

Mott MacDonald Bentley Limited
Annual Report
for the year ended 31 December 2017

Registered Number 03827321

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Mott MacDonald Bentley Limited

Annual Report

for the year ended 31 December 2017

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Mott MacDonald Bentley Limited

Directors and advisors

Directors

P R Bentley
R Risdon
D M Bentley
S C Tetlow
P Smedley

Company Secretary

H M Thompson FCA

Independent auditor

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Registered office

Snaygill Industrial Estate
Keighley Road
Skipton
North Yorkshire
BD23 2QR

Registered number

03827321

Principal bankers

NatWest
280 Bishopsgate
London
EC2M 4RB

Mott MacDonald Bentley Limited

Directors' Report for the year ended 31 December 2017

Membership

The company's members are JN Bentley Limited, a wholly-owned subsidiary of Bentley Holdings Limited (75%) and Mott MacDonald Limited (25%).

Directors

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

From JN Bentley Limited:

P R Bentley
R Risdon
D M Bentley
S C Tetlow

From Mott MacDonald Limited:

J H K Harris (resigned 16 March 2018)
P Smedley

Dividends

There are no dividends payable (2016: £Nil).

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Mott MacDonald Bentley Limited

Directors' Report for the year ended 31 December 2017 (continued)

The directors confirm that:

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

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

Independent auditor

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



P R Bentley
Director
17 September 2018

Mott MacDonald Bentley Limited

Strategic Report for the year ended 31 December 2017

The directors present their Strategic Report along with the audited financial statements of the company for the year ended 31 December 2017. Mott MacDonald Bentley Limited is a process, civil, mechanical and electrical engineering designer and contractor.

Review of the business

The company delivers integrated design and construction services to its key clients under framework agreements. The profits of the company are allocated directly to the shareholders under a Joint Venture Agreement.

Performance

2017 was another year of impressive growth for the business. For the year ended 31 December 2017, the company generated turnover of £241.1m, an increase of 74% v 2016. The profits of the company are allocated directly to the shareholders under a Joint Venture Agreement.

As we go forward into 2018 we are expecting this exceptional rate of growth to subside with revenue similar to 2017. Over 70% of this budget is already secured, with further work expected through direct allocation within existing frameworks.

Principal risks and uncertainties facing the company

The principal risks facing the company along with the business controls in place to mitigate these are as follows:

Securing the forward workload

Delivering close to 85% of our work in the water sector, where work is awarded through the five-year AMP procurement process, makes the bidding process critical to our business. Bidding for the next five-year cycle of work (AMP7) began in late 2016 with long-standing clients Yorkshire Water and Severn Trent Water - we have devoted significant internal resource to this process.

The health, safety and well being of our employees

Our vision for health and safety is to achieve zero injuries and to prevent occupational ill-health. This vision is underpinned by a fundamental belief that all workplace injuries and instances of occupational ill-health are preventable and that good health and safety management is good business. Our key health and safety message is, "If we cannot do it safely, we will not do it" – a message underpinned by rigorous, externally accredited management presented in an engaging way to employees. The parent company, JN Bentley Limited (JNB), has been accredited to the ISO 9001 quality assurance standard since 1995, the ISO 14001 environmental management standard since 2003 along with the OHSAS 18001 accreditation in 2008 (an international standard for occupational health and safety systems). Throughout 2017 JNB has been working on updating their internal accredited ISO 9001 and 14001 procedures to meet the requirements of the revised 2015 standard. It expects to complete the successful transition to the standards in early 2018. Looking ahead JNB will start the work on revising its ISO 18001 to the recently published standard of ISO 45001 during 2018.

In 2017 JNB communicated a refreshed and engaging Health & Safety Strategy to each and every one of its employees that emphasises team and personal responsibilities. Timed to coincide with the major period of growth that we are experiencing – where standards do have the potential to slip as new people familiarise themselves with our expectations – the evolution of the Health & Safety Strategy saw every employee sign-up to their own set of Personal Safety Responsibilities and those in operational roles receive a set of updated Operational Safety Standards that define the minimum expectations for key tasks we deliver on site. We're running campaigns alongside the Strategy itself, demonstrating its practical application. One key campaign in 2017 was buried service avoidance. All Lead Hands attended a 1-day course, Engineers 2-day, and specialist 'Gurus' 5-day – with training utilising purpose-built service trenches. Training was complemented with a sustained communications campaign, including podcasts, posters, photo-stories and newsletter articles. We then celebrated examples of best practice in our internal employee recognition programme.

Mott MacDonald Bentley Limited

Strategic Report for the year ended 31 December 2017 (continued)

The maintenance of an efficient cost base

Good commercial performance is an essential component both in the short term and when planning ahead for a secure and sustainable future. Every one of our clients is operating in a challenging environment, with key targets to meet. We must keep these targets in mind and work collaboratively to help them deliver value and remain compliant.

To reinforce the importance of good commercial performance we continued to embed our Cost & Efficiency Strategy in 2017. The Strategy is all about collective effort and making small savings across the board because every employee has a part to play when it comes to efficient delivery. The Strategy maintained its momentum in 2017, challenging employees to be passionate about reducing waste and driving efficiencies. Its aim is to save 5p in every £1 we spend by finding new, innovative ways to solve old problems, and becoming more efficient in the way we work.

Off the back of the Strategy and its tools (including Personal Commercial Responsibilities and 10 Cost & Efficiency 'Commitments'), we witnessed an increase in the rate of commercial incident reporting in 2017 with over 1,000 individuals logging at least one report. Measures like this demonstrate an engaged workforce and great commercial awareness – both key to the success of the business and our clients in 2018 and beyond.

The maintenance and enhancement of our skill base

The company does not have any direct employees, but recognises that the people employed via its parent companies are its most valuable resource – we care about them and want them to be happy. We do this by providing a positive, enjoyable and challenging workplace that develops skills and enables people to thrive.

Financial risk management

The company makes little use of financial instruments other than an operational bank account and therefore its exposure to price risk, credit risk, liquidity risk and interest rate cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company. The company actively manages its working capital to minimise cash balances held and to distribute balances owed to its shareholders to meet their cash flow requirements.

On behalf of the Board



P R Bentley
Director
17 September 2018

Mott MacDonald Bentley Limited

Independent Auditor's Report to the Members of Mott MacDonald Bentley Limited

Opinion

We have audited the financial statements of Mott MacDonald Bentley Limited (the 'company') for the year ended 31 December 2017 which comprise the Income statement, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Who we are reporting to

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.

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

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

We have nothing to report in this regard.

Mott MacDonald Bentley Limited

Independent Auditor's Report

to the Members of Mott MacDonald Bentley Limited (continued)

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.

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 3-4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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



Peter Gamson ACA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

17 September 2018

Mott MacDonald Bentley Limited

Independent Auditor's Report to the Members of Mott MacDonald Bentley Limited (continued)

Income statement for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	5	241,141,313	138,692,987
Cost of sales		(241,130,739)	(138,686,002)
Gross profit		10,574	6,985
Administrative expenses		(12,802)	(12,758)
Operating loss	6	(2,228)	(5,773)
Interest receivable and similar income		2,292	5,773
Profit on ordinary activities before taxation		64	-
Tax on profit on ordinary activities	9	(64)	-
Result for the financial year		-	-

The notes on pages 12 to 17 form part of these financial statements.

All amounts relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of comprehensive income has been presented.

Mott MacDonald Bentley Limited

Statement of financial position as at 31 December 2017

	Note	2017 £	2016 £
Current assets			
Debtors	10	27,263,929	13,544,491
Cash at bank and in hand		98,229	143,785
		27,362,158	13,688,276
Creditors: amounts falling due within one year	11	(27,361,158)	(13,687,276)
Net current assets		1,000	1,000
Net assets		1,000	1,000
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account		-	-
Total shareholders' funds		1,000	1,000

The notes on pages 12 to 17 form part of these financial statements.

The financial statements on pages 9 to 17 were approved by the board of directors on 17 September 2018 and were signed on its behalf by:



P R Bentley
Director

Registered Number: 03827321

Mott MacDonald Bentley Limited

Statement of changes in equity

as at 31 December 2017

	2017	2016
	£	£
Called up share capital		
At 1 January	1,000	1,000
At 31 December	1,000	1,000
Profit and loss account		
At 1 January	-	-
Result for the financial year	-	-
At 31 December	-	-
Total capital and reserves	1,000	1,000

The notes on pages 12 to 17 form part of these financial statements.

Mott MacDonald Bentley Limited

Notes to the financial statements for the year ended 31 December 2017

1 Company information

Mott MacDonald Bentley Limited is a company registered in England and Wales with registered number 03827321. The registered office is: Keighley Road, Skipton, North Yorkshire, BD23 2QR.

2 Basis of preparation

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

The presentational and functional currency is the British Pound Sterling.

Going concern

After reviewing the company’s forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Cash flow statement

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

Derivative financial instruments

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

3 Significant judgements and estimates

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

Contract accounting and recovery of receivables

The company’s contract accounting policy is central to how it values the work it has carried out in each financial year. This policy requires forecasts to be made on the projected outcomes of projects. These forecasts require assessments and judgements to be made on changes in work scopes, changes in costs, costs to completion and recoverability of debts, for example. Confidence relating to the final outcome of a project is expected to be achieved when the project is around 75% complete but should not be later than 95%. While the assumptions made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reported results.

Mott MacDonald Bentley Limited

Notes to the financial statements for the year ended 31 December 2017

4 Principal accounting policies

Turnover

Turnover represents the sum of invoiced sales to customers and the sales value of work done but not yet billed on incomplete contracts, net of value added tax.

Turnover, amounts recoverable on contracts and payments on account in relation to construction contracts

Contract costs are recognised when incurred.

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

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The company uses the “percentage of completion method” to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the statement of financial position date as a percentage of the total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. Costs in relation to future activity are recognised as an asset provided it is probable that they will be recovered. Any costs where recovery is not probable are expensed immediately.

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

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

Interest income

Interest income is derived from amounts held in a deposit account with the company’s bankers and is accounted for on the accruals basis.

Taxation

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

Cash at bank and in hand

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

Debtors

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

Mott MacDonald Bentley Limited

Notes to the financial statements for the year ended 31 December 2017

Creditors

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

Joint venture accounting

In accordance with the joint venture agreement each partner recovers their costs and any remaining profits or losses are distributed according to an agreed percentage. The company will therefore always make £nil profit.

5 Turnover

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

6 Operating loss

	2017 £	2016 £
<hr/>		
Operating loss is stated after charging:		
Auditor's fees – audit services	12,750	12,400
<hr/>		

Fees paid to Grant Thornton UK LLP for non-audit services were £ Nil (2016: £Nil).

7 Employee costs

The company has no employees (2016: None). Its work is undertaken by staff employed by its shareholder companies.

8 Directors' emoluments

The directors received no remuneration (2016: £Nil) for their services from the company.

Mott MacDonald Bentley Limited

Notes to the financial statements for the year ended 31 December 2017

9 Tax on result of ordinary activities

	2017 £	2016 £
Current tax:		
UK corporation tax on profits for the year	12	-
Adjustment in respect of prior years	52	-
Tax on profit on ordinary activities	64	-

The tax assessed for the year is higher (2016: lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained as follows:

Reconciliation of total tax charge:	2017 £	2016 £
Profit on ordinary activities before tax	64	-
Expected tax on profits at 19.25% (2016: 20.25%)	12	-
Effects of:		
Adjustment in respect of prior years	52	-
Total tax charge	64	-

10 Debtors

	2017 £	2016 £
Trade debtors	2,751,063	1,587,188
Amounts recoverable on contracts	24,511,796	11,956,182
Other debtors	1,070	1,121
	27,263,929	13,544,491

Trade debtors are stated after provisions for impairment of £nil (2016: £nil).

Mott MacDonald Bentley Limited

Notes to the financial statements for the year ended 31 December 2017

11 Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts owed to parent undertakings	22,762,048	12,682,364
Payments received on account	3,936,361	437,254
Loan from parent undertaking	30,000	30,000
Loan from minority shareholder	10,000	10,000
Other taxation and social security	622,749	527,658
	27,361,158	13,687,276

The amounts owed to parent undertakings represents trading balances which are settled in the normal course of business. The loans from the parent undertaking and minority shareholder are unsecured, interest free, have no fixed date of repayment and are repayable on demand. These loans will not be called up at short notice.

12 Called up share capital

	2017 £	2016 £
Authorised, allotted and fully paid		
'A' Ordinary shares of £1 each	750	750
'B' Ordinary shares of £1 each	250	250
	1,000	1,000

The 'A' ordinary shares and 'B' ordinary shares rank pari passu in all respects.

Mott MacDonald Bentley Limited

Notes to the financial statements for the year ended 31 December 2017

13 Ultimate parent company

The immediate parent company is J N Bentley Limited, a company registered in England and Wales, which owns 75% of the issued share capital.

The directors regard Mott MacDonald Group Limited, a company incorporated in England and Wales, as the ultimate parent undertaking and controlling party by virtue of its ownership of both shareholders.

The company is jointly controlled with the minority shareholder under a contractual arrangement. In the opinion of the directors the company is jointly controlled as decisions on financial and operating policies, economic performance and financial position of the company require both shareholders' consent.

The largest and smallest group in which the results of the company are consolidated is that of Mott MacDonald Group Limited, the ultimate parent undertaking. Copies of Mott MacDonald Group Limited consolidated financial statements can be obtained from the Company Secretary at Mott MacDonald House, 8-10 Sydenham Road, Croydon, CR20 2EE.

Copies of the financial statements of J N Bentley Limited are available from the Company Secretary, Keighley Road, Skipton, North Yorkshire BD23 2QR.

14 Other related party disclosures

The company has taken advantage of the exemptions under the terms of FRS102 not to disclose transactions with other group companies.

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