

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

**ANNUAL REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

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BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

Directors	M Lubieniecki A Boardman S Crummett J Morgan
Company Secretary	C Sheridan
Head Office	20 Timothy's Bridge Road Stratford-Upon-Avon Warwickshire CV37 9NJ
Registered Office	Kent House 14–17 Market Place London W1W 8AJ
Independent Auditor	Deloitte LLP Chartered Accountants London

BAKER HICKS LIMITED

(formerly Morgan Sindall Professional Services Ltd)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Principal activities

Baker Hicks Limited ("the Company") is a professional services business delivering technically challenging design schemes in complex environments. We operate in the Defence, Aviation, Rail, Public Sector, Nuclear, Life Sciences and Power sectors from our office locations in London, Heathrow, Stratford-Upon-Avon, Manchester and Motherwell. A similar service is also provided in the Life Sciences sector from an office in Basel, Switzerland through the Company's subsidiary undertaking, Morgan Sindall Professional Services AG. The Company is a member of the Morgan Sindall Group plc ("the Group") and its activities are included in those of the Group's Construction and Infrastructure Division.

Business review

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

	31 December 2016	31 December 2015
	£000	£000
Revenue	30,301	30,737
Operating profit	374	2,873
Operating margin	1%	10%
Profit after tax	292	2,231
Cash at bank	(683)	(338)
Forward order book	9,891	7,851

Turnover of £30.3m was only £0.5m down on prior year (2015: £30.7m). 2015 had included a turnover boost following the successful resolution of a phase of a large contract within the Transport sector. Excluding that contract like for like turnover was 12% higher year on year. Profit after tax was £0.3m (2015: £2.2m).

In terms of sector performance Defence, Power and Rail had successful years exceeding targets. Power had a particularly successful year as they expanded their offering to include Operating Equipment Manufacturers and Distribution Network Operators. Aviation and Public Sector continue to improve in 2016 whilst Life Sciences has benefited from increased industry investment. Particularly pleasing in 2016 is the client retention and continuing engagement in long standing relationships.

Looking ahead the Company will continue to refine its sector approach as well as supporting other members of Morgan Sindall Group. The rebrand to Baker Hicks in February 2017 has been positively received in the market and will help further develop the market position in all sectors. The order book for 2016 is 26% higher than 2015 and the Company is actively managing its bid selection to improve the gross margin in the order book.

Financial position and liquidity

The financial position of the Company is presented in the Balance Sheet. The total shareholder's funds at 31 December 2016 were £0.7m (2015: £0.4m). The Company had net current assets of £1.4m (2015: £0.8m), including a bank overdraft of £0.7m (2015: £0.3m) at 31 December 2016.

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

As a member of the Group, the Company participates in its banking arrangements (under which it is a cross guarantor). As at 31 December 2016 the Group had cash balances of £228.5m. The Group also had £175m of committed loan facilities (£15m maturing in May 2018 and £160m maturing in 2018), of which £160m were undrawn.

Financial risk management objectives and policies

Principal Risks - Brexit

It is expected that the effects of 'Brexit' will be a principal risk for most UK companies reporting on December 2016 year ends and could, depending on their circumstances, be a factor to highlight in listed companies' viability statements. As and when more clarity emerges it is expected that disclosures of the risks and uncertainties will become increasingly company specific and quantitative.

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition, employee retention, longer term shortage of opportunities and asset utilisation. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the strategic report in Morgan Sindall Group plc's annual report and accounts, which does not form part of this report.

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and price 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 they fall due. The Company aims to manage liquidity by ensuring that it will always have sufficient resources to meet its liabilities when they fall due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. 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 liabilities. Interest bearing assets and liabilities include cash balances and overdrafts, all of which have interest rates applied at floating market rates.

For and on behalf of the Board



A Boardman
Finance Director
31 March 2017

BAKER HICKS LIMITED

(formerly Morgan Sindall Professional Services Ltd)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and audited financial statements for the year ended 31 December 2016. 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 Financial Reporting Standard 101 Reduced Disclosure Framework.

Future developments and events after balance sheet date

On 1st February 2017 the Company changed its name from Morgan Sindall Professional Services Ltd to Baker Hicks Limited. Details of future developments can be found in the strategic report on page 2.

Going concern

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 for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements. Further details can be found in the principal accounting policies in the financial statements.

Financial risk management objectives

Details of financial risk management objectives can be found in the strategic report on page 2.

Dividends

The directors do not recommend the payment of a final dividend (2015: £nil).

Key performance indicators

The Company uses the key performance indicators as disclosed in the business review within the strategic report on page 2. In addition to these there are key performance indicators which are employed by the Group which are discussed in the strategic report in Morgan Sindall Group plc's annual report, which does not form part of this report.

Directors

The directors who served during the year are shown on page 1. None of the directors had any interest in the shares of the Company during the year ended 31 December 2016.

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 Morgan Sindall Group plc maintains liability insurance for its directors and officers and those of its directors and officers of its associated companies.

The Company has not made qualifying third party indemnity provisions for the benefit of its directors during the year.

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

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 on the basis of 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.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interest and that all employees are aware of the financial and economic performance of their business units and the Company as a whole. The Company recognises the need to ensure effective communication with employees and has developed various communication channels taking account of factors such as numbers employed and location, including an employee forum, an intranet and in-house newsletters.

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 the 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 he/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006.

Deloitte LLP has expressed its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' 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 Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "*Reduced disclosure framework*". 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;
- state whether applicable UK 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.

For and on behalf of the Board



C Sheriden
Company Secretary
31 March 2017

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL
PROFESSIONAL SERVICES LTD
FOR THE YEAR ENDED 31 DECEMBER 2016**

We have audited the financial statements of Baker Hicks Limited (formerly Morgan Sindall Professional Services Ltd) for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Principal Accounting Policies and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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.

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL
PROFESSIONAL SERVICES LTD
FOR THE YEAR ENDED 31 DECEMBER 2016**

Opinion on other matter 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.

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 and] the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Mark Beddy (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom

31 March 2017

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £000	2015 £000
Revenue	1	30,301	30,737
Cost of sales		(21,767)	(20,730)
Gross profit		8,534	10,007
Administrative expenses		(8,160)	(7,134)
Operating profit	2	374	2,873
Interest payable	5	(18)	(8)
Profit before Tax		356	2,865
Tax	6	(64)	(634)
Profit for the financial year attributable to the owners of the Company	14	292	2,231
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners of the Company		292	2,231

Continuing operations

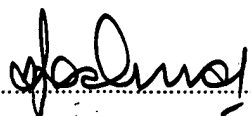
The results for the current and previous financial years derive from continuing operations.

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

BALANCE SHEET
AS AT 31 DECEMBER 2016

		2016	2015
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	7	516	489
Investments in subsidiaries	8	1,684	1,684
		2,200	2,173
Current assets			
Trade and other receivables	9	6,968	6,669
		6,968	6,669
Total assets		9,168	8,842
Current Liabilities			
Bank overdraft		(683)	(338)
Trade and other payables	11	(4,529)	(4,846)
Current tax liabilities		(342)	(336)
		(5,554)	(5,520)
Net current assets		1,414	833
Non-current liabilities	11	(2,930)	(2,930)
Total liabilities		(8,484)	(8,450)
Net assets		684	392
Capital and reserves			
Called up share capital	13	3,000	3,000
Retained earnings	14	(2,316)	(2,608)
Total shareholder's funds		684	392

The financial statements of Baker Hicks Limited (formerly Morgan Sindall Professional Services Ltd; Company number 06256571) were approved by the Board and authorised for issue on 31 March 2017. They were signed on its behalf by:



A Boardman, Finance Director
31 March 2017

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £000	Retained earnings £000	Total £000
At 1 January 2015	3,000	(4,839)	(1,839)
Total comprehensive income	-	2,231	2,231
At 1 January 2016	3,000	(2,608)	392
Total comprehensive income	-	292	292
At 31 December 2016	3,000	(2,316)	684

BAKER HICKS LIMITED

(formerly Morgan Sindall Professional Services Ltd)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

General information

Baker Hicks Limited (formerly Morgan Sindall Professional Services Ltd) (the 'Company') is incorporated and domiciled in the United Kingdom under the Companies Act. The nature of the Company's operations and its principal activities are set out in the business review on page 2. 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, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the consolidated accounts of Morgan Sindall Group plc (the "Group"), which are available to the public at morgansindall.com.

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the consolidated accounts of Morgan Sindall Group plc.

Adoption of new and revised standards

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 amounts or disclosures reported in these financial statements.

- Amendments to IAS 1 'Presentation of financial statements' – disclosure initiative
- Amendments to IAS 27 'Separate financial statements' – reinstatement of the equity method for investments in subsidiaries, joint ventures and associates in separate financial statements
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' – clarification of acceptable methods of depreciation and amortisation

New and revised accounting standards and interpretations which were in issue but were not yet effective and have not been adopted early by the Company.

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

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report. The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and shares banking arrangements, including the provision of cross guarantees, with its ultimate parent the Group and fellow subsidiaries.

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, 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.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Morgan Sindall Group plc, the Company's directors have a reasonable expectation that the Company and the Group will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Property, plant and equipment

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, less estimated residual value, over their estimated useful lives as follows:

Plant, equipment, fixtures and fittings	between three and ten years
Leasehold property	the period of the lease

Investments in subsidiaries

Investments held as fixed 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.

Contract accounting

Recognition of turnover and profit is based on judgements made in respect of the ultimate profitability of a contract. Such judgements are arrived at through the use of estimates in relation to costs and value of work performed to date and to be performed in bringing contracts to completion. These estimates are made by reference to recovery of pre-contract costs, surveys of progress against the programme, changes in work scope, the contractual terms under which the work is being performed, including the recoverability of any un-agreed income from variations and the likely outcome of discussions on claims, costs incurred and external certification of the work performed. The Company has appropriate control procedures to ensure all estimates are determined on a consistent basis and subject to appropriate review and authorisation.

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Operating leases

Rental costs under operating leases are charged to the statement of comprehensive income in equal amounts over the period of the leases. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pensions

The Company contributes to The Morgan Sindall Retirement Benefits Plan and to other employees' personal pension arrangements, which are of a defined contribution type. 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.

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

The Company did not have any critical judgements or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

	2016	2015
	£000	£000
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	213	141
Operating lease rentals	224	196
Fees payable to the Company's auditor for the audit of the Company's annual accounts	25	25

3. Staff cost

	2016	2015
	£000	£000
Wages and salaries	11,377	10,170
Social security costs	1,228	1,048
Pension costs	418	412
	13,023	11,630

	No.	No.
The average number of employees during the year was:		
Directors	2	1
Administration and management	25	26
Design engineering and associated services	211	189
	238	216

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. Directors' remuneration

	2016	2015
	£000	£000
Directors' remuneration		
Emoluments	526	203
Compensation for loss of office	-	195
Company contributions to money purchase pension scheme	12	19
	538	417
Remuneration of the highest paid director		
Emoluments	444	203
Company contributions to money purchase pension scheme	8	19
	452	222
	No.	No.
The number of directors who:		
- are members of money purchase pension schemes	2	1

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 (2015: four) in their capacity as directors of this Company. These individuals are employed and remunerated by another company in the Group.

5. Interest payable

	2016	2015
	£000	£000
Bank interest payable	18	8

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

6. Tax

	2016	2015
	£000	£000
UK corporation tax charge on profit for the year	85	601
Adjustment in respect of previous years	(50)	8
Total current tax	35	609
Origination and reversal of timing differences	26	25
Adjustment in respect of previous years	3	-
Total deferred tax	29	25
Total tax expense	64	634

Corporation tax is calculated at 20.0% (2015: 20.25%) of the estimable taxable profit for the year. The actual tax charge for the current and preceding year differs from this rate for the reasons set out in the following reconciliation:

	2016	2015
	£000	£000
Profit before tax	356	2,865
Tax on profit at corporation tax rate	71	581
<i>Factors affecting the charge for the year:</i>		
Difference between book and tax amortisation of goodwill	(16)	(16)
Expenses not deductible for tax purposes	10	23
Capital allowances for the year lower than depreciation	46	38
Adjustments to tax charge in respect of previous years	(47)	8
Total tax expense	64	634

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

7. Property, plant and equipment

	Plant, equipment, fixtures & fittings £000	Short leasehold property £000	Total £000
Cost			
As at 1 January 2016	1,084	1,024	2,108
Additions	153	93	246
Disposals	(754)	(431)	(1,185)
As at 31 December 2016	483	686	1,169
Depreciation			
As at 1 January 2016	(796)	(823)	(1,619)
Charge for the year	(94)	(119)	(213)
Disposals	748	431	1,179
As at 31 December 2016	(142)	(511)	(653)
Net Book Value			
As at 31 December 2016	341	175	516
As at 31 December 2015	288	201	489

BAKER HICKS LIMITED
(formerly Morgan Sindall Professional Services Ltd)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

8. Investments in subsidiaries

	Total £000
Cost and net book value	
At 1 January 2016	1,684
At 31 December 2016	1,684

The details of the Company's direct 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	Principal activity	Proportion of ordinary shares held
Morgan Sindall Professional Services (Switzerland) Limited	Holding company	100%
Morgan Sindall Professional Services (France) Limited	Dormant	100%
UNPS Limited	Design & construction management services	100%

9. Trade and other receivables

	2016 £000	2015 £000
Amounts falling due within one year		
Trade debtors	2,284	3,144
Amounts due from construction contract customers (note 10)	3,660	2,807
Amounts owed by Group undertakings	247	185
Deferred tax asset (note 12)	287	316
Other debtors	157	-
Prepayments and accrued income	333	217
	6,968	6,669

10. Construction contracts

	2016 £000	2015 £000
Contracts in progress at the balance sheet date		
Amounts due from construction contract customers	3,660	2,807
Amounts due to construction contract customers	(489)	(686)
	3,171	2,121
Contract costs incurred plus recognised profits less recognised losses to date	83,154	41,069
Less: progress billings	(79,983)	(38,948)
	3,171	2,121

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11. Trade and other payables

	2016	2015
	£000	£000
Amounts falling due within one year		
Trade payables	1,029	1,081
Amounts due to construction contract customers (note 10)	489	686
Amounts owed to Group undertakings	626	342
Social security and other taxes	966	1,450
Other payables	50	148
Accruals and deferred income	1,369	1,139
	4,529	4,846
Amounts falling due after more than one year		
Amounts owed to Group undertakings	2,930	2,930
	2,930	2,930

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

12. Deferred tax asset

	2016	2015
	£000	£000
Balance at 1 January	316	341
Profit and loss charge (note 6)	(29)	(25)
Balance at 31 December	287	316

Deferred tax asset consist of the following amounts:

	2016	2015
	£000	£000
Accelerated capital allowances	49	67
Goodwill	208	243
Short term timing differences	30	6
	287	316

13. Called up share capital

	2016	2015
	£000	£000
Allotted, called up and fully paid		
3,000,001 ordinary shares of £1 each	3,000	3,000

14. Retained earnings

	2016	2015
	£000	£000
Balance as at 1 January	(2,608)	(4,839)
Profit for the year	292	2,231
Balance as at 31 December	(2,316)	(2,608)

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15. Pension commitments

The Company contributes to the Morgan Sindall Retirement Benefits Plan and to other employees' personal pension arrangements. The Morgan Sindall Retirement Benefits Plan is a defined contribution post-retirement benefit plan under which the Company pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. The pension creditor at 31 December 2016 was £79,994 (2015: £33,884).

16. Contingent liabilities

Performance bonds have been entered into in the normal course of business. Performance bond facilities and banking facilities of the Group are supported by cross guarantees given by the Company and other participating companies in the Group. It is not anticipated that any liability will accrue.

17. Operating lease commitments

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land & Buildings 2016 £000	Land & Buildings 2015 £000
Within one year	335	196
Within two to five years	492	196
	827	392

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 note 9 and note 11 of these financial statements.

19. Ultimate parent company and ultimate controlling party

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 may be obtained from corporate.morgansindall.com.

20. Subsequent events

On 1 February 2017 the Company changed its name to Baker Hicks Limited.