



BMT Group Ltd Directors' Reports and Accounts 2019

Company No: 1887373

Accounting Date:
30 September 2019



DIRECTORS

Sir J A Hood KNZM - Chairman
Mrs S L Kenny OBE - Chief Executive
Mr C M Packshaw - Senior Independent Director
Mrs W J Barnes
Mr D K McSweeney
Mr D R Webb
Mr A Wyllie

COMPANY SECRETARY & GENERAL COUNSEL

Mrs T M Grey

AUDITOR

RSM UK Audit LLP

SOLICITORS

Stevens & Bolton LLP

PRINCIPAL BANKERS

Barclays Bank Plc
HSBC Bank Plc
SunTrust Bank Inc

REGISTERED OFFICE

1 Park Road
Teddington
Middlesex
TW11 0AP

COMPANY NO.

1887373

CONTENTS	PAGE
Strategic report	3-7
Directors' report	8-9
Directors' responsibilities in the preparation of the accounts	9-10
Independent auditor's report	11-12
Consolidated Profit and Loss Account	13
Consolidated Statement of Comprehensive Income	14
Consolidated Balance Sheet	15
Parent company Balance Sheet	16
Consolidated Statement of Changes in Equity	17
Parent company Statement of Changes in Equity	18
Consolidated Statement of Cash flows	19-20
Notes to the accounts	21-49

STRATEGIC REPORT

BMT is a leading international design, engineering, science and risk management consultancy with a reputation for engineering excellence. BMT Group Limited ("the Company") is a member-based company limited by guarantee, with the assets of the Company held in beneficial ownership for its staff through the BMT Employee Benefit Trust.

STRATEGIC OBJECTIVES

Our vision is to be recognised in our core markets as the trusted partner for scientific and engineering-led advice, solutions and services, addressing the most challenging needs of our clients.

This will be achieved through focussing on our three strategic priorities that take us towards this vision:

1. Sustain the Core:

- Success in our core markets earns us the right to grow;
- Everything we do today, matured to profitability, represents our core; and
- Reversing the trend of a reducing market share in some of our core markets.

2. Grow Through Collaboration:

- Taking existing BMT capabilities to existing BMT customers for whom that capability is new; and
- Regional strategies, e.g. the Middle East and South East Asia.

3. Invest in and Exploit Innovation:

- New capabilities which we are taking to our existing customers;
- Market led and focused innovation programmes; and
- Continued pursuit of the five strategic growth campaigns, and representing the things we want to be recognised for, alongside our current core business.

INTEGRATED STRATEGIC BUSINESS PLANNING

For a second year we have adopted an Integrated Strategic Business Planning (ISBP) approach, where we are continuing with a rolling 5-year planning view that connects our strategy to our business plans, and are actively seeking new opportunities that enable us to achieve our growth ambitions for the business. In addition, we continue to build on current successes in our core markets and are combining them with new ideas and opportunities that will deliver further growth. The path to achieving our growth ambitions has been set out by engaging with each operating unit and then further developing through both capability and market reviews, before being compiled into a single view of the business and combined with expectations for our strategic growth campaigns.

REVIEW OF THE BUSINESS

The Group has delivered a financial performance which reflects the ongoing implementation of the "Fix-Win-Grow" strategy and has resulted in a profit before tax of continuing activities of £2.2m (2018: £4.9m). Profit before tax for the current financial year was £33k (2018: £1.3m). As the Group continues to rationalise and consolidate its operations and legal structure, a number of one-off costs have impacted the results for the year, which are highlighted as part of the underlying EBITDA to EBITDA reconciliation below. These include the costs of closure of underperforming operations and the sale of operations which are not part of the strategic growth plan. In addition, the results have also been impacted by a £0.6m past service charge in relation to GMP equalisation which was disclosed as a post balance sheet event in the prior year.

STRATEGIC REPORT (Continued)

Turnover has risen by 3% to £181.3m (2018: £175.7m) and underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) has fallen by 10% to £5.5m (2018: £6.1m). For our continuing business, turnover has risen by 6% to £176.0m (2018: £166.3m) and continuing underlying (EBITDA) has fallen by 26% to £6.8m (2018: £9.2m).

Net assets have fallen by £16.4m to £10.9m (2018: £27.2m). The main driver of the decrease is the increased in the pension deficit net of deferred taxation of £14.4m driven by falling bond yields which have led to a significant reduction in the discount rate. Net cash and cash equivalents have increased £2.5m in the period to £25.1m.

FINANCIAL HIGHLIGHTS

	2019 £000	2018 £000
Turnover	181,261	175,681
Less: discontinued operations	(5,256)	(9,411)
Turnover - continuing operations	176,005	166,270
Total Profit Reconciliation		
Underlying EBITDA from continuing operations	6,758	9,191
EBITDA from discontinued operations	(1,264)	(3,048)
Underlying EBITDA	5,494	6,143
GMP equalisation	(573)	-
EBITDA	4,921	6,143
Depreciation, amortisation and impairment	(3,141)	(3,292)
Group operating profit	1,780	2,851
Fixed asset investments – disposal of business	(726)	-
Fixed asset investments – fair value gain / (loss)	13	(17)
Net interest payable	(1,034)	(830)
Profit before BMT profit sharing scheme & tax	33	2,004
BMT profit sharing scheme	-	(700)
Profit before tax	33	1,304
Taxation	(1,484)	(1,051)
(Loss) / profit after tax retained for the year	(1,451)	253
Key Performance Indicators – continuing operations		
Underlying EBITDA margin on turnover - continuing operations	3.8%	5.5%
Turnover per employee – continuing operations	£116,252	£113,728
The average number of employees (headcount) – continuing operations	1,514	1,462
The average number of employees (full-time equivalent) – continuing operations	1,398	1,333

STRATEGIC REPORT (Continued)

PEOPLE

The Group is a knowledge-based organisation which sells its technology and expertise. We recognise that the people we employ are our most valuable resource and this is underlined by our Employee Benefit Trust ownership structure, which also guards our independence. We continue to develop the skills of our people through training programmes, bringing employees together from all over the world, enriching our network of professionals and administrators across the globe.

Employee engagement, a key metric for our business, is encouraged in a number of ways including an Employee Engagement Group (Staff Council) with regular, direct access to senior leaders in the organisation.

We recognise the importance of communicating effectively with our staff through many channels including our intranet and digital media. Senior leaders give town hall presentations to all staff at least twice per year. 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 an ethics policy, tailored to the needs of the businesses but ensuring a common standard 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 local legislation, including the UK 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 diversity and inclusion strategy and awareness raising activities throughout our business.

BMT gives proper 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.

From initial concept through to design, construction, operation and eventual decommissioning, we support customers at every stage of the project lifecycle. Our customers across the world buy outcomes: cost-effective solutions to business problems that require technical excellence, independent thinking and innovation.

With around 1,500 professionals located in 47 offices in Europe, Asia, Australia and the Americas we draw upon a wide range of experience and expertise to provide high-quality, high-value products and services. These aim to help our customers operate their businesses in the most cost-effective, safe, reliable and environmentally responsible manner.

BMT's combination of intellectual rigour and commercial insight has helped us to play an important and increasing role in industries as diverse as oil and gas, defence, security, renewable energy, ports and maritime transport.

STRATEGIC REPORT (Continued)

ENVIRONMENTAL MATTERS

The Group takes a responsible attitude towards the environment. Most of our direct environmental impacts relate to the running of our offices and to business travel. We are actively managing the CO2 emissions associated with both these activities in order to improve year on year.

We participate proactively in the UK Energy Savings Opportunity Scheme (ESOS). BMT is meeting its obligations and reporting energy consumption over a 12-month period for all its UK activities, recommendations for improving efficiency have been implemented.

A small number of operating companies act as system integrators or are engaged in the creation of physical products. These products are considered to have very limited capacity for creating adverse environmental impacts. Many of the services provided by our operating companies enable their clients to enhance the environmental performance of their activities. Examples of this include environmental monitoring and impact assessment for extractive industries, green port design, fuel efficiency and carbon reduction in shipping, groundwater remediation and green building assessments. We will continue to take an active role in managing our own environmental impacts alongside the significantly greater positive impacts we are achieving through the advice and technical expertise we are providing to our customers.

RISKS & OPPORTUNITIES

We recognise that effective risk management is fundamental to helping achieve our strategic objectives.

Key risks are:

- *Competitive environment*: we review market developments and monitor the activity of our competitors, adapting our strategies to meet changing customer needs and maintain a distinct competitive advantage.
- *Customer concentration risk*: our key account managers work closely with all our main customers to understand their needs and to ensure we are the engineering delivery partner of choice through providing a reliable and trusted service.
- *Innovation risk*: we invest in innovation through targeted spending programmes, via data sharing platforms to harness creativity of our employees and from working closely with our customers to ensure we deliver advanced solutions to meet their future needs.
- *Contractual Risk*: We contract with a wide range of customers across many markets and geographies. In some markets, the requirement to agree to customer terms and conditions, including the provision of performance guarantees in the ordinary course of business, may increase our exposure to contract liabilities and indemnity claims. We have established bid and contract approval processes, with requisite commercial, financial and legal oversight. We continually monitor our project delivery risks against our contractual commitments and assess the level of professional indemnity insurance in place.
- *Operational risk*: our main operational risks relate mainly to the bidding on and delivery of projects, having regard to contractual requirements, the quality of the deliverables, and health and safety. Project risk is managed through relevant policies, procedures and management systems, reinforced by regular reviews. Clear and explicit senior management leadership on health, safety and environmental matters is regularly reinforced via targeted campaigns and mandatory training programmes.
- *Financial investment risk*: senior level committees have been established with specific responsibilities for ensuring the proper governance and integrity of the Group's finances, having regard both to funds held internally and to those managed by external fund managers.
- *Foreign exchange risk*: where possible, each business undertakes commercial transactions in its own functional currency. Where this is not possible, the Group manages its foreign exchange risk from commercial transactions using derivative contracts where appropriate.

STRATEGIC REPORT (Continued)

- *Credit and liquidity risk:* we assess the credit quality of each customer using a combination of external ratings agencies and past experience for trade and other receivables and we closely monitor payment performance both at individual project and client level.
- *Pension risk:* the two closed defined benefit pension schemes are both at risk from the continuance of lower than expected yields on investments and business performance. Revised recovery plans have been implemented following actuarial valuations. The Trustees' investment strategies are reviewed continuously.
- *Recruitment and retention of staff:* we operate profit sharing schemes to reward staff for their contribution and loyalty and benchmark our performance against other companies in key areas such as salary, benefits, rewarding work and approach to social issues. We promote active engagement with employees and use several channels to encourage effective and timely communication. We also conduct regular staff satisfaction surveys to determine the success of the initiatives undertaken.
- *Physical and data security risks:* we use appropriate physical and network security measures and encryption in order to protect data and we train staff on best practice in information assurance. Independent professional risk and security information is obtained for countries in which we propose to operate or travel.
- *Reputational risk:* our main reputational risks relate to the delivery of projects together with compliance with our contractual commitments and with local laws and regulations, including health and safety. These risks are managed through established policies and processes, reinforced with mandatory training programmes and reporting and monitoring controls.

LOOKING FORWARD

We continue to make the changes through our targeted and strategy led transformation programme. The "Fix-Win-Grow" strategic approach sets a challenging timeline for delivering real change. We have completed the second year of Fix and are concentrating on Win which will deliver value for our customers through greater focus and investment in innovation and continuing to help them achieve their objectives. We begin the year with a healthy order book and the Board are confident the business will show improvements to underlying EBITDA in the current financial year.

As approved by the Board and signed on its behalf:



D K McSweeney
Director
10 December 2019

DIRECTORS' REPORT

The directors submit their Report, along with the Strategic Report and Financial Statements for BMT Group Ltd, and the Group as a whole, for the year ended 30 September 2019. Details of the financial management objectives of the Group are included in the Strategic Report. The Company UK registration number is 1887373.

PRINCIPAL ACTIVITIES

Our principal activities are focused on the provision of engineering, science and technology consultancy. We are a people business and our success is a reflection of the hard work 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 investment in research and development.

BMT EMPLOYEE BENEFIT TRUST

The parent company is limited by guarantee, without any share capital and is in the ultimate 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:

Mr C M Packshaw (Chairman)	(Appointed 05 February 2018)
Sir J A Hood KNZM	
Mr G W Morton (Independent Trustee)	
Mr I R Davies	(Resigned 05 February 2018)
Professor M H Patel	(Resigned 30 September 2019)

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

DIRECTORS

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

Sir J A Hood KNZM	(Chairman)
Mrs S L Kenny OBE	(Chief Executive)
Mr C M Packshaw	(Senior Independent Director)
Mrs W J Barnes	
Mr D K McSweeney	
Mr D R Webb	(Appointed 01 October 2018)
Mr A Wyllie	(Appointed 21 October 2019)
Mr I R Davies	(Resigned 31 December 2018)
Professor M H Patel	(Resigned 30 September 2019)

On the 31 December 2019, Sir John Hood will stand down as a Director and Chairman of the Company and will also stand down as an EBT Trustee. Mr. Charles Packshaw will take up the role of Chairman of the Company. The Board thanks Sir John for his invaluable service to the Company and successfully chairing the Board through such a significant period of change during his tenure and wishes him well for the future.

DIRECTORS' REPORT (Continued)

RESULTS AND PROFIT SHARING

The financial highlights are set out in the Strategic Report. Group operating profit was £1.8m (2018: £2.9m) and the Group profit sharing scheme is £nil (2018: £0.7m). Loss after tax for the current financial year was £1.5m (2018: Profit after tax of £0.3m).

STRATEGIC REPORT

The Group has chosen in accordance with the Companies Act 2006, s. 414C(11) to set out in the Group'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, employees and principal risks and uncertainties.

CORPORATE GOVERNANCE

BMT Group Ltd is a large company as defined by the Companies Act. Its policy is 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, Investment, Nominations and Remuneration, comprising a mix of non-executive and executive directors and other senior members of staff who participate as and when appropriate.

In addition, each of the operating companies is managed by its own Board of directors, which meets in the main quarterly with informal leadership management meetings more often throughout the year.

HEALTH AND SAFETY

The Group has policies and procedures in place in order to comply with the requirements and spirit of all relevant legislation. Pro-active reporting is required at all Board meetings and informal management meetings throughout the Group and the director with responsibility for health and safety matters at BMT Group Board level is Mrs S L Kenny OBE, Chief Executive.

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE ACCOUNTS

The directors are responsible for preparing the Strategic Report and Directors' Report and 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 Accounts 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 those financial statements 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 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.

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; and
- they have taken all the steps which they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

As approved by the Board and signed on its behalf:



D K McSweeney
Director
10 December 2019

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

Opinion

We have audited the financial statements of BMT Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the consolidated Profit and Loss account, the consolidated Statement of Comprehensive Income, the consolidated Balance Sheet, the company Balance Sheet, the consolidated Statement of Changes in Equity, the company Statement of Changes in Equity, the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 set out on page 9, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:



Christopher Hurren BA FCA (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants, 3rd Floor, One London Square, Cross Lanes, Guildford, Surrey GU1 1UN

20 December 2019

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	2019			2018		
		Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Group turnover	2	176,005	5,256	181,261	166,270	9,411	175,681
Group operating costs	3	(172,948)	(6,533)	(179,481)	(159,903)	(12,927)	(172,830)
Group operating profit	4	3,057	(1,277)	1,780	6,367	(3,516)	2,851
Fixed asset investments:							
- Disposal of business		-	(726)	(726)	-	-	-
- Fair value gain / (loss)	13	13	-	13	(17)	-	(17)
Net interest payable	9	(873)	(161)	(1,034)	(769)	(61)	(830)
Profit before BMT profit sharing scheme & tax		2,197	(2,164)	33	5,581	(3,577)	2,004
BMT profit sharing scheme		-	-	-	(700)	-	(700)
Profit before tax		2,197	(2,164)	33	4,881	(3,577)	1,304
Taxation	10	(1,040)	(444)	(1,484)	(1,661)	610	(1,051)
(Loss) / profit after tax retained for the year		1,157	(2,608)	(1,451)	3,220	(2,967)	253

Profit for the year attributable to:

	2019			2018		
	Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Owners of the parent	855	(2,201)	(1,346)	3,677	(3,450)	227
Non-controlling interest	-	(105)	(105)	33	(7)	26
(Loss) / profit for the year	855	(2,306)	(1,451)	3,710	(3,457)	253

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019 £000	2018 £000
(LOSS) / PROFIT FOR THE YEAR	(1,451)	253
Other comprehensive income: -		
<i>Movement on pension schemes</i>		
Return on scheme assets (excluding amount included in net interest expense)	9,597	4,024
Actuarial losses on liabilities	(28,033)	(8,597)
Movement in deferred tax relating to actuarial loss on pensions	3,166	569
Exchange movement on foreign pensions	(60)	(18)
	(15,330)	(4,022)
Revaluation of freehold land and buildings	-	(505)
Unrealised net exchange movement on foreign equity investments	430	(276)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(16,351)	(4,550)

None of the above Other Comprehensive Income was attributable to non-controlling interests (2018: nil).

CONSOLIDATED BALANCE SHEET

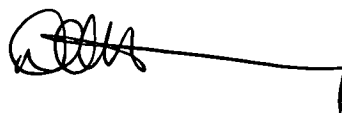
Company No: 1887373

	Notes	2019 £000	2018 £000
FIXED ASSETS			
Goodwill	11	427	752
Other intangible assets	11	2,100	-
Tangible assets	12	10,958	13,674
Investments	13	5,537	5,480
		<u>19,022</u>	<u>19,906</u>
CURRENT ASSETS			
Stock		648	547
Debtors			
amounts falling due within one year	14	47,167	52,853
amounts falling due after one year	14	11,389	9,395
Cash at bank and in hand	15	25,200	23,052
		<u>84,404</u>	<u>85,847</u>
CREDITORS: amounts falling due within one year	16	<u>(37,747)</u>	<u>(39,234)</u>
NET CURRENT ASSETS		<u>46,657</u>	<u>46,613</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		65,679	66,519
CREDITORS: amounts falling due after more than one year	17	(906)	(2,223)
PROVISIONS FOR LIABILITIES AND CHARGES	19	<u>(699)</u>	<u>(1,197)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		64,074	63,099
Defined benefit pension liability	21	<u>(53,214)</u>	<u>(35,888)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>10,860</u>	<u>27,211</u>
CAPITAL AND RESERVES			
Profit and loss account	22	52,536	52,595
Other reserves – Pension	22	(44,091)	(29,740)
Other reserves - Fixed assets	22	2,345	4,181
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>10,790</u>	<u>27,036</u>
NON-CONTROLLING INTERESTS		70	175
TOTAL EQUITY		<u>10,860</u>	<u>27,211</u>

The accounts on pages 13 to 49 were approved by the Board of Directors and authorised for issue on 10 December 2019 and are signed on its behalf by:



S L Kenny OBE
Director



D K McSweeney
Director

PARENT COMPANY BALANCE SHEET

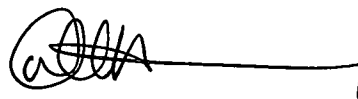
Company No: 1887373

	Notes	2019 £000	2018 £000
FIXED ASSETS			
Other intangible assets	11	2,100	-
Tangible assets	12	4,108	7,022
Investments	13	21,312	23,609
		<u>27,520</u>	<u>30,631</u>
CURRENT ASSETS			
Debtors			
amounts falling due within one year	14	10,244	7,849
amounts falling due after one year	14	24,058	18,556
		<u>10,149</u>	<u>7,613</u>
Cash at bank and in hand		<u>44,451</u>	<u>34,018</u>
CREDITORS: amounts falling due within one year	16	<u>(9,880)</u>	<u>(6,192)</u>
NET CURRENT ASSETS		<u>34,571</u>	<u>27,826</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		62,091	58,457
PROVISIONS FOR LIABILITIES AND CHARGES	19	<u>(660)</u>	<u>(660)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		61,431	57,797
Defined benefit pension liability	21	<u>(51,492)</u>	<u>(34,706)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>9,939</u>	<u>23,091</u>
CAPITAL AND RESERVES			
Profit and loss account	22	50,501	47,929
Other reserves - Pension	22	(42,738)	(28,806)
Other reserves - Fixed assets	22	564	2,356
Other reserves - Investment Properties	22	1,612	1,612
TOTAL EQUITY		<u>9,939</u>	<u>23,091</u>

The Company's profit for the year and total comprehensive loss for the year were £1,484,000 (2018: £729,000) and £(13,152,000) (2018: £(3,810,000)) respectively. The accounts on pages 13 to 49 were approved by the Board of Directors and authorised for issue on 10 December 2019 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					Total £000
	Profit and loss account £000	Defined Benefit Pension reserve £000	Other reserves- Fixed Assets £000	Controlling interests £000	Non- controlling interests £000	
Balance at 1 October 2017	53,587	(26,627)	4,707	31,667	-	31,667
Profit for the year	227	-	-	227	26	253
<i>Other comprehensive income:</i>						
Loss on defined benefit pension plans	-	(4,022)	-	(4,022)	-	(4,022)
Unrealised net exchange movement on foreign equity investments	(276)	-	-	(276)	-	(276)
Revaluation of land and buildings	-	-	(505)	(505)	-	(505)
Total Comprehensive Income	(49)	(4,022)	(505)	(4,576)	26	(4,550)
<i>Transactions with owners:</i>						
Capital contributed	-	-	-	-	85	85
Disposal of shares to non-controlling interest	(55)	-	-	(55)	64	9
<i>Transfer between reserves:</i>						
Pension Costs	(909)	909	-	-	-	-
Excess depreciation	21	-	(21)	-	-	-
Total movements in the year	(992)	(3,113)	(526)	(4,631)	175	(4,456)
Balance at 30 September 2018	52,595	(29,740)	4,181	27,036	175	27,211
Loss for the year	(1,346)	-	-	(1,346)	(105)	(1,451)
<i>Other comprehensive income:</i>						
Loss on defined benefit pension plans	-	(15,330)	-	(15,330)	-	(15,330)
Unrealised net exchange movement on foreign equity investments	430	-	-	430	-	430
Total Comprehensive Income	(916)	(15,330)	-	(16,246)	(105)	(16,351)
<i>Transfer between reserves:</i>						
Gain on disposal of revalued land and buildings	1,792	-	(1,792)	-	-	-
Pension Costs	(979)	979	-	-	-	-
Excess depreciation	44	-	(44)	-	-	-
Total movements in the year	(59)	(14,351)	(1,836)	(16,246)	(105)	(16,351)
Balance at 30 September 2019	52,536	(44,091)	2,345	10,790	70	10,860

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Profit and loss account	Defined benefit pension scheme	Other reserves- Fixed Assets	Other reserves- Investment property	Total
	£000	£000	£000	£000	£000
Balance at 1 October 2017	47,996	(25,586)	2,879	1,612	26,901
Profit for the year	729	-	-	-	729
Other comprehensive income:					
Revaluation of land and buildings	-	-	(523)	-	(523)
Loss on defined benefit pension plan	-	(4,016)	-	-	(4,016)
Total Comprehensive Income	729	(4,016)	(523)	-	(3,810)
Pension scheme	(796)	796	-	-	-
Total movements in the year	(67)	(3,220)	(523)	-	(3,810)
Balance at 30 September 2018	47,929	(28,806)	2,356	1,612	23,091
Profit for the year	1,484	-	-	-	1,484
Other comprehensive income:					
Gain on disposal of revalued land and buildings	1,792	-	(1,792)	-	-
Loss on defined benefit pension plan	-	(14,636)	-	-	(14,636)
Total Comprehensive Income	3,276	(14,636)	(1,792)	-	(13,152)
Transfer between reserves:					
Pension scheme	(704)	704	-	-	-
Total movements in the year	2,572	(13,932)	(1,792)	-	(13,152)
Balance at 30 September 2019	50,501	(42,738)	564	1,612	9,939

CONSOLIDATED STATEMENT OF CASH FLOWS

	2019	2018
	£000	£000
OPERATING ACTIVITIES		
Cash generated from operations on page 20	5,201	5,715
Interest paid	(38)	(69)
Income taxes paid	(79)	(421)
NET CASH FROM OPERATING ACTIVITIES	5,084	5,225
INVESTING ACTIVITIES		
Acquisition of subsidiaries net of cash received	-	(135)
Purchase of investments	-	(67)
Purchase of tangible fixed assets	(3,485)	(2,687)
Purchase of intangible fixed assets	(2,100)	-
Proceeds on disposal of tangible fixed assets	3,583	-
Proceeds on disposal of investments	-	172
Proceeds on disposal of non-controlling interest subsidiary in current year	20	9
Interest and similar income received	111	148
NET CASH (USED) IN INVESTING ACTIVITIES	(1,871)	(2,560)
BMT PROFIT SHARING SCHEME PAYMENT	(700)	-
NET CASH INFLOW BEFORE FINANCING	2,513	2,665
FINANCING ACTIVITIES		
Drawdowns / (repayments) of short term loans	35	(1,043)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	35	(1,043)
NET INCREASE IN CASH	2,548	1,622
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22,554	20,932
CASH AND CASH EQUIVALENTS AT END OF YEAR	25,102	22,554
Relating to: -		
Bank balances and short term deposits included in cash at bank and in hand	25,200	23,052
Overdrafts included in "creditors: amounts falling due within one year"	(98)	(498)
	25,102	22,554

CONSOLIDATED STATEMENT OF CASH FLOWS

	2019 £000	2018 £000
RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH GENERATED FROM OPERATIONS		
Profit before tax – continuing operations	2,197	4,881
Loss before tax – discontinued operations	(2,164)	(3,577)
	<u>33</u>	<u>1,304</u>
Adjustments for:		
Depreciation of tangible fixed assets	2,823	2,832
Amortisation & impairment of intangible assets and goodwill	318	460
(Gain) / loss on disposal of tangible fixed assets	(144)	526
Difference between defined benefit pension contributions paid and amounts recognised operating profit	(2,221)	(2,447)
Fair value (gains) / losses on investments	(13)	17
Income and gains from fixed asset investments	-	(148)
Net Interest payable	1,034	978
Foreign exchange differences	(310)	(102)
Loss on disposal of discontinued operations	726	-
	<u>2,246</u>	<u>3,420</u>
OPERATING CASHFLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	2,246	3,420
(Increase) / decrease in stock	(124)	362
Decrease / (increase) in debtors	5,446	1,799
(Decrease) / increase in creditors	(1,869)	134
(Decrease) / increase in provisions	(498)	-
	<u>5,201</u>	<u>5,715</u>
CASH GENERATED FROM OPERATIONS	5,201	5,715
	2019 £000	2018 £000
RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN FUNDS		
Increase in cash	2,548	1,622
Net movement on loans	(35)	1,043
	<u>2,513</u>	<u>2,665</u>
Net funds as at 1 October	<u>22,456</u>	<u>19,791</u>
Net funds as at 30 September	<u>24,969</u>	<u>22,456</u>
	2019 £000	2018 £000
ANALYSIS OF NET FUNDS		
Net cash at bank and in hand	25,102	22,554
Bank loans	(133)	(98)
	<u>24,969</u>	<u>22,456</u>

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 1 Park Road, Teddington, Middlesex, 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 8.

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 properties and to include investment properties.

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 this share 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 and is required in order to show a true and fair view.

Reduced disclosures

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- 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' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in business for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE ACCOUNTS

Functional and presentational currencies

The consolidated financial statements are presented in sterling which is also the functional currency of the Group.

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. Their results are incorporated from the date that control passes. All financial statements are made up to 30 September 2019.

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 for the financial year.

Fixed asset investments

The Groups' 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.

NOTES TO THE ACCOUNTS

Goodwill (continued)

Goodwill totalling £2.1m that arose prior to 1 October 1998 was written off to retained profit and loss reserves. 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 10 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 relating to research and development 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

NOTES TO THE ACCOUNTS

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 loss are recognised in profit or loss.

Impairments 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.

Investment Properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

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.

NOTES TO THE ACCOUNTS

Revenue recognition (continued)

Sale of professional services

Turnover from contracts for the provision of professional consulting services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

Construction contracts

When the outcome of a construction contract can be estimated reliably, and it is probable that the contract will be profitable, turnover and costs are recognised over the period of the contract.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as incurred.

The Group uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded for contract costs in determining the stage of completion. These costs are presented as amounts recoverable on contracts or other assets, depending on their nature, and provided it is probable they will be recovered.

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.

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 of its economic benefits), deferred tax is measured using the tax rates and allowances that would apply to the sale of the asset or property.

NOTES TO THE ACCOUNTS

Taxation (continued)

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. Deferred tax assets and liabilities recognised have not been discounted.

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.

Retirement Benefits

Defined benefits plan

The Group operates four defined benefit schemes that are established in accordance with local conditions and practices. The two main 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).

NOTES TO THE ACCOUNTS

Retirement Benefits (continued)

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.

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.

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.

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.

NOTES TO THE ACCOUNTS

Financial Instruments (continued)

Basic Financial assets

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

Investments

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

Basic financial liabilities

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

Discontinued operations

The Group recognises as discontinued operations components which have been disposed or curtailed which represented a separate major line of business.

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.

NOTES TO THE ACCOUNTS

2. TURNOVER

Turnover is generated from the Group's principal activity, being a 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. This consultancy is supported by significant scientific research and development investment.

An analysis of turnover by geographical market is given below:

	2019			2018		
	Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
United Kingdom	67,851	1,145	68,996	68,448	1,876	70,324
Continental Europe	14,536	524	15,060	13,936	1,597	15,533
North America	48,453	209	48,662	40,567	507	41,074
Asia Pacific	38,148	2,156	40,304	38,332	4,549	42,881
Rest of the World	7,017	1,222	8,239	4,987	882	5,869
	176,005	5,256	181,261	166,270	9,411	175,681

3. GROUP OPERATING COSTS

	2019			2018		
	Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Raw materials and consumables	37,905	2,232	40,137	43,729	1,391	45,120
Staff costs before BMT profit sharing schemes (note 7)	96,927	3,394	100,321	87,104	7,557	94,661
Depreciation, amortisation & impairment of fixed assets	3,128	13	3,141	2,824	468	3,292
Other operating charges	36,015	953	36,968	27,319	3,622	30,941
Other operating income	(1,027)	(59)	(1,086)	(1,073)	(111)	(1,184)
	172,948	6,533	179,481	159,903	12,927	172,830

NOTES TO THE ACCOUNTS

4. OPERATING PROFIT

This is stated after charging/(crediting):

	2019 £000	2018 £000
Operating lease rentals receivable:		
- buildings	(597)	(476)
Operating leases payable	3,487	3,603
Depreciation on owned assets	2,823	2,832
(Gain) / Loss on disposal of tangible fixed assets	(144)	526
Amortisation of intangible fixed assets	-	64
Amortisation of goodwill	318	396
Foreign exchange (gains) / losses	(560)	6

5. AUDITORS' REMUNERATION

	2019 £000	2018 £000
Audit services:		
Statutory audit	135	135
Tax services:		
Compliance	67	58
Advisory services	76	39
Other services:		
Auditing of accounts of subsidiary companies	64	103
Auditing of accounts of subsidiary companies by auditor's associates	9	10
Other services not covered by the above	12	8

6. DIRECTORS' REMUNERATION

	2019 £000	2018 £000
Emoluments (excluding pension contributions)	1,003	1,118
Employer defined contribution pension	50	16
	1,053	1,134
Highest paid director:		
Aggregate emoluments	426	436
Defined contribution scheme:		
Employer contributions	25	-

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.

NOTES TO THE ACCOUNTS

7. STAFF COSTS

	2019 £000	2018 £000
Wages and salaries	85,552	79,084
Social security costs	7,119	6,905
Pension and post retirement costs	7,650	8,672
Staff costs before BMT profit sharing schemes	100,321	94,661
BMT profit sharing schemes	-	700
Total staff costs	100,321	95,361

Company	2019 £000	2018 £000
Wages and salaries	5,983	5,377
Social security costs	701	727
Pension and post retirement costs	498	579
	7,182	6,683
BMT profit sharing schemes	-	-
Total staff costs	7,182	6,683

8. EMPLOYEE NUMBERS

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

Group	2019 No.	2018 No.
Scientific and technical	1,190	1,223
Administrative and support	387	381
Total staff numbers	1,577	1,604

Company	2019 No.	2018 No.
Scientific and technical	2	18
Administrative and support	80	64
	82	82

NOTES TO THE ACCOUNTS

9. NET INTEREST PAYABLE

	2019 £000	2018 £000
Interest receivable:		
Bank interest	44	82
Managed fund interest	67	66
Total interest receivable	<u>111</u>	<u>148</u>
Interest payable:		
Bank loans and overdrafts	119	69
Net interest on defined benefit pension liabilities	1,026	909
Total interest payable	<u>1,145</u>	<u>978</u>
Net interest payable	<u>1,034</u>	<u>830</u>
Net interest payable is summarised below:		
Bank deposits less loans and overdrafts (net receivable)	75	(13)
Net interest on defined benefit pension liabilities	1,026	909
Managed fund interest	(67)	(66)
Net interest payable	<u>1,034</u>	<u>830</u>

NOTES TO THE ACCOUNTS

10. TAXATION

	2019 £000	2018 £000
Current tax:		
- UK corporation tax on results of period	90	134
- adjustments in respect of prior periods	335	32
- foreign tax	245	426
	<u>670</u>	<u>592</u>
Deferred tax:		
- UK deferred tax	419	(256)
- overseas deferred tax	178	518
- pension scheme	217	197
Total deferred tax	<u>814</u>	<u>459</u>
Tax on result	<u>1,484</u>	<u>1,051</u>
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% (2018: 19%)		
Profit before tax	<u>33</u>	<u>1,304</u>
Profit at the effective rate of corporation tax in the UK of 19% (2018: 19%)	6	248
Effects of:		
- items not deductible for tax purposes	312	113
- prior year adjustment	335	32
- capital allowances in excess of depreciation	-	(11)
- impact of tax losses	540	502
- adjustment in respect of overseas tax rates	230	162
- effect of changes in tax rates and laws	(43)	353
- other tax adjustments	104	(348)
Total tax charge for the period	<u>1,484</u>	<u>1,051</u>

The corporation tax rate for the UK Company profits was 19% at the year end. The rate will reduce at 1 April 2020 to 17%. Deferred tax has been recognised at a rate of 17% (2018:17%), which is the rate that was substantively enacted at the year end.

In addition to the amounts charged to profit and loss, £3,166k (2018: £569k) of deferred tax on pension liabilities has been recognised directly in other comprehensive income.

NOTES TO THE ACCOUNTS

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £000	Vessel Design Portfolio £000	Software £000	Total £000
Cost:				
At 1 October 2018	11,700	1,920	-	13,620
Additions	-	-	2,100	2,100
Exchange differences	(20)	-	-	(20)
At 30 September 2019	11,680	1,920	2,100	15,700
Amortisation:				
At 1 October 2018	10,948	1,920	-	12,868
Provided during the year	318	-	-	318
Exchange differences	(13)	-	-	(13)
At 30 September 2019	11,253	1,920	-	13,173
Net book value: at 30 September 2019	427	-	2,100	2,527
Net book value at 30 September 2018	752	-	-	752

The amortisation of goodwill and intangible assets are included within group operating costs.

Company

	Software £000	Total £000
Cost:		
At 1 October 2018	-	-
Additions	2,100	2,100
At 30 September 2019	2,100	2,100
Amortisation:		
At 1 October 2018	-	-
Provided during the year	-	-
At 30 September 2019	-	-
Net book value: at 30 September 2019	2,100	2,100
Net book value at 30 September 2018	-	-

NOTES TO THE ACCOUNTS

12. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £000	Long leasehold properties and improvements £000	Other equipment £000	Total £000
Cost / valuation at:				
1 October 2018	7,191	5,765	23,550	36,506
Additions	65	1,782	1,638	3,485
Disposals	(3,250)	(850)	(3,328)	(7,428)
Exchange differences	(7)	95	327	415
Transfer	387	5	(392)	-
At 30 September 2019	4,386	6,797	21,795	32,978
1 October 2018	297	3,323	19,212	22,832
Provided during the year	109	1,071	1,643	2,823
Disposals	(15)	(663)	(3,245)	(3,923)
Exchange differences	(2)	44	246	288
Transfer	392	18	(410)	-
At 30 September 2019	781	3,793	17,446	22,020
Net book value:				
At 30 September 2019	3,605	3,004	4,349	10,958
At 30 September 2018	6,894	2,442	4,338	13,674

The transfers seen above reallocate assets held between categories of tangible fixed assets.

The historical cost of Freehold Land and Buildings is £3,338,000 (2018: £5,321,000).

NOTES TO THE ACCOUNTS

12. TANGIBLE FIXED ASSETS (continued)

Company

	Investment properties at valuation £000	Freehold land and buildings £000	Long leasehold properties and improvements £000	Other equipment £000	Total £000
Cost/Valuation at:					
1 October 2018	2,775	3,250	900	2,180	9,105
Additions	-	-	674	165	839
Disposals	-	(3,250)	(297)	(483)	(4,030)
At 30 September 2019	2,775	-	1,277	1,862	5,914
Depreciation:					
1 October 2018	-	1	103	1,980	2,084
Provided during the year	-	14	92	117	223
Disposals	-	(15)	(7)	(479)	(501)
At 30 September 2019	-	-	188	1,618	1,806
Net book value:					
At 30 September 2019	2,775	-	1,089	244	4,108
At 30 September 2018	2,775	3,250	797	200	7,022

The historical cost of the investment property was £2,095,000 (2018: £2,095,000). The fair value of investment properties is determined annually by the directors with reference to the Royal Institute of Chartered Surveyors (RICS) Red Book.

The historical cost of the freehold land and buildings was £nil (2018: £2,113,000).

NOTES TO THE ACCOUNTS

13. FIXED ASSET INVESTMENTS

Group

	Managed Fund £000
Cost/Valuation:	
1 October 2018	5,480
Additions	44
Valuation changes	13
At 30 September 2019	<u>5,537</u>
Net book value:	
At 30 September 2019	<u>5,537</u>
At 30 September 2018	<u>5,480</u>
Historical cost:	
At 30 September 2019	<u>5,970</u>
At 30 September 2018	<u>5,926</u>

The managed fund represents one portfolio of readily marketable interest-bearing securities, which are held under management by Schroder & Co Limited (trading as Cazenove Capital).

NOTES TO THE ACCOUNTS

13. FIXED ASSET INVESTMENTS (Continued)

Company	Managed Fund £000	Group undertakings £000	Total £000
Cost/Valuation:			
At 1 October 2018	5,480	33,732	39,212
Additions	44	86	130
Disposals	-	(7,690)	(7,690)
Valuation changes	13	-	13
At 30 September 2019	5,537	26,128	31,665
Provisions:			
1 October 2018	-	15,603	15,603
Charge for year	-	2,440	2,440
Disposals	-	(7,690)	(7,690)
At 30 September 2019	-	10,353	10,353
Net book value:			
At 30 September 2019	5,537	15,775	21,312
At 30 September 2018	5,480	18,129	23,609
Historical cost:			
At 30 September 2019	5,970		
At 30 September 2018	5,926		

The managed fund represents one portfolio of readily marketable interest-bearing securities, which are held under management by Schroder & Co Limited (trading as Cazenove Capital).

A listing of subsidiary and associated undertakings is set out in note 29.

NOTES TO THE ACCOUNTS

14. DEBTORS

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	24,869	29,583	723	358
Amounts owed by subsidiary undertakings	-	-	8,225	5,111
Amounts recoverable on contracts	14,115	15,693	90	642
Other debtors	2,602	3,186	591	1,335
Corporation tax	1,627	843	39	-
Prepayments and accrued income	3,954	3,548	576	403
	47,167	52,853	10,244	7,849
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	15,232	12,217
Deferred tax asset	11,389	8,971	8,826	6,339
Prepayments and accrued income	-	424	-	-
	11,389	9,395	24,058	18,556

15. CASH AND OVERDRAFTS - GROUP

	2019	2019	2018	2018	2017	2017
		Change		Change in		Change
	£000	in year	£000	year	£000	in year
	£000	£000	£000	£000	£000	£000
Analysis of balances:						
Current assets:						
Cash at bank and in hand	25,200	2,148	23,052	(2,034)	25,086	3,482
Current liabilities:						
Bank overdrafts	(98)	400	(498)	3,656	(4,154)	312
Net position at 30 September	25,102	2,548	22,554	1,622	20,932	3,794
Sub-analysed as follows:						
	£000	2019	2019	2018	2018	2017
		Change	Change in	Change in	Change in	Change in
		in year	in year	in year	in year	in year
		£000	£000	£000	£000	£000
Cash held for third parties	1,446	1,063	383	(245)	628	(495)
Group's own net cash	23,656	1,485	22,171	1,867	20,304	4,289
Net position at 30 September	25,102	2,548	22,554	1,622	20,932	3,794

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

NOTES TO THE ACCOUNTS

16. CREDITORS: Amounts falling due within one year

	Notes	Group		Company	
		2019	2018	2019	2018
		£000	£000	£000	£000
Bank overdraft	15	98	498	-	-
Bank loans		26	62	-	-
Income in advance		7,026	12,228	221	1,620
Trade creditors		6,908	8,023	868	576
Amounts owed to subsidiary undertakings		-	-	2,850	1,053
Corporation tax		1,520	107	-	-
Other taxation and social security		3,615	3,137	1,267	1,149
Other creditors		6,578	3,614	2,597	435
Accruals and deferred income		11,976	11,565	2,077	1,359
		37,747	39,234	9,880	6,192

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

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

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Bank loans	107	36	-	-
Other creditors	799	2,187	-	-
	906	2,223	-	-

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

18. FINANCIAL INSTRUMENTS

The carrying amount of the Group and Company's financial instruments were:

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Financial assets:				
Debt instruments measured at amortised cost	41,586	48,489	24,861	19,593
Equity instruments measured at amortised cost less impairment	-	-	15,775	18,628
Instruments measured at fair value through profit or loss	5,537	5,480	5,537	5,479
Total	47,123	53,969	46,173	43,700

NOTES TO THE ACCOUNTS

18. FINANCIAL INSTRUMENTS (Continued)

The carrying amount of the Group and Company's financial instruments at 30 September 2019 were:

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Financial liabilities	26,492	25,285	8,392	3,423

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Onerous Leases Contracts £000	Legacy Claims £000	Total £000
Group			
At 1 October 2018	537	660	1,197
Transfer to profit and loss	(286)	-	(286)
Paid	(212)	-	(212)
At 30 September 2019	39	660	699

	Legacy Claims £000	Total £000
Company		
At 1 October 2018	660	660
Charge to profit and loss	-	-
Paid	-	-
At 30 September 2019	660	660

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 where there are no reasonable prospects of sub-letting the space. During the year two of the leases were surrendered to the landlord leading to a release of the provision.

NOTES TO THE ACCOUNTS

20. DEFERRED TAXATION

<i>Deferred Taxation</i>	2019 £000	2018 £000
Group		
At 1 October	8,971	8,861
Transfer from profit and loss	(814)	(459)
Exchange differences	66	-
Transfer from other comprehensive income	3,166	569
At 30 September	<u>11,389</u>	<u>8,971</u>
	2019 £000	2018 £000
The deferred tax asset of the Group comprises:		
- tax losses	958	1,498
- short-term timing differences	1,559	1,137
- defined benefit pension scheme	9,123	6,148
- capital allowances in excess of depreciation	(251)	188
	<u>11,389</u>	<u>8,971</u>
	2019 £000	2018 £000
Company		
At 1 October	6,339	5,370
Transfer from profit and loss	(511)	146
Transfer from other comprehensive income	2,998	823
At 30 September	<u>8,826</u>	<u>6,339</u>
	2019 £000	2018 £000
The deferred tax asset of the Company comprises:		
- tax losses	11	320
- short-term timing differences	176	119
- defined benefit pension scheme	8,754	5,900
- capital allowances in excess of depreciation	(115)	-
At 30 September	<u>8,826</u>	<u>6,339</u>

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

NOTES TO THE ACCOUNTS

21. PENSION SCHEMES

The Group participates in four defined benefit pension schemes. The most significant being in the UK and in the United States of America, both of which are now closed. 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 2018. BMT US Scheme was closed to future accrual on 1 November 2001. The latest actuarial valuation was carried out as at 5 April 2018.

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

Group

	2019 £000	2018 £000
Present value of funded obligations	(183,984)	(156,568)
Fair value of plan assets	130,770	120,680
Present value of unfunded obligations	(53,214)	(35,888)
Related deferred tax assets (note 20)	9,123	6,148
Net pension liability	(44,091)	(29,740)

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.

	2019 £000	2018 £000
Present value of funded obligations	(174,224)	(147,829)
Fair value of plan assets	122,732	113,123
Present value of unfunded obligations	(51,492)	(34,706)
Related deferred tax assets (note 20)	8,754	5,900
Net pension liability	(42,738)	(28,806)

NOTES TO THE ACCOUNTS

21. PENSION SCHEMES (Continued)

Principal assumptions

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

	BMT UK Scheme		BMT US Scheme	
	2019	2018	2019	2018
Rate of increase in pensions payment	2.25%-3.65%	2.25%-3.7%	0.0%	0.0%
Discount rate	1.90%	2.95%	3.00%	4.00%
Inflation assumption – RPI	3.30%	3.40%	0.0%	0.0%
Inflation assumption – CPI	2.30%	2.40%	0.0%	0.0%
Rate of increase to deferred pensions	2.30%-3.30%	2.40%-3.40%	0.0%	0.0%
			2019	2018
			Years	Years
The average life expectancy for a pensioner retiring at 65 on the reporting date is:				
Male			86.8	86.9
Female			89.1	88.9
The average life expectancy for an employee retiring at 65 that is aged 45 at the reporting date is:				
Male			88.1	88.3
Female			90.5	90.4

Profit and loss charge

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

	2019	2018
	£000	£000
Net interest on the net defined benefit pension liability	1,026	909
Administration expenses	610	599
Past Service Cost	573	-
	2,209	1,508

The past service cost is in relation to the increased liabilities created by GMP equalisation.

	2019	2018
	£000	£000
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	156,568	148,578
Past service cost	573	-
Interest cost	4,627	4,300
Benefits paid	(6,351)	(5,152)
Actuarial losses	28,033	8,597
Exchange rate movements	534	245
Closing defined benefit obligation	183,984	156,568

NOTES TO THE ACCOUNTS

21. PENSION SCHEMES (Continued)

	2019 £000	2018 £000
<u>Changes in the fair value of plan assets</u>		
Opening plan assets	120,680	116,174
Interest income	3,601	3,391
Administrative expenses	(610)	(599)
Return on plan assets excluding amount included in net interest expense	9,597	4,024
Contributions by employers	3,404	2,631
Benefits paid	(6,351)	(5,153)
Exchange differences on foreign plans	449	212
Closing plan assets	<u>130,770</u>	<u>120,680</u>

The actual return on plan assets was a profit of £13,198,000 (2018: £7,415,000)

	2019 £000	2018 £000
<i>Major categories of plan assets</i>		
Global equities	18,235	19,763
Corporates	2,683	2,206
Liability driven investments	17,132	12,455
Alternative assets	87,988	80,790
Annuities	3,592	3,713
Cash	1,140	1,753
	<u>130,770</u>	<u>120,680</u>

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 £7,650,000 (2018: £8,672,000).

22. RESERVES

Fixed asset reserve

The cumulative revaluation gains and losses in respect of fixed assets and transfers of depreciation charges 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.

Investment properties

The cumulative revaluation gains and losses in respect of investment properties transfers following initial recognition in profit and loss.

NOTES TO THE ACCOUNTS

22. RESERVES (Continued)

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 in the profit and loss net of all associated deferred taxation.

23. SHARE CAPITAL

The Company is limited by guarantee without share capital.

24. CONSTITUTION AND CONTROL

In accordance with the Company's Memorandum and Articles of Association, any surplus assets up to £30m, plus indexation based on Retail Price Index (RPI) from September 1998 - £53.1m at 30 September 2019 (2018: £51.9m) - 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 member shall have any entitlement to share in the profits or surplus 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 honorary members, who number twenty, comprise commercial companies, universities, research associations and charities.

NOTES TO THE ACCOUNTS

25. LEASING COMMITMENTS

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

	Land and Buildings		Other	
	2019	2018	2019	2018
	£000	£000	£000	£000
Group				
Operating leases which expire:				
- within one year	3,957	4,106	420	463
- in the second to fifth years inclusive	9,226	8,641	731	570
- after five years	4,472	1,976	-	-
	<u>17,655</u>	<u>14,723</u>	<u>1,151</u>	<u>1,033</u>
Company				
Operating leases which expire:				
- within one year	758	420	-	-
- in the second to fifth years inclusive	3,034	1,675	-	-
- after five years	2,191	1,808	-	-
	<u>5,983</u>	<u>3,903</u>	<u>-</u>	<u>-</u>

26. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

At the year end the Group and Company had capital commitments relating to the acquisition of software licences amounting to £nil (2018: £1,082,000).

27. 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 consolidated in the Group accounts. At 30 September 2019 the Group was owed £368k (2018: £668k) 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-ended 30 September 2019 the Group made sales to subsidiaries not wholly owned of £5,498k (2018: £1,611k) and purchases of £727k (2018: £94k) to the same subsidiaries.

At 30 September 2019 the Group and the Company were owed £2,540k (2018: £30k) and £1,424k (2018: 30k) respectively by subsidiaries not wholly owned.

28. KEY MANAGEMENT PERSONNEL

The total remuneration of the directors, who are considered to be the key management personnel of the Group, was £1.3m (2018: £1.3m).

NOTES TO THE ACCOUNTS

29. 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 Environment Pty Ltd	Dormant company	Level 8, 200 Creek Street, Brisbane QLD 4000 Australia ♦
Hypersonix Pty Ltd	Dormant company	Level 8, 200 Creek Street, Brisbane QLD 4000 Australia ♦
BMT Western Australia Pty Ltd (formerly BMT Oceanica Pty Ltd)	Environmental consultancy	Level 4, 20 Parkland Road, Osborne Park WA 6017 Australia ♦
BMT Commercial Australia Pty Ltd (formerly BMT Eastern Australia Pty Ltd)	Environmental and engineering consultancy	Level 8, 200 Creek Street, Brisbane QLD 4000 Australia
BMT Holdings (Australia) Pty Ltd	Intermediate holding company	Level 8, 200 Creek Street, Brisbane QLD 4000 Australia
Efectiva Pty Ltd	Services to the defence and maritime industries	1372 Minlaton Road, Ramsay, SA 5575 Australia ♦
Belgium:		
BMT Belgium NV	Marine surveying	Kapelsesteenweg 286, 2930 Brasschaat
Brazil:		
Navegação e Controle Industria e Comercio Ltda	Marine and offshore equipment and consultancy	Rua Salviano José da Silva, 210- Eldorado, S.J. dos Campos-S, 12238-573
BMT Scientific Marine Services Ltda	Marine and offshore equipment and consultancy	Avenida Rio Branco, No 89, 26th floor, Rio de Janeiro, Rio de Janeiro, 20040-004
British Virgin Islands:		
BMT Navcon Holdings Ltd	Intermediate holding company	3rd Floor Omar Hodge Building, Wickhams Cay 1, PO Box 362, Road Town, Tortola ♦
Canada:		
BMT Canada Ltd (formerly BMT Fleet Technology Limited)	Defence services, engineering and materials consultancy	311 Legget Drive, Kanata ON K2K 1Z8
England & Wales: active companies		
BMT Asset Performance Ltd	Reliability, life cycle costing and safety services	♦ ♦
BMT Cadence Ltd	Safety and environmental consultancy	* ♦ ♦
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 Hi-Q Sigma Ltd	Management consultancy	♦ ♦
BMT International Ltd	Intermediate holding company	♦
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	♦
BMT Ship & Coastal Dynamics Ltd	Ship Performance and Metocean consultancy services	♦
BMT Surveys (London) Ltd	Marine Surveying	* ♦ ♦
BMT Surveys Risk & Quality (London) Ltd	Marine Surveying	* ♦ ♦
BMT Surveys International Ltd	Intermediate holding company	♦
BMT Titron (UK) Ltd (25%)	Ship Design	Ship Design Centre, 3 Hedley Court, Orion Way, Orion Business Park, North Shields, Tyne & Wear, NE29 7ST
BMT WBM Ltd	Environmental consultancy	* ♦ ♦
BMT Smart Ltd	Vessel performance and monitoring solutions	* ■ ♦
England & Wales: dormant companies		
BMT Edon Liddiard Vince Ltd	Dormant company	* ♦ ♦
BMT Fleet Technology Ltd	Dormant company	* ♦ ♦
BMT Murray Fenton Ltd	Dormant company	* ♦ ♦
BMT Pension Trustee Ltd	Dormant company	♦
BMT SHIPDESIGN LTD	Dormant company	* ♦ ♦
Murray Fenton Holdings Ltd	Dormant company	* ♦ ♦
NMI	Dormant company	♦ ♦

NOTES TO THE ACCOUNTS

29. LISTING OF SUBSIDIARY & ASSOCIATED COMPANIES (Continued)

Hong Kong:		
BMT Asia Environment Ltd	Environmental consultancy	26/F, Pacific Plaza, 418 Des Voeux Road West, 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
BMT Titron Holdings Ltd (25%)	Intermediate holding company	26/F, Pacific Plaza, 418 Des Voeux Road West, Hong Kong
BMT Titron Marine Ltd (25%)	Ship design	26/F, Pacific Plaza, 418 Des Voeux Road West, Hong Kong
India:		
BMT Consultants (India) Pvt Ltd	Maritime consultancy	310 Sarthik Square, SG Highway, Ahmedabad, 380054
Indonesia:		
PT BMT Asia Indonesia (formerly PT BMT Asia Pacific Indonesia) (95%)	Environmental consultancy	Perkantoran Hijau Arkadia, Tower C, P Floor, Jl LetJen TB Simatupang Kav 88, Pasat Minggu, Jakarta, 12520
Malaysia:		
BMT Malaysia Sdn Bhd (97%)	Marine and offshore equipment and consultancy	Level 10, Menara Hap Seng, No 1 & 3, Jalan P. Ramlee, 50250, Kuala Lumpur
Netherlands:		
BMT ARGOS BV (20%)	Earth observation consultancy	Spacelab 45, 3824 MR, Amersfoort
BMT ARGOS Holding BV (20%)	Intermediate holding company	Sint Jansklooster, Brederwiede
BMT Netherlands BV	Marine Surveying	Guldenwaard 141, 3078 AJ, Rotterdam ♦
Scotland:		
BMT Cordah Ltd	Environmental consultancy	Broadfold House, Broadfold Road, Bridge of Don, Aberdeen, AB23 8EE ♦
Singapore:		
BMT Singapore Pte Ltd (formerly BMT Asia Pacific Pte Ltd)	Maritime consultancy	456 Alexandra Road, #15-01 Fragrance Empire Building, 119962
United States of America:		
BMT Designers & Planners Inc.	Ship engineering and environmental services	4401 Ford Avenue Suite 1000, Alexandria VA 22302
BMT International Inc	Intermediate holding company	4401 Ford Avenue Suite 1000, Alexandria VA 22302 ♦
BMT Commercial USA Inc	Marine and offshore equipment and consultancy	955 Borra Place, Suite 100, Escondido CA 92029
Technology Financing Inc	Intermediate holding company	4401 Ford Avenue Suite 1000, Alexandria VA 22302 ♦

* 1 Park Road, Teddington, Middlesex, TW11 0AP, United Kingdom

Companies put into member's voluntary liquidation during the year

■ Company put into administration during the year

♦ Companies not preparing separate financial statements