

MOUNT ANVIL LIMITED
(Formerly Mount Anvil plc)

Report and Financial Statements

Year Ended

31 December 2010

2706348

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MOUNT ANVIL LIMITED

Annual report and financial statements for the year ended 31 December 2010

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MOUNT ANVIL LIMITED

Officers and professional advisors for the year ended 31 December 2010

Directors

C K Hurley
B P Chambers
P R Burslem
J A Spring
D J C Clark

Secretary and registered office

A D Brindle
140 Aldersgate Street
London
EC1A 4HY

Company number

2706348

Solicitors

Peter Brown & Co
1st Floor, Comer House
19 Station Road
New Barnet
Hertfordshire
EN5 1QJ

Fladgate Fielder
25 North Row
London
W1K 6DJ

Bankers

Bank of Ireland plc
Bow Bells House
1 Bread Street
London
EC4M 9BE

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

MOUNT ANVIL LIMITED

Report of the directors for the year ended 31 December 2010

The directors present their report together with the audited financial statements for the year ended 31 December 2010

Results and dividends

The company's profit for the year before taxation was £2,250,000 (2009 £2,852,000) as detailed on page 7

The directors do not recommend the payment of a dividend (2009 £Nil)

Principal activities, trading review and future developments

The principal activity of the company was that of specialist design and build contractor and related development activities

On 20 October 2010 the company changed its name from Mount Anvil Plc to Mount Anvil Limited

The company is the main contractor on all of the Mount Anvil schemes as well as with Registered Providers of Social Housing ("Registered Providers") contracts such as the Peckham scheme for London and Quadrant which handed over 195 homes during the year on budget and on programme Overall, the schemes have been delivered with customer satisfaction at the heart of company's approach, driven by Mount Anvil's ethos of listening to its clients and reacting to their needs and providing high quality and innovative design solutions Looking forward, the Registered Provider order book has a value of £36m and the intra-group private build contracts add a further £134m

Directors

The directors of the company during the year and up to the date of this report were

C K Hurley
B P Chambers
P Burslem
J A Spring
D J C Clark

Charitable and political donations

The aggregate amount of charitable donations made during the year was £80,000 (2009 £143,000) There were no political donations

MOUNT ANVIL LIMITED

Report of the directors for the year ended 31 December 2010 (*continued*)

Policy and practice on the payment of creditors

It is the policy of the company to negotiate appropriate terms and conditions for its transactions with suppliers by means ranging from standard written terms to individually negotiated contracts. Trade creditors represent both invoices received from material suppliers and accruals for subcontractor payment applications not yet received. At 31 December 2010 trade creditors represented 41 days of purchases (2009 52 days)

Financial risk management

The Board regularly reviews the financial requirements of the company and the risks associated therewith. Company operations are primarily financed from retained earnings and short term bank borrowings. The company does not use complicated financial instruments nor does it use derivative financial instruments for trading purposes.

The Board regularly reviews and updates the forecasted performance of the company in conjunction with a detailed cash flow model. This ensures that working capital is continually optimised and requirements are identified at an early stage.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MOUNT ANVIL LIMITED


Report of the directors for the year ended 31 December 2010 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next annual general meeting.

By order of the Board



A D Brindle
Secretary

Date 31 March 2011

MOUNT ANVIL LIMITED

Independent auditor's report to the members of Mount Anvil Limited

We have audited the financial statements of Mount Anvil Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes. 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).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2010 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

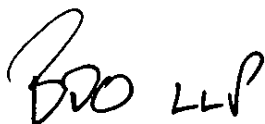
MOUNT ANVIL LIMITED

Independent auditor's report to the members of Mount Anvil Limited (*continued*)

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

Handwritten signature of Richard Kelly in black ink, appearing as 'BDO LLP'.

Richard Kelly (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 31 March 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

MOUNT ANVIL LIMITED

Profit and loss account for the year ended 31 December 2010

	<i>Note</i>	2010 £'000	2009 £'000
Turnover	2	53,481	49,475
Cost of sales		<u>(46,941)</u>	<u>(43,687)</u>
Gross profit		<u>6,540</u>	<u>5,788</u>
Administrative expenses		<u>(4,319)</u>	<u>(2,948)</u>
Operating profit	3,4	2,221	2,840
Other interest receivable and similar income	6	34	32
Interest payable and similar charges	7	(5)	(20)
Profit on ordinary activities before taxation		<u>2,250</u>	<u>2,852</u>
Tax on profit on ordinary activities	8	(689)	(866)
Profit on ordinary activities after taxation	17	<u><u>1,561</u></u>	<u><u>1,986</u></u>

All amounts relate to continuing activities

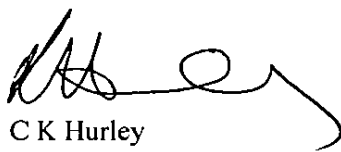
All recognised gains and losses in the current and preceding year are included in the profit and loss account

MOUNT ANVIL LIMITED**Balance sheet at 31 December 2010**
Company number 2706348

	<i>Note</i>	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	9	197	148
Current assets			
Stock	11	287	635
Debtors	12	11,873	13,495
Investments	13	5,775	8,653
Cash at bank and in hand		4,049	6,408
		21,984	29,191
Creditors: amounts falling due within one year	14	(13,900)	(19,853)
Net current assets		8,084	9,338
Total assets less current liabilities		8,281	9,486
Provisions for liabilities and charges	15	(1,556)	(2,308)
Net assets		6,725	7,178
Capital and reserves			
Called up share capital	16	550	550
Profit and loss account	17	6,175	6,628
Shareholder's funds	19	6,725	7,178

The notes on pages 9 to 18 form part of these financial statements

These financial statements were approved by the board of directors and authorised for issue on 31 March 2011


C K Hurley
Director

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with Companies Act 2006 and applicable accounting standards. The following principal accounting policies have been applied.

Consolidation

The company has taken advantage of the exemption granted under section 399 of Companies Act 2006 not to provide group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents the value of measured works net of value added tax.

Depreciation

Tangible fixed assets are depreciated on a straight line basis at the following rates to reduce the cost to the anticipated residual value at the end of the expected useful lives of these assets:

Leasehold improvements	- over the remaining life of the relevant lease
Motor vehicles	- 25% per annum
Fixtures and fittings	- 33.3% per annum

Stock and long term contracts

Stock is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional cost to completion and disposal.

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for the contract.

Where losses are foreseen a provision for the loss is provided for immediately in the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2010 (*continued*)

1 Accounting policies (*continued*)

Contribution to share incentive plan ("SIP")

In accordance with UITF 38, contributions to the group SIP are not recognised in the profit and loss account until such time as the shares vest unconditionally with the employees. Until that time, the employee share ownership plan trust's investment in the shares of the parent company is shown as a current asset investment.

Share based payment

The value of share awards granted by the SIP trustee to the employees of the company is calculated using a generally accepted valuation methodology allowing for the lack of an observable market price as the company is an unlisted limited company.

Current asset investments

Assets held by the company's SIP are included in the company's balance sheet as current asset investments, subject to any provision for diminution in value, until they are unconditionally distributed to beneficiaries.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account in the year in which they become payable.

Cash flow statement

The company has taken advantage of the exemption conferred by FRS 1 'Cash Flow Statements' not to prepare a cash flow statement as it is included in the consolidated financial statements prepared by its ultimate parent company.

Post retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2 Turnover

The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the activities of specialist design and build contractor and related development activities.

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Notes to the financial statements for the year ended 31 December 2010 (*continued*)

3 Operating profit

	2010 £'000	2009 £'000
Operating profit is after charging:		
Depreciation of tangible fixed assets	68	72
Auditors' remuneration		
Audit fee	40	38
Tax compliance	18	28
Other services	7	5
Operating lease charges		
Land and buildings	197	123
Other	9	6
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4 Employees

	2010 £'000	2009 £'000
Staff costs (including directors) consist of		
Wages and salaries	5,085	4,034
Social security costs	478	442
Other pension costs	22	14
Share based payment charge	96	96
	<hr/>	<hr/>
	5,681	4,586
	<hr/>	<hr/>

	2010 No.	2009 No.
The average number of employees (including directors) during the year was as follows		
Site	50	51
Administration	24	22
	<hr/>	<hr/>
	74	73
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Notes to the financial statements for the year ended 31 December 2010 *(continued)*

5 Directors' remuneration

	2010	2009
	£'000	£'000
Directors' emoluments	898	515
Company contributions to money purchase pension schemes	6	14
	904	529

	2010	2009
	£'000	£'000
Emoluments of the highest paid director are as follows		
Emoluments	280	141

6 Other interest receivable and similar income

	2010	2009
	£'000	£'000
Bank interest	34	20
Other interest	-	12
	34	32

7 Interest payable and similar charges

	2010	2009
	£'000	£'000
Bank interest	1	1
Other interest	4	19
	5	20

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Notes to the financial statements for the year ended 31 December 2010 (continued)

8 Tax on profit on ordinary activities

	2010	2009
	£'000	£'000
<i>UK corporation tax</i>		
Current tax on profits of the year	579	-
Adjustments in respect of previous periods	(2)	-
Total current tax charge	577	-
<i>Deferred tax</i>		
Utilisation of losses/origination of timing differences	112	866
Taxation on profit on ordinary activities	689	866

The tax assessed for the year is not the same as the standard rate of corporation tax in the UK. The differences are explained below

	2010	2009
	£'000	£'000
Profit on ordinary activities before tax	2,250	2,852
Profit on ordinary activities at the standard rate of Corporation tax in the UK of 28% (2009 28%)	630	798
Expenses not deductible for tax purposes	66	65
Expenses not deductible for tax purposes – fixed assets	2	3
Capital allowances in excess of depreciation	(7)	(3)
Other short term timing differences	1	3
Group relief claimed before payment	(579)	-
Payment for group relief	579	-
Adjustment in respect of prior year	(2)	-
Losses utilised in the period	(113)	(866)
Current tax charge for the year	577	-

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2010 (continued)

9 Tangible fixed assets

<i>Cost</i>	Leasehold improvements £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
At 1 January 2010	164	41	446	651
Additions	102	-	108	210
Disposals	(164)	-	-	(164)
At 31 December 2010	102	41	554	697
<i>Depreciation</i>				
At 1 January 2010	64	34	405	503
Charge for the year	12	5	50	67
Disposals	(70)	-	-	(70)
At 31 December 2010	6	39	455	500
<i>Net book value</i>				
At 31 December 2010	96	2	99	197
At 31 December 2009	100	7	41	148

Included in motor vehicles are assets purchased under hire purchase arrangements. At 31 December 2010 the net book value of these assets amounted to £nil (2009 £1,058). During the year depreciation of £1,058 (2009 £3,173) was charged in respect of these vehicles.

10 Fixed asset investments

The company owns 100% of the ordinary share capital in the following companies for the total cost of £5, both of which are registered in England and Wales.

Company name	% of shares held	Type of business
Mount Anvil (Liverpool) Limited	100	Dormant
Mount Anvil (SGS) Limited	100	Dormant

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2010 (continued)

11 Stock

	2010	2009
	£'000	£'000
Work in progress	287	635

12 Debtors

	2010	2009
	£'000	£'000
Trade debtors	1,066	2,841
Amounts due from group undertakings	7,153	7,514
Amounts due from group's joint venture undertakings	2,032	843
Amounts recoverable on contracts	853	1,736
Other taxes and social security	101	179
Other debtors	197	152
Prepayments and accrued income	471	230
	11,873	13,495

All amounts fall due with one year

13 Current asset investments

	2010	2009
	£'000	£'000
Investment in holding company's shares	5,775	8,653

Mount Anvil Group Limited established a Share Incentive Plan (SIP) to purchase shares in the holding company for the benefit of employees of the group

	Shares held in trust Number	Nominal value £'000	Cost £'000	Total £'000
Investment in holding company shares				
At 1 January 2010	245,991	246	8,653	8,653
Allocation of shares to employees	(81,837)	(82)	(2,878)	(2,878)
At 31 December 2010	164,154	164	5,775	5,775

In respect of the deferred taxation relating to the SIP please refer to note 15

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2010 (continued)

14 Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Trade creditors	5,331	6,286
Other loans	13	272
Other taxes and social security	286	172
Obligations under finance leases and hire purchase contracts	-	1
Other creditors	-	158
Payments on account	3,698	6,258
Accruals and deferred income	4,572	6,706
	13,900	19,853

15 Provisions for liabilities and charges

	Deferred tax £'000
At 1 January 2010	2,308
Deferred tax released on allocation of SIP shares	(864)
Losses brought forward utilised in the period	112
At 31 December 2010	1,556
	2010
	£'000
<i>Deferred tax</i>	
SIP relief timing difference	1,559
Other timing differences	(3)
	1,556
	2009
	£'000
	2,423
	(115)
	2,308

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2010 (continued)

16 Share capital

	2010 £'000	2009 £'000
<i>Authorised</i>		
1,000,000 Ordinary shares of £1 each	1,000	1,000
200,000 Deferred shares of 1p each	2	2
	<hr/>	<hr/>
	1,002	1,002
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
550,000 Ordinary shares of £1 each	550	550
	<hr/>	<hr/>

17 Reserves

	Profit and loss account £'000
At 1 January 2010	6,628
Profit for the year	1,561
Allocation of SIP shares (net of deferred tax)	(2,014)
	<hr/>
At 31 December 2010	6,175
	<hr/>

18 Reconciliation of movements in shareholder's funds

	2010 £'000	2009 £'000
Opening shareholder's funds	7,178	7,365
Profit for the year	1,561	1,986
Allocation of SIP shares (net of deferred tax)	(2,014)	(2,173)
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Closing shareholder's funds	6,725	7,178
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MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

19 Commitments under operating leases

The company had annual commitments under non cancellable operating leases which expire as follows

	2010 Land and buildings £'000	2010 Other £'000	2009 Land and buildings £'000	2009 Other £'000
<i>Operating leases which expire</i>				
In less than one year	107	-	-	6
In two to five years	-	9	-	5
After five years	90	-	107	-
	197	9	107	11

20 Related party transactions

The company has taken advantage of the exception conferred by FRS 8 "Related party disclosures" not to disclose transactions with wholly owned entities that are part of Mount Anvil Group Limited

21 Ultimate parent company

The immediate parent company is Mount Anvil (Old Co) Limited. The ultimate parent company of both the smallest and largest groups of which the company is a member is Mount Anvil Group Limited. At 31 December 2010 the company's ultimate controlling party was C K Hurley. Copies of the group financial statements are available from Companies House.