REGISTERED NUMBER: 06256571 (ENGLAND AND WALES)

# BAKER HICKS LIMITED

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

# BAKER HICKS LIMITED

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# BAKER HICKS LIMITED

## COMPANY INFORMATION
## FOR THE YEAR ENDED 31 DECEMBER 2025

| | |
|---|---|
| **Directors** | CMW Archer (resigned 9 May 2025)<br>CKK Gangotra<br>D Howells (appointed 9 May 2025)<br>MV Lubieniecki<br>JC Morgan |
| **Company Secretary** | HM Mason (resigned 22 April 2025)<br>LAK Minns (appointed 3 June 2025) |
| **Head Office** | One Warwick Technology Park<br>Gallows Hill<br>Warwick<br>CV34 6YL |
| **Registered Office** | Kent House<br>14–17 Market Place<br>London<br>W1W 8AJ |
| **Independent Auditor** | Ernst & Young LLP<br>Statutory Auditor<br>One Colmore Square<br>Birmingham<br>B4 6HQ |

# BAKER HICKS LIMITED

## STRATEGIC REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2025

**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, highways, 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 ahead of expectations with revenue growth continuing despite an increasingly uncertain and competitive trading environment. Revenue increased to £116.1m, up 10% from 2024 (£105.3m), with operating profit of £9.6m (up 1.5% on 2024) and operating margin of 8.3% (2024: 9.0%). These results continue to be influenced by the review of ongoing contracts, some of 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 increased by 41% year on year and an order book of nearly £85m provides confidence for the 2026 financial year.

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

| | **Year to 31 December 2025 £000** | Year to 31 December 2024 £000 | Change |
|---|---|---|---|
| Revenue | **116,085** | 105,277 | 10.3% |
| Operating profit | **9,631** | 9,490 | 1.5% |
| Operating margin | **8.3%** | 9.0% | (0.7%) |
| Profit after tax | **7,858** | 7,430 | 5.8% |
| Secured order book[1] | **84,803** | 60,130 | 41.0% |

[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 performance across 2025 was robust in challenging economic circumstances, especially an increasingly competitive labour market as well as ongoing inflationary pressures and continuing cost-of-living challenges. Exceptional performances across the aviation, life sciences and industry and power sectors were key to the wider business success complemented by substantial volumes of work in the public and defence 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 2026, the Company will target continued revenue growth to counterbalance increases in costs of employment. The Company will target an operating margin for 2026 in the range of 6% to 8% and continue its focus on delivering successful project outcomes for its clients 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 2025 were £26.4m (2024: £22.7m). The Company had net current assets of £20.8m (2024: £16.4m), including cash of £13.7m (2024: £13.3m) at 31 December 2025.

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2025 the Group had net cash balances of £531.2m. The Group also had £180m of committed loan facilities: £15m maturing in June 2028 and £165m of committed loan facilities maturing in October 2028, which were entirely undrawn as at 31 December 2025.

**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 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 pages 4-6 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 2025 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 2025;
- Approval of an interim dividend for the year ended 31 December 2025;
- 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 2025 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 summaries on the impact of our activities on each stakeholder group and the environment.

**Employees**
Our employees remain at the forefront of our business. We are proud of our people who have the passion, commitment and 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 respect, inclusion and diversity. Our Company policies are designed to support these goals and take account of external legislation, and we embrace 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 2025 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 and regularly with our employees and keep them updated on our business goals, market conditions, operational performance, health and wellbeing support, career advancement and personal development opportunities, using a variety of communication methods and channels. All new starters are given a formal induction which includes introducing them to our Core Values and Company history 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 they receive updates from the managing director or other directors on how the Company is performing. We embrace a culture of transparency, and through these interactions, employees have the opportunity to ask questions throughout the year. Through these means we encourage our employees to challenge the status quo and think differently, in the spirit of continuous improvement.

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

Learning and the professional development of our employees remains central to the Company's strategy. We hold regular personal development conversations with our people throughout their career with us to help them gain and improve on 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.

*Inclusion and diversity*

We recognise that diversity of thought, perspectives and experiences drives innovation for our clients and competitive advantage for the Company. Employment practices that promote an inclusive and diverse work environment are therefore fully embraced.

Our 'Belonging' group remains a core part of the business, with its ongoing focus on inclusion, diversity and equality across our offices and the communities we serve. During the year, we appointed a new chair and established an additional Belonging group for our colleagues in mainland Europe. In January 2025 we launched a bespoke 'Equality, Diversity & Inclusion' survey for employees, the results of which were presented at our staff conference the following quarter. We delivered a series of inclusion, diversity and equality campaigns throughout the year, marking events such as National Apprenticeship Week, Employee Appreciation Day, Learning at Work Week and World Skills Day. In addition, we celebrated diversity through events such as Women's History Month, Pride 2025 and International Women in Engineering Day, which featured an interview with the Company's award-winning Graduate BIM Information Manager. We share the Group's Gold Armed Forces Covenant accreditation and marked the 80th anniversary of Victory in Europe (VE) Day with an RAF veteran interview and local poppy appeals in support of Remembrance Day.

We have remained committed to the health and wellbeing of our employees, supporting initiatives such as the 'BakerHicks Bundesliga', National Walking Day, the Great Scottish Run and other activities that encourage outdoor activity. We promote a strong safety culture through our quarterly safety, health and environmental (SHE) magazine, 'Protect', which during the year published articles on safety standards, policy updates, mental health and developments in sustainability. We also produced a video called 'What SHE means to me', featuring interviews with directors and members of the senior management team.

Finally, as part of the Group's commitment to achieving net zero by 2030, the Company hosted 'Green Week' for our employees, including training seminars and environmentally focused activities. Reinforcing our focus on reducing carbon across the built environment.

**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, being open and transparent when exchanging information, and working collaboratively.

*Suppliers*
Our suppliers and subcontractors are critical to our operations, and we take a long-term collaborative approach to working with them. We engage with and monitor our subcontractors' performance against set criteria and provide constructive feedback when needed. 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 12-month period to 31 December 2025 paid 95% of invoices to payment terms and 99% within 60 days; on average payments were made within 24 days of invoice date. We continue to keep our payment performance under review and to publish 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 customers at local level and tailor our services as needed.

We focus on customer experience and 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*
Our 'Grassroots Connections' initiative continued to support education in science, technology, engineering and mathematics (STEM) through career fairs, industry events and work placements across our key regions. Development programmes included our annual graduate scheme, providing technical placements across the STEM disciplines; our 'HV Technical Academy of Excellence', which is designed

to improve learning opportunities for high voltage engineers; and the launch of 'Accelerate Your Potential', aimed at championing women in STEM.

A number of Company 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 profession, 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.

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 their networks.

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, providing them with 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 2025 annual report.

**Approved by and on behalf of the Board**

**D Howells**
**Director**

28 July 2026

# BAKER HICKS LIMITED

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2025

The directors present their annual report and the audited financial statements for the year ended 31 December 2025. 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 7.

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 banking arrangements (under which it is a cross guarantor). As at 31 December 2025 the Group had net cash balances of £531.2m. The Group also had £180m of committed loan facilities £15m maturing in June 2028 and £165m maturing in October 2028, which were entirely undrawn as at 31 December 2025.

The Company's future workload is healthy with a secured order book of £84.8m of which £75.9m relates to the 12 months ending 31 December 2026. The Company has a strong financial position at the year end with net current assets of £20.8m (2024: £16.4m), including cash of £13.7m (2024: £13.3m) as at 31 December 2025.

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, and having received confirmation regarding its 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 2025.

**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 (2024: none).

**Dividends**
An interim dividend of £5.0m (2024: £5.9m) was paid during the year. The directors do not recommend the payment of a final dividend (2024: £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 (2024: 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 their merits, abilities 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 suffer from a disability.

**Employee engagement**
Details on engagement with employees and other stakeholders can be found in the strategic report on pages 2 to 7.

**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, revalidated its commitments to align to a more ambitious 1.5°C reduction scenario. Subsequently, the Group retained its target to reduce Scope 1 and 2 and emissions by 60% for 2030, and a stretch target to deliver a 90% reduction by 2045. We also set a Scope 3 reduction commitment targeting a 42% reduction by 2030 and a 90% reduction by 2045 against a 2020 baseline to meet net zero.

As of 2025, the Group remains on track to achieve its medium-term climate ambitions[1]. Since 2019, we have achieved a 55% reduction in our Scope 1 and 2 emissions. In 2025, the Group expanded its voluntary environmental data disclosure, including further external validation of Scope 3 data across its divisions[2]. Work to re-baseline the Group's Scope 3 emissions in line with updated methodologies also took place, resulting in a 1% increase year-on-year. In 2026 we will undertake further work to target and accelerate our Scope 3 reduction efforts.

Beyond our direct operations, we empower customers, teams and partners to reduce and avoid emissions associated with projects. Since 2021, the Group has used the RICS-approved carbon intelligence tool CarboniCa over 840 projects. The 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 continues to generate significant emissions savings for our business and customers.

To reach our 2045 net zero commitment, we will use credible UK-certified offsets on our residual emissions. Our strategy is to invest in high-quality natural capital projects and offsets that contribute to a healthier climate for local communities. As of 2025, work on the Group's legacy natural capital projects has completed.

For further detail of the Group's environmental performance, including alignment to the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) and Streamlined Energy and Carbon Reporting (SECR), please see the Morgan Sindall Group 2025 annual report morgansindall.com.

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 long-term targets aiming for a 90% reduction across all carbon emissions (Scope 1, 2 and 3) by 2045.
2. *The Group's 20,000 owned Peatland Carbon Units (PCUs) will be used to offset its residual emissions as part of its net zero targets.*

**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 reappoint 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 for and on behalf of the Board**

**D Howells**
**Director**
28 July 2026

# BAKER HICKS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER HICKS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2025

**Opinion**
We have audited the financial statements of Baker Hicks Limited for the year ended 2025 which comprise the Balance Sheet, Statement of cash flows, the Statement of comprehensive income, the Statement of changes in equity and the related notes1 to 20, 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 company's affairs as at 2025 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 this 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 the 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 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 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 page10], 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 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
- 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.

DocuSigned by:
Helen Hemming
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Helen Hemming (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
28 July 2026

# BAKER HICKS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2025

| | Notes | 2025<br>£000 | 2024<br>£000 |
|---|---|---|---|
| Revenue | 1 | **116,085** | 105,277 |
| Cost of sales | | **(80,213)** | (73,462) |
| **Gross profit** | | **35,872** | 31,815 |
| Administrative expenses | | **(26,241)** | (22,325) |
| **Operating profit** | **2** | **9,631** | 9,490 |
| Interest receivable | **5** | **660** | 644 |
| Interest payable | **5** | **(169)** | (195) |
| **Profit before tax** | | **10,122** | 9,939 |
| Tax | **6** | **(2,264)** | (2,509) |
| **Profit for the financial year attributable to owners of the Company** | **16** | **7,858** | 7,430 |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| **Other comprehensive income** | | **-** | - |
| **Profit for the financial year attributable to owners of the Company** | | **7,858** | 7,430 |

**Continuing operations**

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

# BAKER HICKS LIMITED

## BALANCE SHEET
## AS AT 31 DECEMBER 2025

| | Notes | 2025<br>£000 | 2024<br>£000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 7 | 369 | 338 |
| Property, plant and equipment | 8 | 4,760 | 6,045 |
| Investments in subsidiaries | 9 | 1,684 | 1,684 |
| Deferred tax asset | 14 | 1,570 | 876 |
| | | 8,383 | 8,943 |
| **Current assets** | | | |
| Contract assets | 11 | 7,782 | 5,637 |
| Trade and other receivables | 10 | 21,547 | 25,584 |
| Cash and bank balances | | 13,698 | 13,268 |
| | | 43,027 | 44,489 |
| **Total assets** | | 51,410 | 53,432 |
| **Current liabilities** | | | |
| Contract liabilities | 11 | (5,221) | (9,998) |
| Trade and other payables | 12 | (15,830) | (16,091) |
| Current tax liabilities | | (368) | (1,323) |
| Lease liabilities | 18 | (768) | (645) |
| | | (22,187) | (28,057) |
| **Net current assets** | | 20,840 | 16,432 |
| **Non-current liabilities** | | | |
| Lease liabilities | 18 | (1,873) | (2,641) |
| Provisions for Liabilities | 13 | (1,000) | - |
| | | (2,873) | (2,641) |
| **Total liabilities** | | (25,060) | (30,698) |
| **Net assets** | | 26,350 | 22,734 |
| **Capital and reserves** | | | |
| Share capital | 15 | 3,000 | 3,000 |
| Retained earnings | 16 | 23,350 | 19,734 |
| **Total shareholder's funds** | | 26,350 | 22,734 |

The financial statements of Baker Hicks Limited (company number 06256571) were approved by the Board and authorised for issue on 28 July 2026. They were signed on its behalf by:

.............................................. D Howells, Director

# BAKER HICKS LIMITED

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2025

| | Share capital (Note 17) £000 | Retained earnings (Note 19) £000 | Total £000 |
|---|---|---|---|
| **At 1 January 2024** | **3,000** | **18,187** | **21,187** |
| Total comprehensive income | - | 7,430 | 7,430 |
| Dividends paid | - | (5,883) | (5,883) |
| **At 1 January 2025** | **3,000** | **19,734** | **22,734** |
| Total comprehensive income | - | **7,858** | 7,858 |
| Dividends paid | - | **(5,000)** | **(5,000)** |
| Tax relating to share-based payments | | **758** | **758** |
| **At 31 December 2025** | **3,000** | **23,350** | **26,350** |

Further details in respect of the dividends paid are disclosed in note 16.

**Accounting Policy 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 7. 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 financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement 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 www.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 IAS 21 'The Effects of Changes in Foreign Exchange Rates'

**(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:

- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 18 'Presentation and Disclosures in Financial Statements'

The Company is currently assessing the impact of the standards but does 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 7.

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 banking arrangements (under which it is a cross guarantor). As at 31 December 2025 the Group had net cash balances of £531.2m (2024: £544.2m). The Group also had £180m of committed loan facilities £15m maturing in June 2028 and £165m maturing in October 2028, which were entirely undrawn as at 31 December 2025.

The Company's future workload is healthy with a secured order book of £84.8m of which £75.9m relates to the 12 months ending 31 December 2026. The Company has a strong financial position at the year end with net current assets of £20.8m (2024: £16.4m), including cash of £13.7m (2024: £13.3m) as at 31 December 2025.

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, and having received confirmation regarding its 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.

**Impairment of non-financial assets**
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**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 pension schemes and to other employees' personal pension arrangements, which are of a defined contribution type. The amount charged to the statement of comprehensive income is equal to the contributions payable in respect of the year. Differences between contributions payable in respect of 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 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.

All recognised financial assets and financial liabilities are subsequently measured at either fair value or amortised cost, depending on the classification of the financial assets and financial liabilities.

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are recognised for events covered by the Group's captive or self-insurance arrangements, legal claims and restructuring.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement where the reimbursement has met the virtually certain recognition criteria.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**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.

**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 or revenue adjustments 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, liabilities and provisions. Changes in the estimate of costs required to complete projects or other adjustments noted above could lead to subsequent adjustments to revenues and profits.

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.

## 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

| | 2025<br>£000 | 2024<br>£000 |
|---|---|---|
| **Operating profit is stated after charging:** | | |
| Depreciation of tangible fixed assets: | | |
| - owned assets | **1,229** | 1,107 |
| - Right-of-use assets | **716** | 719 |
| Amortisation of intangible fixed assets | **189** | 171 |
| Expense relating to short-term leases: | **59** | 58 |
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | **55** | 46 |

## 3. Staff costs

| | 2025<br>£000 | 2024<br>£000 |
|---|---|---|
| Wages and salaries | **48,223** | 37,581 |
| Social security costs | **6,550** | 4,442 |
| Pension costs | **2,455** | 1,858 |
| | **57,288** | 43,881 |

| | No. | No. |
|---|---|---|
| The average monthly number of employees (including executive directors) during the year was: | **812** | 648 |

## 4. Directors' remuneration

| | 2025<br>£000 | 2024<br>£000 |
|---|---|---|
| **Directors' remuneration** | | |
| Emoluments | **946** | 821 |
| Long term incentive schemes | **-** | - |
| Company contributions to money purchase pension scheme | **28** | 24 |
| | **974** | 845 |
| | | |
| **Remuneration of the highest paid director** | | |
| Emoluments | **685** | 672 |
| Company contributions to money purchase pension scheme | **11** | 10 |

| | 2025 No. | 2024 No. |
|---|---|---|
| The number of directors who: | | |
| - are members of money purchase pension schemes | **2** | 2 |
| - exercised options over shares in the ultimate Group | **-** | - |
| - received shares under long term incentive schemes in the ultimate parent | **1** | 1 |

Two current directors of the Company received no emoluments (2024: two) in their capacity as directors of this Company. These individuals are remunerated by another company in the Group. The time spent by the two directors is considered to be incidental.

## 5. Net interest receivable/(payable)

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Bank interest receivable | **450** | 418 |
| Interest income | **210** | 226 |
| **Interest receivable** | **660** | 644 |
| | | |
| Other interest payable | **-** | (1) |
| Lease liabilities | **(169)** | (194) |
| **Interest payable** | **(169)** | (195) |

## 6. Tax

| | 2025 £000 | 2024 £000 |
|---|---|---|
| UK corporation tax charge on profit for the year | **2,929** | 2,629 |
| Adjustment in respect of previous years | **(648)** | (92) |
| **Total current tax** | **2,281** | 2,537 |
| Origination and reversal of timing differences | **(209)** | (108) |
| Adjustment in respect of previous years | **192** | 80 |
| **Total deferred tax (note 16)** | **(17)** | (28) |
| **Total tax expense** | **2,264** | 2,509 |

Corporation tax is calculated at 25% (2024: 25%) 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:

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Profit before tax | **10,122** | 9,939 |
| Tax on profit at corporation tax rate | **2,531** | 2,485 |
| | | |
| *Factors affecting the charge for the year:* | | |
| Non-taxable income and expenses | **10** | 5 |
| Adjustments to tax charge in respect of previous years | **(287)** | (12) |
| Other tax differences | **10** | 30 |
| **Total tax expense** | **2,264** | 2,509 |

The UK statutory Corporation Tax rate for the Company was 25% (2024: 25%). 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 2025 have been calculated at 25% (2024: 25%).

Pillar Two legislation has been enacted in the United Kingdom, where the Company operates. The Company has performed an assessment of the Company's potential exposure to Pillar Two income taxes. Based on the assessment performed, the Pillar Two effective tax rate is above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Company does not expect a potential exposure to Pillar Two top-up taxes and has accrued no liability.

## 7. Intangible assets

| | Intangible assets £000 | Total £000 |
|---|---|---|
| **Cost** | | |
| As at 1 January 2025 | 708 | 708 |
| Additions | 220 | 220 |
| **As at 31 December 2025** | **928** | **928** |
| **Amortisation** | | |
| As at 1 January 2025 | (370) | (370) |
| Charge for the year | (189) | (189) |
| **As at 31 December 2025** | **(559)** | **(559)** |
| **Net book value** | | |
| **As at 31 December 2025** | **369** | **369** |
| As at 31 December 2024 | 338 | 338 |

## 8. Property Plant & Equipment

| | Plant, equipment, fixtures and fittings £000 | Right-of-use assets - leasehold property £000 | Total £000 |
|---|---|---|---|
| **Cost** | | | |
| As at 1 January 2025 | 7,700 | 7,135 | 14,835 |
| Additions | 662 | - | 662 |
| Disposals | (111) | - | (111) |
| **As at 31 December 2025** | **8,251** | **7,135** | **15,386** |
| **Accumulated depreciation** | | | |
| As at 1 January 2025 | (4,491) | (4,299) | (8,790) |
| Charge for the year | (1,229) | (716) | (1,945) |
| Disposals | 109 | - | 109 |
| **As at 31 December 2025** | **(5,611)** | **(5,015)** | **(10,626)** |

| | | | |
|---|---|---|---|
| **Net book value** | | | |
| **As at 31 December 2025** | **2,640** | **2,120** | **4,760** |
| As at 31 December 2024 | 3,209 | 2,836 | 6,045 |

The Company holds some plant and equipment that is fully depreciated. The cost and accumulated depreciation amounts of this fully written down plant, property and equipment is £1.6m (2024: £1.6m).

## 9. Investments in subsidiaries

| | **Subsidiaries £000** |
|---|---|
| **Cost and net book value** | |
| At 1 January 2025 | 1,684 |
| **At 31 December 2025** | **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

| | 2025 £000 | 2024 £000 |
|---|---|---|
| **Amounts falling due within one year** | | |
| Trade receivables | **11,647** | 14,949 |
| Amounts owed by Group undertakings | **6,097** | 5,511 |
| Prepayments | **1,307** | 1,547 |
| Other receivables | **2,496** | 3,577 |
| | **21,547** | 25,584 |

Amounts owed by Group undertakings are payable on demand and are not interest bearing. All items are accounted for at amortised cost.

## 11. Construction contracts

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

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Contract assets | **7,782** | 5,637 |
| Contract liabilities | **(5,221)** | (9,998) |

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 on a monthly basis.

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 2025 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:

| | 2025 £000 | | 2024 £000 | |
|---|---|---|---|---|
| | **Contract assets** | **Contract liabilities** | Contract assets | Contract liabilities |
| As at 1 January | **5,637** | **(8,998)** | 7,946 | (7,636) |
| Revenue recognised | | | | |
| - performance obligations satisfied in the current period | **106,087** | **8,998** | 97,642 | 7,636 |
| Cash received for performance obligations not yet satisfied | | **(5,221)** | - | (9,998) |
| Amounts transferred to trade receivables | **(103,942)** | | (99,951) | - |
| **As at 31 December** | **7,782** | **(5,221)** | 5,637 | (9,998) |

## 12. Trade and other payables

| | 2025 £000 | 2024 £000 |
|---|---|---|
| **Amounts falling due within one year** | | |
| Trade payables | **571** | 657 |
| Amounts owed to Group undertakings | **13** | 35 |
| Social security and other taxes | **6,426** | 6,905 |
| Other payables | **6,818** | 5,998 |
| Accruals | **2,002** | 2,496 |
| | **15,830** | 16,091 |

Amounts owed to Group undertakings are payable on demand and are not interest bearing. All items are accounted for at amortised cost.

## 13. Provisions for liabilities

| | Contract and Legal £000 | Total £000 |
|---|---|---|
| At 1 January 2025 | - | - |
| Created | 1,000 | 1,000 |
| Utilised | - | - |
| Released | - | - |
| **Balance at 31 December 2025** | **1,000** | **1,000** |

The impact of discounting is not material.

**Contract and legal provisions**

Contract and legal provisions include liabilities, loss provisions, defect and warranty provisions on contracts that have reached completion.

The provision is expected to be utilised in the next three years, with payments commencing no earlier than 2027.

### 14. Deferred tax asset

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Balance at 1 January | **876** | 848 |
| Income statement credit/(charge) (note 6) | **(17)** | 28 |
| Credit to equity | **711** | - |
| **Balance at 31 December** | **1,570** | 876 |

Deferred tax assets consist of the following amounts:

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Accelerated capital allowances | **416** | 547 |
| Goodwill | **129** | 149 |
| Short term timing differences | **207** | 181 |
| Share-based payments | **818** | - |
| | **1,570** | 876 |

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 £1.6m. Management believe that it is probable that future taxable profits will be available to utilise the deferred tax asset, based on the Company's five-year business plan.

### 15. Share capital

| | 2025 £000 | 2024 £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.

### 16. Retained earnings

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Balance as at 1 January | **19,734** | 18,187 |
| Profit for the year | **7,858** | 7,430 |
| Dividends | **(5,000)** | (5,883) |
| Tax relating to share-based payments | **758** | - |
| **Balance as at 31 December** | **23,350** | 19,734 |

During the year, the Company paid dividends of £5,000,000 (equivalent to £1.67 per ordinary share) (2024: £5,883,376) to its immediate parent company Morgan Sindall Group plc.

### 17. Pension commitments

The Company contributes to defined contribution pension arrangements for employees. The Company pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. The total cost charged in the income statement of £2.5m (2024: £1.9m) represents contributions payable by the Company. The pension creditor at 31 December 2025 was £460,000 (2024: £411,000).

### 18. Lease liabilities

The Company leases assets including property, plant and vehicles. The average lease term is 3 years. There are no variable terms to any of the leases. The maturity profile for the lease liabilities at 31 December 2025 are set out below:

| | Leasehold property | |
|---|---|---|
| | **2025** | 2024 |
| | **£000** | £000 |
| **Maturity analysis** | | |
| Within one year | **768** | 645 |
| Within two to five years | **1,873** | 2,577 |
| After more than five years | **-** | 64 |
| **As at 31 December** | **2,641** | 3,286 |

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **Leasehold property** | **Total** | Leasehold property | Total |
| | **£000** | **£000** | £000 | £000 |
| As at 1 January | **3,286** | **3,286** | 3,808 | 3,808 |
| Repayments | **(814)** | **(814)** | (716) | (716) |
| Interest expenses | **169** | **169** | 194 | 194 |
| **As at 31 December** | **2,641** | **2,641** | 3,286 | 3,286 |

### 19. 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.

### 20. Subsequent events

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