
Baker Hicks Limited
Registered Number:
06256571 (England & Wales)

ANNUAL REPORT & FINANCIAL STATEMENTS: YEAR ENDED 31 DECEMBER 2024

Baker Hicks Limited

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1. Company Information

Directors

CMW Archer
CKK Gangotra (appointed 7 May 2024)
MV Lubieniecki
JC Morgan

Company Secretary

C Sheridan (resigned 27 June 2024)
HM Mason (appointed 27 June 2024)

Head Office

One Warwick Technology Park
Gallows Hill
Warwick
CV34 6YL

Registered Office

Kent House
14–17 Market Place
London
W1W 8AJ

Independent Auditor

Ernst & Young LLP
Statutory Auditor
One Colmore Square
Birmingham
B4 6HQ

2. Strategic Report

Principal activities

Baker Hicks Limited (referred to as “the Company”) is a design, engineering and project delivery company operating from six locations across the UK: Derby, London, Manchester, Motherwell, Warwick and York. Its multi-disciplinary experts use the latest digital technologies to deliver solutions to clients in the aviation, defence, life sciences and industry, nuclear, power, public and rail sectors.

The Company is a member of Morgan Sindall Group plc and its subsidiaries (hereafter, referred to as “the Group”) and its activities are included in the Group’s Infrastructure reporting division.

Business review

The Company’s performance and results for the year were better than expectations given ongoing economic uncertainty and a challenging and competitive trading environment. Revenue increased to £105.3m, up 35% from 2023 (£78.0m), with operating profit of £9.5m (up 49% on 2023) and operating margin of 9.0% (2023: 8.1%). These results have been influenced by the review of ongoing contracts, which are expected to incur additional costs. The anticipated costs associated with these contracts have been taken into account in the current performance metrics. Despite these considerations, the operating margins remain ahead of the Company’s target of 6% to 8%. The order book has reduced by 8% year on year, although an order book of more than £60m provides confidence for the 2025 financial year.

The results for the year and key performance indicators for the Company were as follows:

	Year to 31 December 2024	Year to 31 December 2023	
	£000	£000	Change
Revenue	105,277	78,037	34.9%
Operating profit	9,490	6,357	49.3%
Operating margin	9.0%	8.1%	0.9%
Profit after tax	7,430	5,039	47.4%
Secured order book ¹	60,130	65,359	(8%)

¹ The ‘secured order book’ represents the Company’s share of future revenue that will be derived from signed contracts or letters of intent.

The Company continues to operate across eight sectors referenced above, with a broad range of clients, operating both multi-sector and sometimes distinct to the sector in which they operate.

The Company’s 2024 performance was robust in challenging economic circumstances, especially the competitive labour market as well as ongoing inflationary pressures and continuing cost-of-living challenges. Exceptional performances across the aviation, defence and power sectors were key to the wider business success complimented by substantial volumes of work in the life sciences & industry and public sectors. The Group’s decentralised ethos continues to give the Company the flexibility to modify and adapt its approach to suit its employees, clients and supply chain partners.

Looking ahead to 2025, the Company will target revenue growth to counterbalance the increases in costs of employment (owing to National Insurance threshold and rate changes). The Company will target an

operating margin for 2025 in the range of 6% to 8% and continue its focus on delivering successful project outcomes for its clients to continue to drive sustainable business growth.

Financial position and liquidity

The financial position of the Company is presented in the Balance Sheet. The total shareholder's funds at 31 December 2024 were £22.7m (2023: £21.2m). The Company had net current assets of £16.4m (2023: £15.5m), including cash of £13.3m (2023: £5.6m) at 31 December 2024.

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2024 the Group had net cash balances of £492m. The Group also had £15m of committed loan facilities maturing in June 2027 and £165m of committed loan facilities maturing in October 2027, which were entirely undrawn as at 31 December 2024.

Key performance indicators

The Company's financial key performance indicators are described in the business review above. No other key performance indicators are deemed necessary to explain the development, performance or position of the Company.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The market and economic environment are considered to be the main risks and uncertainties affecting the Company, including health and safety, environmental performance and contractual risk such as mispricing of contracts, managing changes to contracts and contract disputes, poor project delivery, and poor contract selection.

There remains significant upward pressure on labour costs owing to inflationary pressures of recent years as well as the upcoming changes to the National Insurance thresholds and rates. To help manage this, the Company continues to actively engage with its employees in a range of ways as detailed on page five as well as reviewing the wider cost base to offset rising costs of employment.

Further discussion of risks and uncertainties in the context of the Group as a whole and how these risks are managed and mitigated, is provided in the strategic report in the Group's 2024 annual report, which does not form part of this report.

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, and interest rate risk.

Credit risk

With regard to credit risk the Company has implemented policies that require appropriate credit checks on potential customers before contracts are commenced. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers outside of the Group.

Liquidity risk

This is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company aims to manage liquidity by ensuring that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions. Liquidity is provided through cash balances and access to the Group's committed bank loan facilities.

Interest rate risk

In respect of interest rate risk the Company has interest bearing assets and/or liabilities. Interest bearing assets and/or liabilities include cash balances and overdrafts, all of which have interest rates applied at floating market rates.

Section 172(1) statement

The directors of the Company, when taking strategic, financial and operational decisions, consider what is most likely to promote the success of the Company and the Group in the long term, for the benefit of shareholders and having regard to the interests of wider stakeholders. The directors also understand the importance of engaging with key stakeholders and taking their views into account when making decisions as well as considering the impact of our activities on local communities, the environment, including climate change, and the Group's reputation.

In order to maintain a reputation for high standards of business conduct, we adhere to our Group Code of Conduct which states our commitment to our Human Rights Policy and provides a framework for how we should act when engaging with our clients, colleagues and suppliers. The Code of Conduct gives our employees practical guidance on upholding the Group's Core Values and delivering on the Group's strategic priorities which include our Total Commitments to being a responsible business. In addition, our Supplier Code of Conduct provides guidance for our suppliers on our Core Values and Total Commitments and the ethical standards expected by all our stakeholders.

The key activities of the Company's directors during the year included:

- Approval of the financial statements for the year ended 31 December 2023;
- Approval of an interim dividend for the year ended 31 December 2024;
- Preparation of the Company's five-year strategic plan and annual budget for approval by the Group Board; and
- Preparation of monthly reports on performance for the Group Board, including health and safety, risks and opportunities, and stakeholder engagement.

Further information, including the Group's Section 172 statement, can be found in the Group's 2024 annual report at morgansindall.com.

Engagement with our key stakeholders

Shareholder

The Company's shareholder is Morgan Sindall Group plc. We create value for the Group by generating strong and sustainable results that translate into dividends. The directors discuss Company performance with the Group's executive directors in monthly management meetings and provide executive summaries for the Group Board. In addition, the directors routinely engage with the Group Board on topics of strategy, governance and performance. Company strategic plans are reviewed by the Group Board and include information on the impact of our activities on each stakeholder group and the environment.

Employees

Our employees are at the forefront of our business. We are proud of our people who have the passion, commitment and the range of expertise we need to support and make a difference for our clients.

Our key priorities are to provide our employees with a fair, respectful and safe environment in which to work; have regard for their health and wellbeing; invest in their personal development and career progression; offer support for flexible working; and create an open and honest culture that promotes diversity and inclusion. Our employee policies are designed to support these goals and take account of external legislation, our Code of Conduct and Core Values so that we can continue to recruit, develop and retain the talent needed to deliver our strategy.

We believe it is essential to engage with our employees to understand their views and priorities and how they feel about the business.

The Group's 2024 annual report describes how the Group Board engages with employees across the Group and how it reviews the Company's employee engagement activities throughout the year.

We engage directly with our employees and keep them updated with our business goals, market conditions, operational performance, health and wellbeing support and career advancement and personal development opportunities, using a variety of communication methods and channels. All new starters are given a formal induction programme which includes introducing them to our Core Values and Total Commitments and how these play a key role in our culture and operations.

Our employee forum gives employees the chance to share ideas and ask questions of the directors. In addition, regular in-person briefing sessions are held with employees across our offices, where employees receive updates from the directors on how the Company is performing and have the opportunity to ask any questions they may have. Through these means we encourage our employees to challenge the status quo and think differently so that they can keep improving.

We conduct regular surveys of our employees, following which we analyse their feedback and share with them the results of the surveys together with the actions that we will be undertaking in response and the desired impact of those activities.

Learning and professional development of our employees remains central to the Company's strategy. We hold personal development conversations with our people throughout their career with us to help them gain the skills they need to support their ambitions and drive the business forward.

A Save As You Earn (SAYE) Plan is currently in operation under which employees are given the opportunity to purchase Morgan Sindall Group plc shares in the future at a discount.

Diversity and inclusion

We recognise that diversity of thought, perspectives and experiences drive innovation and provide competitive advantage and therefore ensure that our employment practices promote a diverse and inclusive work environment.

Our Belonging group remains a core part of the business and the community as we continue to strive to improve inclusion at the Company. Ongoing actions include focus on our recruitment and retention processes, learning and development of our people, promoting careers in the industry and supporting diversity and inclusion in our supply chain.

In 2024, we published our new Behavioural Charter which encourages individuals to respect one another, challenge poor behaviour and act as one team. As part of this initiative, we have produced 'Our Behaviour' posters, which are printed and displayed across all our offices as a visual reminder.

Our dedicated 'Reporting issues in the workplace' page on our Company intranet acknowledges that things can occasionally go wrong and enables our people to raise any concerns via anonymous routes, including those around our behaviours.

During 2024 we have raised awareness of and celebrated diversity through various events and charities, including but not limited to Baggy Trousers, MS Awareness Week, National Inclusion Week, Stress Awareness Month and Working Families. During the year we enhanced our parental leave policies and updated other policies including flexible working and carers leave.

We celebrated International Women in Engineering Day through company-wide videos featuring three of our female engineers, who spoke about their career experiences to date and the positive impact of their work.

Our podcast series Wavelength continued to raise awareness and share experiences on a range of areas such as Inclusion Mental Health as well as Borderline Personality Disorder. Our people continue to be encouraged to share information and/or personal stories on the Company's Viva Engage (formerly Yammer) platform.

Our Belonging group chair was winner of the Equality, Diversity & Inclusion (EDI) Champion of the Year award for Financial and Professional Services at the Property Week Inspiring Women in Property Awards while the Company was again shortlisted as an Equality, Diversity and Inclusion Champion Finalist in the Ground Engineering Awards and remains a Young Persons Guarantee employer. Our EDI programme was

also recognised in the Chartered Institute of Building (CIOB) Awards, being shortlisted for both individual and team awards.

Disabled employees

The Company's policy aligns with the Group policy to give full and fair consideration to job applications made by disabled people; commit to making reasonable adjustments to their role and responsibilities; and offer the training and support they need to give them the same opportunities for progression as our other employees.

Engagement with suppliers, customers and local communities

We believe the best approach to developing and nurturing long-term relationships is to base them on trust, by maintaining regular dialogue, listening attentively, being open and transparent when giving information, and working collaboratively.

Suppliers

Our suppliers and subcontractors are critical to our operations, and we aim to take a long-term collaborative approach to working with them. We engage with and monitor our subcontractors' performance against set criteria and give constructive feedback. The Group's whistle blowing service is available to our subcontractors to raise any concerns they have about behaviours or decisions that do not uphold the standards set by our Supplier Code of Conduct.

We follow the Prompt Payment Code and in the twelve-month period to 31 December 2024 paid 96% of invoices to payment terms and 99% within 60 days; on average payments were made within 25 days of invoice date. We continue to keep our payment performance under review and to publish our payment practices data every six months in accordance with UK law.

Customers

We work with customers from the public, commercial and regulated sectors. In addition, we consider the needs of local communities and the 'end users' who will occupy or use the spaces and infrastructure we design. Long-term relationships with our customers are key to the Group's organic growth strategy. Our decentralised approach enables us to engage with our customer at local level and tailor our services as needed.

We focus on customer experience and we ask for feedback on project completion via questionnaires and interviews, the results of which are shared with the project teams and analysed by the directors to drive further improvements.

Communities

Attendance at careers fairs, supporting schools, colleges and universities local to our offices continue to be a focus of our Grassroots Connection programme. Such events continue to be popular, helping to generate interest in STEM careers at grassroots level with the opportunity for students to speak with people who have experienced a similar journey. A number of employees are STEM Ambassadors, working with the not-for-profit organisation STEM Learning to promote STEM careers to young people.

We believe that it is critical to encourage people from an early age to consider careers in engineering and design, particularly those belonging to groups who remain underrepresented in our professional, such as women and people from ethnically diverse backgrounds.

We continue to have formal links with local schools while we collaborate with clients to deliver work experience programmes based on real-world projects as part of our outreach programme.

Our work experience programme gives young people the opportunity to gain first-hand experience of the industry, as well as valuable skills and knowledge that will help them on their career path. In 2024 we significantly increased the number of work experience placements across our offices and made improvements to the programme based on feedback received from previous years' students.

We use all our available external communication channels, including the press, social media and our website, to promote the work we do in the local community and, where appropriate, with our clients and communities.

We report to the Group Board of directors on a monthly basis on details of our relationships with our supply chain, customers and local communities, including feedback and satisfaction metrics and details of community initiatives. Further information on the Group's engagement with stakeholders and how it delivers on its Total Commitments can be found in the Group's 2024 annual report.

Approved by and on behalf of the Board



C Archer

Director

9 May 2025

3. Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2024. The annual report comprises the strategic report and directors' report, which together provide the information required by the Companies Act 2006. The financial statements have been prepared under United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework', and applicable law.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position as well as the financial position of the Company, its cash flows, liquidity position and the borrowing facilities are described in the strategic report on pages 2 to 8.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence during the going concern period, which the directors have defined as a period of 12 months from the date of approval of the financial statements.

The Company participates in the Group's centralised treasury arrangements and shares banking arrangements, including the provision of cross guarantees, with its ultimate parent Morgan Sindall Group plc and fellow subsidiaries. As at 31 December 2024, the Group held cash of £544.2m, including £23.1m (2023: £26.1m) which is the Group's share of cash held within jointly controlled operations, and total overdrafts repayable on demand of £51.8m (together net cash of £492.4m). Should further funding be required, the Group has significant committed financial resources available including unutilised bank facilities of £180m (2023: £180m), of which £15m matures in June 2027 and £165m matures in October 2027. The Company is also provided with a letter of support from the ultimate parent company, stating that it will provide assistance, if required, to enable the company to meet its obligations as they fall due.

The Company's future workload is healthy with a secured order book of £60.1m of which £55.1m relates to the 12 months ending 31 December 2025. The Company has a strong financial position at the year end with net current assets of £16.4m (2023: £15.5m), including cash of £13.3m (2023: £5.6m) as at 31 December 2024.

The directors, having assessed the responses of the directors of the Group to their enquiries, and having received confirmation regarding its support, through a letter of support, to assist the Company in meeting its liabilities as and when they fall due, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

Based on the above, the directors have a reasonable expectation that the Company and the Group of which it is part have adequate resources to continue in operational existence to the end of the going concern period, which is a period of 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The financial risk management policies of the Company are disclosed in the strategic report.

Directors

The directors who served during the year and to the date of this report are shown on page 1. None of the directors had any interest in the shares of the Company during the year ended 31 December 2024.

Directors' indemnities

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Furthermore, the Group maintains liability insurance for its directors and officers and the directors and officers of its associated companies. The Group has also indemnified certain directors

of its Group companies to the extent permitted by law against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties.

The Company has not made qualifying third-party indemnity provisions for the benefit of its directors during the year (2023: none).

Dividends

An interim dividend of £5.9m (2023: £nil) was paid during the year. The directors do not recommend the payment of a final dividend (2023: £nil).

Post balance sheet events

There were no post balance sheet events that affected the financial statements of the Company.

Political contributions

The Company made no political contributions during the year (2023: none).

Employment policies

The Company insists that a policy of equal opportunity employment is demonstrably evident at all times. Selection criteria and procedures and training opportunities are designed to ensure that all individuals are selected, treated and promoted based on merit, ability and potential.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled **person should as far as possible, be identical to that of a person who does not have a disability.**

Engagement with employees and other stakeholders

Details on engagement with employees and other stakeholders can be found in the strategic report on pages 2 to 8.

Environmental performance

The Group was the third construction company globally to submit its carbon targets for validation by the Science Based Targets initiative (SBTi) in 2017 and, in 2023, we revalidated our commitments to align to a more ambitious 1.5oC reduction scenario. Subsequently, we retained our target to reduce Scope 1 and 2 and emissions by 60% for 2030, while adding a new stretch target to deliver a 90% reduction by 2045 against a 2019 baseline. We also set a Scope 3 reduction commitment targeting a 42% reduction by 2030 and a 90% reduction by 2045 against a 2020 baseline.

As of 2024, the Group remains on track to achieve its medium-term climate ambitions¹. Since 2019, we have achieved a 44% reduction in our Scope 1 and 2 emissions. This year, the Group updated its Scope 3 inventory to improve data collation, this has enabled us to externally report our Scope 3 emissions across all relevant categories for the first time to drive progress against our long-term net zero target¹. We also undertook internal decarbonisation audits across each of our divisions to identify further opportunities to achieve emissions reductions.

Beyond our direct operations, we continued to empower customers, teams and partners to reduce and avoid emissions associated with projects. Since 2020, our RICS-approved carbon intelligence tool CarboniCa has been used on around 650 projects, including 218 new projects in 2024. Our industry leading software undertakes a Whole Life Carbon Assessment (WLCA) of a project to highlight its most carbon-intensive elements and recommend lower-carbon alternatives. By deploying this early in the design phase, CarboniCa can generate significant emissions savings for customers.

We invest in high-quality projects located in the UK that enhance biodiversity and contribute to a healthier climate. In 2024, we continued to work on our three legacy natural capital projects which, as well as helping to address climate change, support the Group in tackling residual emissions through credible carbon offset certification. Work was completed on the planting of nine woodlands and 270,000 trees at the Blenheim Estate in Oxfordshire as part of the Dorn & Glyme Woodlands project. At the end of 2024, the project was validated by the Woodland Carbon Code and, due to our critical investment, 70,000 Peatland Carbon Units (PCUs) were released, of which the Group owns 20,000².

1. The Group's medium-term science-based targets refer to a 60% reduction in Scope 1 and 2 emissions and a 42% reduction in Scope 3 emissions by 2030, with our long-term targets aiming for a 90% reduction across all our carbon emissions (Scope 1, 2 and 3) by 2045.
2. The Group's 20,000 owned PCUs will be used to offset its residual emissions as part of its net zero targets.

For further details of the Group's environmental performance and a copy of the Group's reporting under the Task Force on Climate-related Financial Disclosure (TCFD) requirements please see the Morgan Sindall Group plc 2024 annual report [morgansindall.com](https://www.morgansindall.com).

Independent auditor and disclosure of information to the independent auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Company has abolished the requirement to hold annual general meetings. Subject to the receipt of any objections as provided under statute or the Company's Articles of Association, the Company is relying on the provisions as provided in section 487 of the Companies Act 2006 for the deemed reappointment of Ernst & Young LLP as auditors.

Directors' responsibilities statement

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

The directors confirm that they have complied with the above requirements in preparing the financial statements. 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 Practice (United Kingdom Accounting Standards and applicable law) including FRS 101. 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 Company and of the 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;

- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with 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. Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations.

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.

Approved by and on behalf of the Board



C Archer

Director

9 May 2025

4. Independent Auditor's Report to the members of Baker Hicks Limited

Opinion

We have audited the financial statements of Baker Hicks Limited for the year ended 31 December 2024 which comprise:

- the Balance Sheet,
- the Statement of comprehensive income,
- the Statement of changes in equity
- and the related notes 1 to 19, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (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 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 have 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

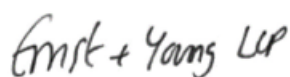
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and compliance with the relevant direct tax regulation in the United Kingdom.
- We understood how Baker Hicks Limited is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and those charged with governance. We corroborated our enquiries through our review of Company board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override over the incorrect revenue recognition.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing with a focus on journals indicating unusual transactions based on our understanding of the business, enquiries of management, and focussed testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with the requirements of the relevant accounting standards and applicable UK legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.



Helen Hemming (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
 Birmingham, United Kingdom
 9 May 2025

5. Statement of Comprehensive Income

	Notes	2024 £000	2023 £000
Revenue	1	105,277	78,037
Cost of sales		(73,462)	(55,170)
Gross profit		31,815	22,867
Administrative expenses		(22,325)	(16,510)
Operating profit	2	9,490	6,357
Interest receivable	5	644	423
Interest payable	5	(195)	(136)
Profit before tax		9,939	6,644
Tax	6	(2,509)	(1,605)
Profit for the financial year attributable to owners of the Company	15	7,430	5,039
Items that may be reclassified subsequently to profit or loss:			
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners of the Company		7,430	5,039

Continuing operations

The results for the current and previous financial years all derive from continuing operations.

6. Balance Sheet

	Notes	2024 £000	2023 £000
Non-current assets			
Intangible assets	7	338	509
Property, plant and equipment	8	6,045	5,958
Investments in subsidiaries	9	1,684	1,684
Deferred tax asset	13	876	848
		8,943	8,999
Current assets			
Contract assets	11	5,637	7,946
Trade and other receivables	10	25,584	24,713
Cash and bank balances		13,268	5,649
		44,489	38,308
Total assets		53,432	47,307
Current liabilities			
Contract liabilities	11	(9,998)	(7,636)
Trade and other payables	12	(16,091)	(13,551)
Current tax liabilities		(1,323)	(1,125)
Lease liabilities	17	(645)	(465)
		(28,057)	(22,777)
Net current assets		16,432	15,531
Non-current liabilities			
Lease liabilities	17	(2,641)	(3,343)
		(2,641)	(3,343)
Total liabilities		(30,698)	(26,120)
Net assets		22,734	21,187
Capital and reserves			
Share capital	14	3,000	3,000
Retained earnings	15	19,734	18,187
Total shareholder's funds		22,734	21,187

The financial statements of Baker Hicks Limited (company number 06256571) were approved by the Board and authorised for issue on 9 May 2025. They were signed on its behalf by:



C Archer, Director

7. Statement of Changes in Equity

	Share capital (Note 14) £000	Retained earnings (Note 15) £000	Total £000
At 1 January 2023	3,000	13,148	16,148
Total comprehensive income	-	5,039	5,039
At 1 January 2024	3,000	18,187	21,187
Total comprehensive income	-	7,430	7,430
Dividends paid	-	(5,883)	(5,883)
At 31 December 2024	3,000	19,734	22,734

Further details in respect of the dividends paid are disclosed in note 15.

8. Material Counting Policy Information

General information

Baker Hicks Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the UK under the Companies Act 2006 and registered in England and Wales. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 8. The address of the registered office is given on page 1.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has prepared its financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, presentation of standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the consolidated accounts of Morgan Sindall Group plc, which are available to the public at morgansindall.com.

The financial statements have been prepared under the historical cost convention, except where otherwise indicated.

These financial statements are presented in pounds sterling which is the Company's presentational and functional currency. All financial information, unless otherwise stated, has been rounded to the nearest £1,000.

The directors consider that the ultimate parent undertaking and ultimate controlling party of this Company is Morgan Sindall Group plc, which is registered in England and Wales. It is the only group into which the results of the Company are consolidated. Copies of the consolidated financial statements of Morgan Sindall Group plc are publicly available from morgansindall.com or from its registered office Kent House, 14-17 Market Place, London W1W 8AJ.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the preparation of consolidated financial statements because it is included in the Group accounts of Morgan Sindall Group plc. These financial statements are separate financial statements and present information about the Company as an individual undertaking and not of the Group.

Adoption of new and revised standards

New and revised accounting standards adopted by the Company

During the year, the Company has adopted the following new and revised standards and interpretations. Their adoption has not had any significant impact on the accounts or disclosures in these financial statements.

- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to IAS 1 'Presentation of Financial Statements - Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants'
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures – Supplier Finance Arrangements'

(ii) New and revised accounting standards and interpretations which were in issue but were not yet effective and have not been adopted early

At the date of the financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 18 'Presentation and Disclosures in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'

The Company is currently assessing the impact of the standards but do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position as well as the financial position of the Company, its cash flows, liquidity position and the borrowing facilities are described in the strategic report on pages 2 to 6.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence during the going concern period, which the directors have defined as a period of 12 months from the date of the approval of the financial statements.

The Company participates in the Group's centralised treasury arrangements and shares banking arrangements, including the provision of cross guarantees, with its ultimate parent Morgan Sindall Group plc and fellow subsidiaries. As at 31 December 2024, the Group held cash of £544.2m, including £23.1m (2023: £26.1m) which is the Group's share of cash held within jointly controlled operations, and total overdrafts repayable on demand of £51.8m (together net cash of £492.4m). Should further funding be required, the Group has significant committed financial resources available including unutilised bank facilities of £180m (2023: £180m), of which £15m matures in June 2027 and £165m matures in October 2027. The Company is also provided with a letter of support from the ultimate parent company, stating that it will provide assistance, if required, to enable the company to meet its obligations as they fall due.

The Company's future workload is healthy with a secured order book of £60.1m of which £55.1m relates to the 12 months ending 31 December 2025. The Company has a strong financial position at the year end with net current assets of £16.4m (2023: £15.5m), including cash of £13.3m (2023: £5.6m) as at 31 December 2024.

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, and having received confirmation regarding its support, through a letter of support, to assist the Company in meeting its liabilities as and when they fall due, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

Based on the above, the directors have a reasonable expectation that the Company and the Group of which it is part have adequate resources to continue in operational existence to the end of the going concern period, which is a period of 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Intangible fixed assets

Intangible assets identified on acquisition by the Company that have finite useful lives are recognised at fair value and measured at cost less accumulated amortisation and impairment losses. Those that are acquired

separately, such as software, are recognised at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful lives for the Company's finite life intangible assets are three years.

Property, plant and equipment

Freehold and leasehold property, plant, machinery and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided in equal annual instalments at rates calculated to write off the cost of the assets, over their estimated useful lives as follows:

Plant, equipment, fixtures and fittings	between three and 10 years
Right of use - Leasehold buildings	the period of the lease

Investments in subsidiaries

Investments held as non-current assets are stated at cost less provision for impairment.

Revenue

Revenue is defined as the value of goods and services rendered excluding discounts and VAT and is recognised as follows:

(a) Service contracts

Service contracts include design, maintenance and management services. Contracts are typically satisfied over time and revenue is measured through an assessment of time incurred and materials utilised as a proportion of the total expected or percentage of completion depending upon the nature of the service.

In order to recognise the profit over time it is necessary to estimate the total costs of the contract. These estimates take account of any uncertainties in the cost of work packages which have not yet been let and materials which have not yet been procured, the expected cost of any acceleration of or delays to the programme or changes in the scope of works and the expected cost of any rectification works during the defect's liability period.

Once the outcome of a construction contract can be estimated reliably, margin is recognised in the income statement in line with the stage of completion. Where a contract is forecast to be loss-making, the full loss is recognised immediately in the income statement.

(b) Contract balances

Contract assets

Contract assets primarily relate to the Company's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts, certificates are issued by the customer on a monthly basis.

Contract Liabilities

Contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. Contract liabilities are recognised as revenue when performance obligation to the customer has been satisfied.

(c) Contract costs

Costs to obtain a contract are expensed unless they are incremental, i.e. they would not have been incurred if the contract had not been obtained, and the contract is expected to be sufficiently profitable for them to be recovered.

Costs to fulfil a contract are expensed unless they relate to an identified contract, generate or enhance resources that will be used to satisfy the obligations under the contract in future years and the contract is expected to be sufficiently profitable for them to be recovered.

Where costs are capitalised, they are amortised over the shorter of the period for which revenue and profit can be forecast with reasonable certainty and the duration of the contract except where the contract becomes loss making. If the contract becomes loss making, all capitalised costs related to that contract are immediately expensed.

Leases

Where the Company is a lessee, a right-of-use asset and lease liability are recognised at the outset of the lease other than those that are less than one year in duration or of a low value.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Company's expectations of the likelihood of lease extension or break options being exercised. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently adjusted to reflect imputed interest, payments made to the lessor and any lease modifications.

The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company and an estimate of any costs that are expected to be incurred at the end of the lease to dismantle or restore the asset. The right-of-use assets are presented within the property, plant and equipment line in the balance sheet and depreciated in accordance with the Company's accounting policy on property, plant and equipment. The amount charged to the income statement comprises the depreciation of the right-of-use asset and the imputed interest on the lease liability.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Pensions

The Company contributes to various defined contribution pension schemes, and to a number of Local Government Pension Schemes ('LGPS'), which are defined benefit schemes. It is not possible to separately identify the Company's share of the underlying assets and liabilities of the LGPS and therefore the Company accounts for the schemes as though they were defined contribution schemes. For all schemes the amount charged to the statement of comprehensive income is equal to the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Income tax

The income tax expense represents the current and deferred tax charges. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

Current tax is the Company's expected tax liability on taxable profit for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Taxable profit differs from that reported in the statement of comprehensive income because it is adjusted for items of income or expense that are assessable or deductible in other years and is adjusted for items that are never assessable or deductible.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases used in tax computations. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profits, or differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is recognised on temporary differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at the tax rates expected to apply when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted and are only offset where this is a legally enforceable right to offset current tax assets and liabilities.

Dividends

Dividends to the Company shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption as part of the Company's normal identifiable operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities expected to be settled in line with the Company's normal course of business and for which the Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current liabilities.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Company's management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements and estimates in applying the Company's accounting policies

The following are the critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

The Company assesses its costs and anticipated profits in excess of billings based on time charged to each project and estimated future costs and total revenues. Recognition of revenues and contract assets involves estimates of costs required to complete the project. On a monthly basis, the Company reviews the costs incurred to date and the estimated costs to complete for each project to determine whether the amount recognised as contract assets is an accurate estimate of the amount that the Company has earned on its projects. On a monthly basis, the Company reviews the costs incurred to date and the estimated costs to complete for each project to determine whether the amount recognised as contract assets is an accurate estimate of the amount that the Company has earned on its projects.

Larger and more lengthy contracts introduce additional risks and circumstances can change as the contract progresses. Judgement is required in relation to costs that may not be recoverable, penalties that might be incurred and the level of contingency required to manage any additional risks. Where the review determines that the value of costs and anticipated profits in excess of billings exceeds the amount that has been earned, adjustments are made to the contract assets/liability. Changes in the estimate of costs required to complete projects could lead to reversals of revenues.

The Company did not have any other critical judgements or key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Key sources of estimation uncertainty

The Company does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

9. Notes to the Financial Statements

1 | Analysis of revenue and profit before taxation

All revenue and profit before taxation relates to the Company's principal activity carried out in the UK.

2 | Operating profit

	2024	2023
	£000	£000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets:		
- owned assets	1,107	997
- Right of use assets	719	724
Amortisation of intangible fixed assets	171	16
Expense relating to short-term leases:	58	69
Fees payable to the Company's auditor for the audit of the Company's annual accounts	46	41

Non-audit fees payable by the Company during the year were £nil (2023: £nil).

3 | Staff costs

	2024	2023
	£000	£000
Wages and salaries	37,581	26,913
Social security costs	4,442	3,135
Pension costs	1,858	1,275
	43,881	31,323

	No.	No.
The average monthly number of employees (including executive directors) during the year was:	648	483

4 | Directors' remuneration

	2024	2023
	£000	£000
Directors' remuneration		
Emoluments	821	840
Company contributions to money purchase pension scheme	24	17
	845	857
Remuneration of the highest paid director		
Emoluments	672	576
Company contributions to money purchase pension scheme	10	3

	No.	No.
The number of directors who:		
- are members of money purchase pension schemes	2	2

Total emoluments excludes amounts in respect of share options (granted and/or exercised), pension contributions, benefits under pension schemes and benefits under long term incentive plans.

Two current directors of the Company received no emoluments (2023: two) in their capacity as directors of this Company. These individuals are remunerated by another company in the Group.

5 | Net interest receivable/payable

	2024	2023
	£000	£000
Bank interest receivable	418	173
Interest income	226	250
Interest receivable	644	423
Other interest payable	(1)	(3)
Lease liabilities (Note 17)	(194)	(133)
Interest payable	(195)	(136)

6 | Tax

	2024	2023
	£000	£000
UK corporation tax charge on profit for the year	2,629	1,549
Adjustment in respect of previous years	(92)	67
Total current tax	2,537	1,616
Origination and reversal of timing differences	(108)	8
Adjustment in respect of previous years	80	(19)
Total deferred tax (note 13)	(28)	(11)
Total tax expense	2,509	1,605

Corporation tax is calculated at 25% (2023: 23.5%) of the estimable taxable profit for the year. The actual tax charge for the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation:

	2024	2023
	£000	£000
Profit before tax	9,939	6,644
Tax on profit at corporation tax rate	2,485	1,562
<i>Factors affecting the charge for the year:</i>		
Non-taxable income and expenses	5	3
Adjustments to tax charge in respect of previous years	(12)	48
Other tax differences	30	(8)
Total tax expense	2,509	1,605

The UK statutory Corporation Tax rate increased from 19% to 25% from 1 April 2023. Consequently, the applicable tax rate for the Company was 25% (2023: 23.5%). Deferred taxes at the balance sheet date are measured at the enacted rates that are expected to apply to the unwinding of each asset or liability. Accordingly deferred tax balances as at 31 December 2024 have been calculated at 25% (2023: 25%).

7 | Intangible assets

	Intangible assets £000	Total £000
Cost		
As at 1 January 2024	708	708
As at 31 December 2024	708	708
Amortisation		
As at 1 January 2024	(199)	(199)
Charge for the year	(171)	(171)
As at 31 December 2024	(370)	(370)
Net book value		
As at 31 December 2024	338	338
As at 31 December 2023	509	509

8 | Property plant and equipment

	Plant, equipment, fixtures and fittings £000	Right-of-use assets - Leasehold property £000	Total £000
Cost			
As at 1 January 2024	5,925	6,997	12,922
Additions	1,775	138	1,913
As at 31 December 2024	7,700	7,135	14,835
Accumulated depreciation			
As at 1 January 2024	(3,384)	(3,580)	(6,964)
Charge for the year	(1,107)	(719)	(1,826)
As at 31 December 2024	(4,491)	(4,299)	(8,790)
Net book value			
As at 31 December 2024	3,209	2,836	6,045
As at 31 December 2023	2,541	3,417	5,958

9 | Investments in subsidiaries

	Subsidiaries £000
Cost and net book value	
At 1 January 2024	1,684
At 31 December 2024	1,684

The details of the Company's subsidiaries are shown below. The country of incorporation and principal place of business is the UK and the address of the registered office of each entity is the same as the registered office of this Company unless otherwise indicated.

Name of company	Registered office	Principal activity	Proportion of ordinary shares held
BakerHicks Europe Holdings Ltd	Kent House, 14-17 Market Place, London, W1W 8AJ England and Wales	Holding company	100%
BakerHicks AG	Badenstrasse 3, CH-4057 Basel, Switzerland	Design & construction management services	100% ¹
BakerHicks GmbH	Albert-Nestler-Strasse 26, 76131 Karlsruhe, Germany	Design & construction management services	100% ¹
BakerHicks GmbH	Am Euro Platz 3, 1120 Wien, Austria	Design & construction management services	100% ¹
BakerHicks ApS	Borupvang 3, 4., 2750 Ballerup, Denmark	Design & construction management services	100% ¹
BakerHicks SA	Boulevard Louis Schmidt 29 15 1040 Etterbeek, Belgium	Design & construction management services	100% ¹

¹ Indirect holdings

10 | Trade and other receivables

	2024	2023
	£000	£000
Amounts falling due within one year		
Trade receivables	14,949	9,927
Amounts owed by Group undertakings	5,511	10,774
Prepayments	1,547	782
Other receivables	3,577	3,230
	25,584	24,713

Amounts owed by Group undertakings are payable on demand, are not interest bearing.

11 | Construction contracts

The Company has recognised the following revenue-related contract assets and liabilities:

	2024	2023
	£000	£000
Contract assets	5,637	7,946
Contract liabilities	(9,998)	(7,636)

The contract assets primarily relate to the Company's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts certificates are issued by the customer monthly.

The Company has taken advantage of the practical expedient in paragraph 94 of IFRS 15 to immediately expense the incremental costs of obtaining contracts where the amortisation period of the assets would have been one year or less.

The contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. All contract liabilities held at 31 December 2024 are expected to satisfy performance obligations in the next 12 months.

Significant changes in the contract assets and the contract liabilities during the period are as follows:

	2024 £000	Contract liabilities	2023 £000	Contract assets	Contract liabilities
As at 1 January	7,946	(7,636)	4,728		(6,272)
Revenue recognised					
- performance obligations satisfied in the current period	97,641	7,636	71,765		6,272
Cash received for performance obligations not yet satisfied	-	(9,998)	-		(7,636)
Amounts transferred to trade receivables	(99,951)	-	(68,547)		-
As at 31 December	5,636	(9,998)	7,946		(7,636)

12 | Trade and other payables

	2024 £000	2023 £000
Amounts falling due within one year		
Trade payables	657	1,112
Amounts owed to Group undertakings	35	50
Social security and other taxes	6,905	4,175
Other payables	5,998	5,115
Accruals	2,496	3,099
	16,091	13,551

Amounts owed to Group undertakings are payable on demand and are not interest bearing.

13 | Deferred tax asset

	2024 £000	2023 £000
Balance at 1 January	848	837
Income statement credit/(charge) (note 6)	28	11
Balance at 31 December	876	848

Deferred tax assets consist of the following amounts:

	2024	2023
	£000	£000
Accelerated capital allowances	547	541
Goodwill	149	168
Short term timing differences	181	139
	876	848

The goodwill balance relates to unamortised deferred tax which continues to have a tax basis whereas the goodwill on the balance sheet has been previously written off in full.

The Company recognises a deferred tax asset in respect of deductible temporary differences amounting to £876k. Management believe that it is probable that future taxable profits will be available to utilise the deferred tax asset, based on the Company's 5-year business plan.

14 | Share capital

	2024	2023
	£000	£000
Issued and fully paid		
3,000,001 ordinary shares of £1 each	3,000	3,000

The Company has one class of ordinary share which carries no rights to fixed income.

15 | Retained earnings

	2024	2023
	£000	£000
Balance as at 1 January	18,187	13,148
Profit for the year	7,430	5,039
Dividends	(5,883)	-
Balance as at 31 December	19,734	18,187

During the year, the Company paid dividends of £5,883,376 (equivalent to £1.96 per ordinary share) (2023: £nil) to its immediate parent company Morgan Sindall Group plc.

16 | Pension commitments

The Company contributes to various pension schemes for employees. The pension creditor at 31 December 2024 was £411,000 (2023: £258,000).

17 | Lease liabilities

The company leases assets including property, plant and vehicles. The average lease term is 3.7 years. There are no variable terms to any of the leases. The maturity profile for the lease liabilities at 31 December 2024 are set out below:

	Leasehold property	
	2024	2023
	£000	£000
Maturity analysis		
Within one year	645	465
Within two to five years	2,577	3,211
After more than five years	64	132
As at 31 December	3,286	3,808

	2024		2023	
	Leasehold property	Total	Leasehold property	Total
	£000	£000	£000	£000
As at 1 January	3,808	3,808	4,929	4,929
Additions	-	-	9	9
Terminations	-	-	(239)	(239)
Repayments	(716)	(716)	(1,024)	(1,024)
Interest expenses (note 5)	194	194	133	133
As at 31 December	3,286	3,286	3,808	3,808

18 | Related party transactions

In the ordinary course of business, the Company has traded with its parent company Morgan Sindall Group plc together with its subsidiaries. Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group. Balances with these entities are disclosed in notes 10 and 12 of these financial statements.

19 | Subsequent events

There were no subsequent events that affected the financial statements of the Company.

BakerHicks.

- UNITED KINGDOM.
- Derby +44 (0)1332 974398
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