

MOUNT ANVIL LIMITED

Report and Financial Statements

Year Ended

31 December 2012

Company number 2706348

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MOUNT ANVIL LIMITED

Annual report and financial statements for the year ended 31 December 2012

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MOUNT ANVIL LIMITED

Officers and professional advisors for the year ended 31 December 2012

Directors

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

Secretary and registered office

A S Duncan
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

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 2012

The directors present their report together with the audited financial statements for the year ended 31 December 2012

Results and dividends

The company's profit for the year before taxation was £158,000 (2011 £1,600,000), as detailed on page 7

The directors do not recommend the payment of a dividend (2011 £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

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
C Fenton (appointed 19 March 2013)

Review of the business and future developments

The turnover in Mount Anvil Limited, the group's construction arm, was £67.3m (2011 £52.3m) and profit before taxation was £0.2m (2011 £1.6m). The company is the main contractor on all of Mount Anvil's schemes as well as Registered Provider contracts for the affordable elements of schemes under development. Mount Anvil's ethos of listening to its clients and reacting to their needs has been at the centre of our approach, allowing us to consistently provide high quality and innovative design solutions. Looking forward, the external Registered Provider order book has a value of £21.1m and the intra-group private build contracts add a further £208.3m.

This continues to be a very important part of our business as it gives us control over the build quality of the homes that we produce and is cash generative.

People

Investing in our people is a central tenet of Mount Anvil's strategy. We achieve this through effective communication, intensive leadership and management development and structured health and safety training. Mount Anvil believes in maximising the potential of all of its employees, maintaining clear objectives and stimulating creativity that in turn leads to a constantly evolving product offer for customers. This reflects the group's philosophy that engaged, positive, proactive people deliver excellent results and superior customer service.

MOUNT ANVIL LIMITED

Report of the directors for the year ended 31 December 2012 *(continued)*

During the year the group made its fourth issue of shares to all employees under the Share Incentive Plan. Unique to our industry, all Mount Anvil employees are shareholders in the business.

With the increasing scale and complexity of the schemes under development, the senior team in both pre-contract and delivery has been strengthened, with a number of very experienced individuals recruited, complimenting and increasing the depth of resource in the business.

The group also received external recognition of the quality of this engagement during the year with a number of awards. The group was delighted to be recognised for the seventh successive year in the Sunday Times 100 Best Small Companies to Work For listing. A special three star status award for excellence in the workplace in the Best Companies Accreditation was also received for the fourth year running.

Importantly, the culture of rigorous health and safety discipline across all of the group's sites remains key. Procedures are constantly evaluated to ensure that the group respects the need for site staff to work in a safe environment.

Charitable and political donations

The aggregate amount of charitable donations made during the year was £100,000 (2011 £21,000). There were no political donations.

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 2012 trade creditors represented 52 days of purchases (2011 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.

MOUNT ANVIL LIMITED

Report of the directors for the year ended 31 December 2012 *(continued)*

Directors' responsibilities

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

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). 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 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 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 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.

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 S Duncan
Secretary

Date 19 April 2013

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 2012 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 2012 and of its loss 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



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

Date 19 April 2013

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 2012

	<i>Note</i>	2012 £'000	2011 £'000
Turnover	2	67,346	52,300
Cost of sales		<u>(59,782)</u>	<u>(45,429)</u>
Gross profit		7,564	6,871
Administrative expenses		<u>(7,372)</u>	<u>(5,285)</u>
Operating profit	3	192	1,586
Interest receivable and similar income	6	20	16
Interest payable and similar charges	7	<u>(54)</u>	<u>(2)</u>
Profit on ordinary activities before taxation		158	1,600
Tax on profit on ordinary activities	8	<u>(1,121)</u>	<u>(451)</u>
(Loss) / profit on ordinary activities after taxation	17	<u>(963)</u>	<u>1,149</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

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

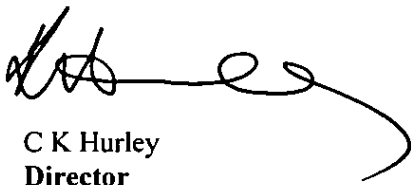
MOUNT ANVIL LIMITED

Balance sheet at 31 December 2012
Company number 2706348

	<i>Note</i>	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	9	448	235
Current assets			
Stock	11	1,517	498
Debtors	12	35,694	23,669
Investments	13	2,055	4,389
Cash at bank and in hand		9,507	6,966
		<u>48,773</u>	<u>35,522</u>
Creditors: amounts falling due within one year	14	(45,842)	(29,077)
		<u></u>	<u></u>
Net current assets		2,931	6,445
		<u></u>	<u></u>
Total assets less current liabilities		3,379	6,680
Provisions for liabilities and charges	15	(473)	(1,102)
		<u></u>	<u></u>
Net assets		2,906	5,578
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	16	550	550
Capital contribution reserve	17	2,500	2,500
Profit and loss account	17	(144)	2,528
		<u></u>	<u></u>
Shareholder's funds	18	2,906	5,578
		<u></u>	<u></u>

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 19 April 2013



C K Hurley
Director

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2012

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 400 of Companies Act 2006 not to provide group accounts as it is itself a subsidiary undertaking and is included in the consolidated financial statements of its ultimate parent company Mount Anvil Group Limited. 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 2012 (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.

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

3 Operating profit

	2012	2011
	£'000	£'000
Operating profit is after charging:		
Depreciation of tangible fixed assets	71	67
Auditors' remuneration		
Audit fee	51	47
Tax compliance	54	21
Other services	33	34
Operating lease charges		
Land and buildings	177	682
Other	176	11
	<hr/>	<hr/>

4 Employees

	2012	2011
	£'000	£'000
Staff costs (including directors) consist of		
Wages and salaries	7,518	4,962
Social security costs	722	532
Other pension costs	11	20
Share-based payment charge	117	97
	<hr/>	<hr/>
	8,368	5,611
	<hr/>	<hr/>

	2012	2011
	No.	No
The average number of employees (including directors) during the year was as follows		
Site	58	49
Administration	39	26
	<hr/>	<hr/>
	97	75
	<hr/>	<hr/>

MOUNT ANVIL LIMITED**Notes to the financial statements for the year ended 31 December 2012 (continued)****5 Directors' remuneration**

	2012	2011
	£'000	£'000
Directors' emoluments	1,013	633
Company contributions to money purchase pension schemes	7	8
	1,020	641

	2012	2011
	£'000	£'000
Emoluments of the highest paid director are as follows		

Emoluments	331	189
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6 Interest receivable and similar income

	2012	2011
	£'000	£'000
Bank interest	20	16

7 Interest payable and similar charges

	2012	2011
	£'000	£'000
Bank interest	-	2
Other interest	54	-
	54	2

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

8 Tax on profit on ordinary activities

	2012	2011
	£'000	£'000
<i>UK corporation tax</i>		
Current tax on profits of the year	1,126	443
Adjustments in respect of previous periods	<u>-</u>	<u>-</u>
Total current tax charge	1,126	443
<i>Deferred tax</i>		
Utilisation of losses/origination of timing differences	<u>(5)</u>	<u>8</u>
Taxation on profit on ordinary activities	<u>1,121</u>	<u>451</u>

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

	2012	2011
	£'000	£'000
Profit on ordinary activities before tax	<u>158</u>	<u>1,600</u>
Profit on ordinary activities at the standard rate of Corporation tax in the UK of 24.5% (2011: 26.5%)	39	424
Expenses not deductible for tax purposes	48	30
Expenses not deductible for tax purposes – fixed assets	-	1
Capital allowances in excess of depreciation	(2)	(13)
Other short-term timing differences	21	1
Group relief claimed before payment	(106)	(258)
Payment for group relief	106	258
Adjustment in respect of prior years	<u>1,020</u>	<u>-</u>
Current tax charge for the year	<u>1,126</u>	<u>443</u>

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2012 (*continued*)

9 Tangible fixed assets

<i>Cost</i>	Leasehold improvements £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
At 1 January 2012	102	41	659	802
Additions	70	-	302	372
Disposals	(102)	(28)	(76)	(206)
At 31 December 2012	70	13	885	968
<i>Depreciation</i>				
At 1 January 2012	17	41	509	567
Charge for the year	11	-	60	71
Disposals	(27)	(28)	(63)	(118)
At 31 December 2012	1	13	506	520
<i>Net book value</i>				
At 31 December 2012	69	-	379	448
At 31 December 2011	85	-	150	235

10 Fixed asset investments

The company owns 100% of the ordinary share capital in the following companies for the total cost of £5 (2011 £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 2012 *(continued)*

11 Stock

	2012 £'000	2011 £'000
Work in progress	1,517	498

12 Debtors

	2012 £'000	2011 £'000
Trade debtors	1,834	1,955
Amounts due from group undertakings	29,436	17,154
Amounts due from group's joint venture undertakings	778	981
Amounts recoverable on contracts	2,397	2,051
Other taxes and social security	640	246
Other debtors	94	785
Prepayments and accrued income	515	497
	35,694	23,669

All amounts fall due for payment within one year

13 Current asset investments

	2012 £'000	2011 £'000
Investment in holding company's shares	2,055	4,389

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

	Shares held in trust Number	Nominal value £'000	Total Cost £'000
Investment in holding company shares			
At 1 January 2012	124,930	115	4,389
Allocation of shares to employees	(66,035)	(66)	(2,334)
At 31 December 2012	58,895	59	2,055

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 2012 (continued)

14 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	8,539	6,417
Amounts due to group undertakings	28,516	13,144
Corporation tax	1,027	185
Other taxes and social security	575	287
Payments on account	408	1,954
Accruals and deferred income	5,701	7,090
Other creditors	1,076	-
	<hr/>	<hr/>
	45,842	29,077
	<hr/>	<hr/>

15 Provisions for liabilities and charges

		Deferred tax £'000
At 1 January 2012		1,102
Deferred tax released on allocation of SIP shares		(624)
Credit to profit and loss account		(5)
		<hr/>
At 31 December 2012		473
		<hr/>
	2012	2011
	£'000	£'000
<i>Deferred tax</i>		
SIP relief timing difference	473	1,097
Other timing differences	-	5
	<hr/>	<hr/>
	473	1,102

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2012 *(continued)*

16 Share capital

	2012 £'000	2011 £'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

	Capital contribution reserve £'000	Profit and loss account £'000
At 1 January 2012	2,500	2,528
Loss for the year	-	(963)
Allocation of SIP shares (net of deferred tax)	-	(1,709)
	<hr/>	<hr/>
At 31 December 2012	2,500	(144)
	<hr/>	<hr/>

18 Reconciliation of movements in shareholder's funds

	2012 £'000	2011 £'000
Opening shareholder's funds	5,578	6,725
Profit for the year	(963)	1,149
Waiver of amounts due from group undertakings	-	(3,871)
Waiver of amounts due to group undertakings	-	2,500
Allocation of SIP shares (net of deferred tax)	(1,709)	(925)
	<hr/>	<hr/>
Closing shareholder's funds	2,906	5,578
	<hr/>	<hr/>

During the year the company waived debts of £nil (2011 £3,871,000) due from fellow subsidiary companies

During the year a fellow subsidiary company waived £nil (2011 £2,500,000) of debt due from the company

MOUNT ANVIL LIMITED

Notes to the financial statements for the year ended 31 December 2012 *(continued)*

19 Commitments under operating leases

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

	2012 Land and buildings £'000	2012 Other £'000	2011 Land and buildings £'000	2011 Other £'000
<i>Operating leases which expire</i>				
In less than one year	90	20	-	-
In two to five years	307	143	-	9
After five years	-	-	90	-
	397	163	90	9

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 2012 the company's ultimate controlling party was C K Hurley. Copies of the group financial statements are available from Companies House.