditors.

Other Onerous Contract

An operating loss was incurred in relation to a single customer contract that had become loss making during the previous year. In accordance with accounting standards the full expected loss has been recognised at the point the contract became loss making; the future element of the total anticipated loss is included with Provisions for Liabilities and Charges in the Balance Sheet. The size of the loss incurred has led for it to be classified as an exceptional item as described in Note 4.

21. DEFERRED TAXATION

	2021	2020 Restated
Deferred Tax Asset	£000	£000
Group		
At 1 October	12,457	11,116
Transfer (to)/from profit and loss	(2,407)	1,480
Exchange differences	(163)	(46)
Transfer from other balance sheet accounts	-	(708)
Transfer from other comprehensive income	(464)	615
At 30 September	**9,423**	**12,457**

	2021	2020 Restated
The deferred tax asset of the Group comprises:	£000	£000
- tax losses	844	1,933
- short-term timing differences	1,049	1,713
- defined benefit pension scheme	8,655	9,345
- capital allowances in excess of depreciation	(1,125)	(534)
Amount included within Debtors (see note 15)	**9,423**	**12,457**

NOTES TO THE ACCOUNTS (continued)

21. DEFERRED TAXATION (continued)

	2021	**2020**
		Restated
	£000	£000
Company		
At 1 October	8,971	8,553
Transfer from profit and loss	(663)	(16)
Transfer to current tax	-	(276)
Transfer from other comprehensive income	(271)	709
At 30 September	**8,037**	**8,970**

	2021	**2020**
		Restated
	£000	£000
The deferred tax asset of the Company comprises:		
- tax losses	290	43
- short-term timing differences	150	146
- defined benefit pension scheme	8,655	9,144
- capital allowances in excess of depreciation	(1,058)	(363)
At 30 September	**8,037**	**8,970**

The timing of the reversal of deferred tax asset is uncertain as it depends on future profitability.

The Group has unutilised tax losses of £2.7m (gross) in Australia and Singapore in respect of which a Deferred Tax Asset has not been recognised.

22. PENSION SCHEMES

The Group participates in two defined benefit pension schemes, in the UK and in the United States of America, both of which are now closed. The UK defined benefit pension scheme is the most significant. The Group also operates defined contribution pension schemes.

Defined Benefit Pension Schemes

BMT UK Scheme was closed to future accrual on 31 January 2011. The date of the last actuarial valuation was 5 April 2019. The 2021 actuarial valuation is currently being agreed with the Trustee. BMT US Scheme was closed to future accrual on 1 November 2001. The current year surplus of £738,000 in the BMT US Scheme has been derecognised as the recoverability of the surplus through refunds from the plan is not unconditional and uncertain therefore.

The liabilities of the schemes at the balance sheet date are detailed below. The 2020 results have been restated as disclosed in Note 30.

Group

	2021	**2020**
		Restated
	£000	£000
Present value of funded obligations	(177,526)	(179,829)
Fair value of plan assets	142,589	130,776
Present value of unfunded obligations (before deferred tax)	(34,937)	(49,053)
US surplus derecognised due to uncertainty over its refund	(738)	-
Present value of unfunded obligations in the Balance Sheet	**(35,675)**	**(49,053)**
Related deferred tax assets (note 21)	8,655	9,345
Net pension liability	**(27,020)**	**(39,708)**

Company

The Company participates in the United Kingdom defined benefit scheme and recognised the pension liability in respect of the scheme in its Statement of Financial Position as the sponsoring company.

	2021	**2020**
		Restated
	£000	£000
Present value of funded obligations	(169,425)	(170,560)
Fair value of plan assets	133,750	122,432
Present value of unfunded obligations (before deferred tax asset)	(35,675)	(48,128)
Related deferred tax assets (note 21)	8,655	9,144
Net pension liability	**(27,020)**	**(38,984)**

NOTES TO THE ACCOUNTS (continued)

22. PENSION SCHEMES (Continued)

Principal assumptions
Detailed below are the principal assumptions used in producing the balance sheet valuations:

	BMT UK Scheme		BMT US Scheme	
	2021	**2020**	**2021**	**2020**
Rate of increase in pensions payment	2.30%-3.90%	2.10%-3.46%	0.0%	0.0%
Discount rate	2.02%	1.61%	2.75%	2.50%
Inflation assumption – RPI	3.81%/3.52%	2.85%	0.0%	0.0%
Inflation assumption – CPI	2.91%/3.42%	1.95%	0.0%	0.0%
Rate of increase to deferred pensions	2.91%/3.42%	1.95%-2.85%	0.0%	0.0%

	2021 Years	**2020 Years**
The average life expectancy for a pensioner retiring at 65 on the reporting date is:		
Male	86.7	86.7
Female	89.1	89.0
The average life expectancy for an employee retiring at 65 that is aged 45 at the reporting date is:		
Male	87.7	87.7
Female	90.2	90.2

Profit and loss charge
Amounts recognised in profit or loss in respect of the defined benefit schemes are as follows:

	2021 £000	**2020** £000
Net interest on the net defined benefit pension liability	782	996
Administration expenses	993	522
	1,775	**1,518**

Changes in the present value of the defined benefit obligation

	2021 £000	**2020** £000
Opening defined benefit obligation	179,829	183,984
Past service cost	-	-
Interest cost	2,923	3,538
Benefits paid	(4,601)	(4,945)
Actuarial gains	(231)	(2,282)
Exchange rate movements	(394)	(466)
Closing defined benefit obligation	**177,526**	**179,829**

22. PENSION SCHEMES (Continued)

Changes in the fair value of plan assets

	2021	2020
		Restated
	£000	£000
Opening plan assets	130,776	130,770
Interest income	2,141	2,542
Administrative expenses	(993)	(522)
Return on plan assets excluding amount included in net interest expense	12,818	(148)
Contributions by employers	2,776	3,468
Benefits paid	(4,601)	(4,946)
Exchange differences on foreign plans	(328)	(388)
Closing plan assets	**142,589**	**130,776**

The actual return on plan assets was a profit of £14,959,000 (2020: profit £2,394,000).

Major categories of plan assets	2021	2020
		Restated
	£000	£000
Global equities	22,646	17,501
Corporates	1,956	2,463
Liability driven investments	13,281	17,273
Alternative assets	101,017	88,644
Annuities	3,009	3,141
Cash	680	1;754
	142,589	**130,776**

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

Defined Contribution Scheme

The Group operates a mixture of state and private defined contribution schemes. Contributions to these schemes during the year amounted to £6,321,000 (2020: £6,187,000).

23. SHARE CAPITAL AND RESERVES

Share capital

The Company is limited by guarantee without share capital.

Reserves

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

Profit and loss account reserve
Cumulative profit and loss retained.

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

24. CONSTITUTION AND CONTROL

In accordance with the Company's Constitution, any surplus assets up to £30m, plus indexation based on Retail Price Index (RPI) from September 1998 - £56.3m at 30 September 2021 (2020: £53.7m) - 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. Any remaining assets will be paid to the beneficiaries of the Employee Benefit Trust (EBT). No Trustee shall have any entitlement to share in the profits or assets of the Company.

Within BMT Group Ltd there are two classes of member with the following rights:

Type of Member	Number of votes	Interest
Trustee of the EBT	1 vote each	Equity on behalf of the EBT only
Honorary	None	Non-equity

The Company is under the ultimate control of the Trustees of the Employee Benefit Trust, which exists to provide beneficial ownership for all employees. The employee owners have no voting powers.

The former honorary members were extinguished post year end.

NOTES TO THE ACCOUNTS (continued)

25. LEASING COMMITMENTS

The total future minimum lease payments under non-cancellable leases are as follows:

	Land and Buildings		Other	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
		Restated		Restated
Group				
Operating leases which expire:				
- within one year	4,362	3,623	464	377
- in the second to fifth years inclusive	11,523	8,698	864	454
- after five years	2,384	3,829	278	-
	18,269	**16,150**	**1,606**	**831**
Company				
Operating leases which expire:				
- within one year	661	984	-	-
- in the second to fifth years inclusive	3,460	3,415	-	-
- after five years	885	1,591	-	-
	5,006	**5,990**	**-**	**-**

An adjustment has been made in the 2020 comparatives, please see Note 30 for further information.

26. RELATED PARTY TRANSACTIONS

Transactions with subsidiary companies, where 100% of the voting rights of the subsidiary are controlled within the Group, have been eliminated on consolidation in the Group accounts. At 30 September 2021, the Group was owed £nil (2020: £109,000) by an associated company, which had been fully provided against in previous years due to the uncertainty of the timing of its recoverability.

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

	Group Subsidiaries not wholly owned		*Company* Subsidiaries not wholly owned	
	2021	**2020**	**2021**	**2020**
		Restated		Restated
	£000	£000	£000	£000
Sales of services in year	7,995	8,915	-	-
Purchases of services in year	13	91	-	-
Amounts owed by related parties at 30 September	1,382	1,777	964	1,301
Provisions for uncollectable receivables	587	953	587	953
Expense in the year for bad and doubtful debts	-	844	-	844
Amounts owed to related parties at 30 September	-	118	-	-

The 2020 comparatives have been restated following an intra-group transfer of the shares in a subsidiary company - see Note 30 for further information.

27. LISTING OF SUBSIDIARY & ASSOCIATED COMPANIES

The following listing of subsidiary and associated companies shows place of incorporation / registration and equity participation where not wholly owned:

Name & Country of Incorporation	Nature of Business	Registered Address
Australia:		
BMT Defence and Security Australia Pty Ltd (formerly BMT Design & Technology Pty Ltd)	Services to the defence and maritime industries	Level 5, 99 King Street, Melbourne VIC, 3000 Australia ♦
BMT Commercial Australia Pty Ltd (formerly BMT Eastern Australia Pty Ltd)	Environmental and engineering consultancy	Level 5, 348 Edward Street, Brisbane QLD 4000 Australia
BMT Holdings (Australia) Pty Ltd	Intermediate holding company	Level 5, 348 Edward Street, Brisbane QLD 4000 Australia
Belgium:		
BMT Belgium NV	Marine surveying	Kapelsesteenweg 286, 2930 Brasschaat
Canada:		
BMT Canada Ltd (formerly BMT Fleet Technology Limited)	Defence services, engineering and materials consultancy	600-1741 Lower Water Street, Halifax NS B3J 0J2
England & Wales: active companies		
BMT Defence and Security UK Ltd	Services to the defence industry	*
BMT UK 2 Ltd (formerly BMT Fluid Mechanics Limited)	Fluid and structural mechanics consultancy	*
BMT International Ltd	Intermediate holding company	*o
BMT Market Collections Ltd	Professional Fees collection agency serving insurance markets	*
BMT UK Ltd (formerly BMT Nigel Gee Ltd)	Naval architecture and marine engineering	*
Lateral Naval Architects Ltd (75%)	Naval architecture and marine engineering	*
BMT Nominees (Teddington) Ltd	Intermediate holding company	*o
BMT Ship & Coastal Dynamics Ltd	Ship Performance and Metocean consultancy services	*o
BMT Surveys International Ltd	Intermediate holding company	*
BMT Titron (UK) Ltd (25%)	Ship Design	Ship Design Centre, The Town Hall Business Centre, High Street East, Wallsend, Tyne & Wear, NE28 7AT
BMT Smart Ltd	Vessel performance and monitoring solutions	4th Floor Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG #
England & Wales: dormant companies		
BMT Pension Trustee Ltd	Dormant company	*
Hong Kong:		
BMT Asia Environment Ltd	Environmental consultancy	5F, FWD Financial Centre, 308 Des Voeux Road, Central, Hong Kong #
BMT Hong Kong Ltd (formerly BMT Asia Pacific Ltd)	Maritime and risk consultancy	26/F, Pacific Plaza, 418 Des Voeux Road West, Hong Kong #
BMT Engineering International Ltd	Intermediate holding company	22nd floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong
BMT Titron Holdings Ltd (25%)	Intermediate holding company	5F, FWD Financial Centre, 308 Des Voeux Road, Central, Hong Kong
BMT Titron Marine Ltd (25%)	Ship design	5F, FWD Financial Centre, 308 Des Voeux Road, Central, Hong Kong

27. LISTING OF SUBSIDIARY & ASSOCIATED COMPANIES (Continued)

Indonesia:		
PT BMT Asia Indonesia (formerly PT BMT Asia Pacific Indonesia) (5%)	Environmental consultancy	Gedung CIBIS Nine 12th Floor Unit N-1, CIBIS Park, Jln Letjen TB, Simatupang No2 RT 001/005 Jakarta Selatan 12520
Malaysia:		
BMT Malaysia Sdn Bhd (30%)	Marine and offshore equipment and consultancy	Level 10, Menara Hap Seng, No 1 & 3, Jalan P. Ramlee, 50250, Kuala Lumpur #
Netherlands:		
BMT Netherlands BV	Marine Surveying	Rivium Quadrant2, 2909 LC Capelle a/d IJssel, Rotterdam
Infoplaza Marine Holdings BV (formerly BMT ARGOSS BV) (20%)	Earth observation consultancy	Sleepboot 5, 3991CN, Houten
Infoplaza Marine Weather BV (formerly BMT ARGOSS Holding BV) (20%)	Intermediate holding company	Sleepboot 5, 3991CN, Houten
Singapore:		
BMT Singapore Pte Ltd (formerly BMT Asia Pacific Pte Ltd)	Maritime consultancy	8 Wilkie Road, #03-01 Wilkie Edge, Singapore, 228095
United States of America:		
BMT Designers & Planners Inc. (in liquidation)	Ship engineering and environmental services	c/o Salvatore LaMonica, LaMonica Herbst & Maniscalco, LLP, 3305 Jerusalem Avenue, Wantagh, NY11793 ^
BMT International Inc	Intermediate holding company	6639 Theall Road, Houston TX 77066 ♦
BMT Commercial USA Inc	Marine and offshore equipment and consultancy	355 West Grand Avenue, Suite 5, Escondido CA 92025
Technology Financing Inc	Intermediate holding company	6639 Theall Road, Houston TX 77066 ♦

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

 # Companies in liquidation during the year

^ Companies gone into insolvency subsequent to year end

o Companies applied for strike-off during the year

♦ Companies not preparing separate financial statements

28. POST BALANCE SHEET EVENTS

BMT Designers and Planners Inc

On 1 February 2022, BMT Designers & Planners Inc. filed for Chapter 7 bankruptcy under US law. As the business was not closed at 30 September 2021, the trading activity has been shown within continuing operations, although provisions made in respect to onerous contracts and legal disputes have been highlighted through exceptional items (see note 4).

In the year ending 30 September 2022 Report and Accounts, BMT Designers and Planners Inc. results will be shown in discontinued operations and the results for the year ended 30 September 2021 restated accordingly. Detailed below are the results which will be additionally included in discontinued operations in the year ended 30 September 2021 when restated in the 2022 Group accounts.

	Discontinued Operations as Reported in 2021 £'000	Included in Continuing Operations £000	Exceptional Items £000	Discontinued Operations Restated in 2022 £000
Turnover	627	25,208	7,467	33,302
Operating costs	(749)	(23,741)	(4,607)	(29,097)
Operating (loss) / profit	**(122)**	**1,467**	**2,860**	**4,205**
Disposal of business	(29)	-	-	(29)
Net interest payable	(2)	(12)	-	(14)
(Loss) / profit before tax	**(153)**	**1,455**	**2,860**	**4,162**

28. POST BALANCE SHEET EVENTS (Continued)

BMT Group Limited Company Only – Lateral Naval Architects Ltd

On 2 February 2022, BMT Group Limited purchased BMT UK Limited's 75% share in Lateral Naval Architects Ltd for £3,075,004 paid in cash.

29. CONTINGENT LIABILITIES

The Company has given indemnities in respect of overseas offices' overdrafts, performance bonds, and letters of credit issued on its behalf. The indemnities, which arose in the ordinary course of business, are not expected to result in any material financial loss. As described in note 20, the onerous customer contract provision is subject to an assessment based on the possible outcomes of future events which, therefore, may give rise to changes both more, or less, than the estimates made. The Company has also given a cross guarantee in respect of UK subsidiary companies' overdraft facilities in the ordinary course of business.

30. PRIOR YEAR ADJUSTMENTS

The accounts contain two prior year adjustments which are detailed below. In addition, there have been certain reclassifications and amendments within certain notes which have no impact on the Group's Equity as at 30 September 2020 or the Loss for the year ended 30 September 2020 which are explained below.

Adjustment 1 - Defined Benefit Pension Scheme
Following an enquiry into the FRS102 actuarial report as at 30 September 2020, it was found that the defined benefit scheme liability had been overstated by £680,000 (£551,000 net of deferred tax), due to an error in an actuarial report relating to the defined benefit scheme assets. The return on plan assets within Other Comprehensive Income would have been £(277,000) as opposed to £(828,000). As a result, the UK defined benefit pension scheme assets, the net defined benefit scheme liability and associated deferred tax have been restated for the Consolidated Group and BMT Group Limited company only.

Adjustment 2 - Freehold Property Valuation
The Group applies the revaluation model under FRS102, with respect to freehold properties. Following an external valuation of properties in the year, it was established that the fair value had departed materially from the stated carrying value and such departure applied to prior periods. This matter arose as sufficiently accurate information had not been used in the interim valuations.

Group

	Equity as at 30 Sept 2020 £'000	Equity as at 30 Sept 2019 £'000	Loss for the year ended 30 Sept 2020 £'000	Loss for the year ended 30 Sept 2019 £'000
As previously stated	**(1,801)**	**10,860**	**(14,660)**	**(1,451)**
Adjustment 1 – Defined benefit pension scheme				
Increase pension scheme assets	680	-	-	-
Reduction in associated deferred tax asset	(129)	-	-	-
	(1,250)	10,860	(14,660)	(1,451)
Adjustment 2 – Freehold property valuation				
2019 restatement adjustment	2,226	-	-	-
Increase in tangible fixed assets	-	2,048	-	-
Release of depreciation charge on revalued freehold property	69	451	69	451
Effect of FX on retranslation through OCI	5	-	-	-
Increase in deferred tax liability on capital allowances in excess of depreciation	-	(273)	-	-
As restated	**1,050**	**13,086**	**(14,591)**	**(1,000)**

30. PRIOR YEAR ADJUSTMENTS (continued)

Other Note Reclassifications and Amendments
There have been certain reclassifications and amendments within certain notes which are explained below. These have no impact on the Group's equity as at 30 September 2020 or the loss for the year ended 30 September 2020.

1) Group Operating Costs (Note 3)
Covid-19 Government Grant Income was received in the current and prior year, due to its size and being received in both years, it has been reclassified in the prior year from Other Operating Income to a separate Government grants line, the amount of government income recognised was £754,000.

2) Staff Costs (Note 8)
Included in pension and post retirement costs in the prior year was an amount of £1,440,000 relating to salary sacrifice pension contributions, which should have been included within wages and salaries and has been reclassified within the note.

3) Lease Commitments (Note 25)
Leasing commitments were restated to show commitments based on actual payments to be made, rather than based on annualised rent charges reported in the profit and loss account.

4) Related Partied (Note 26)
Prior year comparatives were restated following a reassessment of related parties to include in the table balances previously reported in the narrative and to include balances which have, following review, been reassessed as related parties for the Company and Group based on changes in intra group ownerships in the year and following the year end.

Company	**Equity as at 30 Sept 2020** £'000	**Equity as at 30 Sept 2019** £'000
As previously stated	**4,181**	**9,939**
Adjustment 1 – Defined benefit pension scheme		
Increase pension scheme assets	680	-
Reduction in associated deferred tax asset	(129)	-
	4,732	9,939
Adjustment 2 – Freehold property valuation		
2019 restatement adjustment	1,852	-
Increase in tangible fixed assets	-	2,125
Increase in deferred tax liability on capital allowances in excess of depreciation	-	(273)
As restated	**6,584**	**11,791**