

MOUNT ANVIL CONSTRUCTION LIMITED

Report and Financial Statements

31 December 2001



Mount Anvil Construction Limited

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Mount Anvil Construction Limited

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

B J Bennett
D L Borer
G J Fitzpatrick (appointed 1st February 2002)
C K Hurley
P Jordan
K J Larkin
R Upton

SECRETARY

P M Stevens

REGISTERED OFFICE

Park Mill
Burydell Lane
Park Street
St Albans
HERTS AL2 2HB

SOLICITORS

Fladgate Fielder
25 North Row
LONDON W1T 6DJ

Peter Brown & Co
Altay House
869 High Road
North Finchley
LONDON N12 8QA

BANKERS

Bank of Ireland
36 Queen Street
LONDON EC4R 1HJ

AUDITORS

BDO Stoy Hayward
Chartered Accountants
Prospect Place
85 Great North Road
Hatfield
HERTS AL9 5BS

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

TURNOVER AND PROFITS

The result for 2001 represents the sixth consecutive year of increased profits in Mount Anvil Construction.

Turnover in the year was £28,737,921 (2000 - £30,753,676). The Company's primary focus has always been on profit rather than turnover. It is pleasing to record that profits in 2001 were at a record level of £724,027 (2000 - £621,487). This represents an operating margin of 2.5% (2000 - 2.0%) well above the average in the construction industry.

Equity shareholders funds at the end of 2001 amounted to £2,074,816 (2000 - £1,633,893).

OPERATING REVIEW

Markets

The Company's principle areas of operation in 2001 were Housing, both social and private, Education and Healthcare.

The Company's unique range of skills was highlighted with the commencement of a £40m Public Private Partnership scheme in September 2001. This scheme will involve the provision of student accommodation, private housing and recreational and educational facilities for Kingston College of Further Education.

Work has also commenced on a £9 million contract for the refurbishment of a listed building at the world heritage site in Greenwich. This is the second phase of a £35 million Private Finance Initiative deal involving a University, a Housing Association and the UK market leader in the management of conference centres/hotels. The 101-bed complex will be opened towards the end of 2002.

The Company has been committed to partnering with clients throughout its history and this is reflected in the fact that 80% of our work is negotiated. Land led deals is an area that we specialise in and is a factor that differentiates us quite dramatically from other companies operating in our sectors.

Our People

Increased resources have been made available in 2001 for the development of our staff. This recognises the fact that our people are our most important asset. Retaining, attracting, challenging and developing our people are fundamental to the Company's on-going reputation and profitability.

Our success in this area is reflected in our runners-up award in the Building Awards Regional Contractor of the Year for companies with a turnover of less than £50m.

Cash

Disciplined cash flow management is an essential part of the Company's operations. The cash in hand at the year-end was £2,034,482, compared to £900,026 in 2000.

Building and maintaining strong supply chain relationships is an essential element in the Company's continuing success. During the year, on a lower turnover than 2000, Mount Anvil earned early payment discounts of £367,498 (2000 - £267,753).

CHAIRMAN'S STATEMENT

Health & Safety

Mount Anvil welcomes the increasing industry and public awareness of the risks involved in construction projects. Proper health and safety procedures are vital and the Company is committed to the maintenance of the highest standards in this area.

Employee Policy

Mount Anvil's policy is to provide equal opportunities without regard to race, religion, gender, national origin, disability or age. The Company will only discriminate on grounds of ability as it strives to live out an abhorrence of mediocrity.

Mount Anvil Brand

Mount Anvil's success relies on delivering added value to its clients. The Company is widely regarded as a specialist partnership developer and builder. Mount Anvil consistently delivers land-led and other partnership initiatives to its clients as they seek to meet their business objectives, hence its long-established reputation of "being no ordinary contractor". Industry-wide recognition of this is reflected in the number of awards that the Company has won during the year.

Future Prospects

Mount Anvil is facing the future with all its challenges, opportunities and threats with tremendous confidence. The Company has a strong management team in place, achieving clearly defined objectives within a flat organisational structure. The Company's order book is once again at a record level. Mount Anvil is poised to achieve further growth in profits and turnover in the year ahead and has a highly energetic and skilled workforce with which to achieve this.

Mount Anvil Construction Limited

DIRECTORS REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the year under review was that of specialist design and build contractors and property developers.

RESULTS AND DIVIDENDS

The Company's profit for the year before taxation was £724,027 (2000: £621,487) as detailed on page 7. Dividends of £45,000 were paid for the year (2000: £nil) and the retained profit after tax of £440,923 has been taken to reserves.

REVIEW OF THE YEAR AND FUTURE PROSPECTS

The directors' review of the year and future prospects is as per the Chairman's Statement on pages 2 and 3.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year are shown on page 1. None of the directors held any beneficial interest in the Company during the year.

The interests of Messrs Bennett, Hurley and Upton in the shares of the ultimate holding Company, Mount Anvil Holdings Limited, are shown in the report and financial statements of that Company. No director held any interests in any other Group Company.

CHARITABLE AND POLITICAL DONATIONS

The aggregate amount of donations made during the period was £8,267. All of these donations were charitable donations, the majority of which were paid to Crisis, a charity concerned with the shelter and welfare of homeless people.

AUDITORS

BDO Stoy Hayward were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the annual general meeting.

Approved by the Board of Directors
and signed on behalf of the Board



P M STEVENS
Secretary

31st July 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year and of the profit or loss of the Company for that period. 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;
- prepare the financial statements on a 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 which 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 1985. 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 CONSTRUCTION LIMITED

Report of the independent auditors

To the shareholders of Mount Anvil Construction Limited

We have audited the financial statements of Mount Anvil Construction Limited on pages 7 to 15 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD

Hatfield

Chartered Accountants

and Registered Auditors

31st July 2002

Mount Anvil Construction Limited

PROFIT AND LOSS ACCOUNT Year ended 31 December 2001

	Note	31 December 2001 £	31 December 2000 £
TURNOVER	2	28,737,921	30,753,676
Cost of sales		(24,340,506)	(27,181,655)
Gross profit		4,397,415	3,572,021
Establishment and administrative expenses		(3,807,383)	(2,935,429)
OPERATING PROFIT	3	590,032	636,592
Interest receivable		206,657	28,829
Interest payable and similar charges	4	(72,662)	(43,934)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		724,027	621,487
Tax on profit on ordinary activities	6	(238,104)	(227,543)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		485,923	393,944
Dividends	7	(45,000)	-
Retained profit for the financial year	14	440,923	393,944
Retained profit brought forward		1,083,893	689,949
Retained profit carried forward		1,524,816	1,083,893

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

There are no movements in shareholder's funds other than the profit for the period.

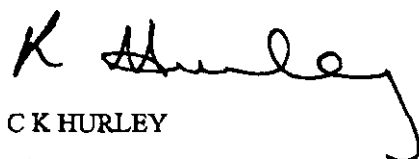
Mount Anvil Construction Limited

BALANCE SHEET 31 December 2001

	Note	31 December 2001 £	31 December 2000 £
FIXED ASSETS			
Tangible assets	8	215,277	387,841
Investments	9	4	4
		<u>215,281</u>	<u>387,845</u>
CURRENT ASSETS			
Stock		402,811	-
Work in progress		627,151	1,031,368
Debtors	10	7,023,021	6,524,007
Cash at bank and in hand		2,034,482	900,026
		<u>10,087,465</u>	<u>8,455,401</u>
CREDITORS: amounts falling due Within one year	11	<u>(8,222,388)</u>	<u>(7,178,029)</u>
NET CURRENT ASSETS		<u>1,865,077</u>	<u>1,277,372</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,080,358</u>	<u>1,665,217</u>
CREDITORS: amounts falling due after more than one year	12	<u>(5,542)</u>	<u>(31,324)</u>
		<u>2,074,816</u>	<u>1,633,893</u>
CAPITAL AND RESERVES			
Called up share capital	13	550,000	550,000
Profit and loss account		1,524,816	1,083,893
EQUITY SHAREHOLDERS' FUNDS	14	<u>2,074,816</u>	<u>1,633,893</u>

These financial statements were approved by the Board of Directors on 31 July 2002

Signed on behalf of the Board of Directors



C K HURLEY

Director

Mount Anvil Construction Limited

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

This represents the value of measured works on a contract by contract basis.

Consolidation

The company has taken advantage of the exemption granted under Section 288 of Companies Act 1985 not to provide group accounts. These financial statements present information about it as an individual entity.

Tangible fixed assets

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	25% per annum
Motor vehicles	25% to 33.3% per annum
Plant & machinery	33.3 % per annum
Fixtures and fittings	33.3% per annum

Work in progress

Contract work in progress is stated at cost plus, where the outcome can be assessed with reasonable certainty, estimated profits attributable to the state of completion, less provision for any known or anticipated losses and progress payments receivable on account.

Advance and progress payments are included under creditors to the extent that they exceed the related book value of work-in-progress.

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.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

2. TURNOVER

The turnover and pre-tax profit all of which arise in the United Kingdom, are attributable to the activity of design and build contractors and property developers.

Mount Anvil Construction Limited

NOTES TO THE ACCOUNTS Year ended 31 December 2001

3. OPERATING PROFIT

	31 December 2001 £	31 December 2000 £
Operating profit is after charging/(crediting):		
Depreciation and amortisation		
Owned assets	82,227	137,098
Leased assets	55,582	135,086
Rentals under operating leases		
Hire of plant and machinery	245,468	276,964
Early payment discounts	(367,498)	(267,753)
(Profit) / loss on disposal of fixed assets	(2,297)	1,337
Management charges received from group companies	(99,180)	(169,440)
Auditors' remuneration		
Audit fee	20,000	20,000
Other services	10,400	13,268

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 2001 £	31 December 2000 £
Bank interest	33,792	25,600
Hire purchase and finance lease interest	10,868	17,144
Corporation tax late payments interest	-	1,190
Other interest	28,002	-
	<u>72,662</u>	<u>43,934</u>

Mount Anvil Construction Limited

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	31 December 2001 £	31 December 2000 £
Directors' emoluments		
Fees and salaries	276,333	338,526
Other emoluments	28,323	26,428
Pension	-	5,376
	<u>304,656</u>	<u>370,330</u>
 Emoluments of the highest paid director are as follows:		
Fees and salaries	125,333	108,000
Other emoluments	9,276	3,824
Pension	-	-
	<u>134,609</u>	<u>111,824</u>

One director took remuneration in the form of direct payments into their own personal pension schemes.

Average number of persons employed	No.	No.
Site	48	44
Administration	46	48
	<u>94</u>	<u>92</u>

Staff costs during the year (including directors)	£	£
Wages and salaries	3,168,550	2,862,204
Social security costs	329,663	298,789
	<u>3,498,213</u>	<u>3,160,993</u>

Mount Anvil Construction Limited

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	31 December 2001 £	31 December 2000 £
United Kingdom corporation tax charge at 30% (2000 - 30%)	236,000	233,178
Adjustments to prior years' tax provisions	2,104	(5,635)
Corporation tax	<u>238,104</u>	<u>227,543</u>

7. DIVIDENDS PAID

	31 December 2001 £	31 December 2000 £
Interim dividend paid 8.2p (2000:£nil) per ordinary share	45,000	-

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2001	211,812	15,374	477,395	304,021	1,008,602
Additions	5,942	-	9,621	101,219	116,782
Disposals	(202,999)	(15,374)	(240,964)	(104,390)	(563,727)
At 31 December 2001	<u>14,755</u>	<u>-</u>	<u>246,052</u>	<u>300,850</u>	<u>561,657</u>
Accumulated depreciation					
At 1 January 2001	145,366	15,374	265,946	194,075	620,761
Charge for the year	2,203	-	60,319	75,287	137,809
Disposals	(144,081)	(15,374)	(149,370)	(103,367)	(412,192)
At 31 December 2001	<u>3,488</u>	<u>-</u>	<u>176,895</u>	<u>165,995</u>	<u>346,378</u>
Net book value					
At 31 December 2001	<u>11,267</u>	<u>-</u>	<u>69,157</u>	<u>134,855</u>	<u>215,279</u>
At 31 December 2000	<u>66,446</u>	<u>-</u>	<u>211,449</u>	<u>109,946</u>	<u>387,841</u>

Included in motor vehicles are assets purchased under hire purchase arrangements. At 31 December 2001, the net book value of these assets amounted to £63,466 (2000: £211,449). During the year depreciation of £55,582 (2000: £135,086) was charged in respect of these vehicles.

Mount Anvil Construction Limited

NOTES TO THE ACCOUNTS Year ended 31 December 2001

9. INVESTMENTS HELD AS FIXED ASSETS

	31 December 2001 £	31 December 2000 £
Shares in group undertakings	4	4

The investments represent the purchase of 100% of the ordinary share capital in the following companies both of which are registered in England and Wales.

	31 December 2001 £	31 December 2000 £
Mount Anvil (Liverpool) Limited	2	2
Greenwich Devonport Conference Centre Limited	2	2
	4	4

Mount Anvil (Liverpool) Limited is a dormant company. Greenwich Devonport Conference Centre Limited is involved in the development of the 101-bed conference centre in Greenwich, London.

10. DEBTORS

	31 December 2001 £	31 December 2000 £
Trade Debtors	1,977,751	2,359,441
Amounts recoverable on contracts	667,491	1,442,423
Amounts owed by group undertakings	3,555,820	2,386,450
Prepayments and accrued income	64,244	67,773
Other debtors	757,715	267,920
	7,023,021	6,524,007

Mount Anvil Construction Limited

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2001	31 December 2000
	£	£
Trade Creditors	7,029,883	6,315,482
Accruals and deferred income	222,159	214,479
Hire purchase	33,298	95,874
Bank Loan	398,850	-
Corporation tax	166,000	170,935
Taxation and social security	155,417	381,259
Other Creditors	216,781	-
	<u>8,222,388</u>	<u>7,178,029</u>

The Bank loan is secured on the Company's Aldridge Villas Development.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2001	31 December 2000
	£	£
Amounts owed under finance lease and hire purchase agreements payable between 2 and 5 years	<u>5,542</u>	<u>31,324</u>

13. CALLED UP SHARE CAPITAL

	31 December 2001	31 December 2000
	£	£
Authorised 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Called up and allotted and fully paid 550,000 ordinary shares of £1 each	<u>550,000</u>	<u>550,000</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2001	31 December 2000
	£	£
Opening shareholders' funds	1,633,893	1,239,949
Retained profit for the financial year	440,923	393,944
	<u>2,074,816</u>	<u>1,633,893</u>

Mount Anvil Construction Limited

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

15. ULTIMATE PARENT COMPANY

The immediate parent Company is Mount Anvil Limited. The ultimate parent Company of both the smallest and largest groups of which the company is a member, and the controlling entity is Mount Anvil Holdings Limited. Copies of the Group financial statements are available from Park Mill, Burydell Lane, Park Street, St Albans, Hertfordshire AL2 2HB.

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions available under paragraph 3(c) of FRS8 relating to the disclosure of certain related party transactions.