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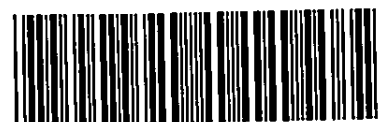
MOUNT ANVIL plc

Report and Financial Statements

Year Ended

31 December 2009

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MOUNT ANVIL plc

Annual report and financial statements for the year ended 31 December 2009

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MOUNT ANVIL plc

Officers and professional advisors for the year ended 31 December 2009

Directors

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

Secretary and registered office

A D Brindle
3 Victoria Square
Victoria Street
St Albans
Hertfordshire
AL1 3TF

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
Prospect Place
85 Great North Road
Hatfield
Hertfordshire
AL9 5BS

MOUNT ANVIL plc

Report of the directors for the year ended 31 December 2009

The directors present their report together with the audited financial statements for the year ended 31 December 2009

Results and dividends

The company's profit for the year before taxation was £2,852,000 (2008 £2,283,000) as detailed on page 7

The directors do not recommend the payment of a dividend (2008 £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

Review of the business and future developments

Overview

The company has performed exceptionally well through one of the most severe corrections in the housing market in modern times. This is down to energetic management, an engaged workforce and a pro-active approach to risk management. We are therefore delighted to report another strong performance with profit before taxation of £2.9m up 25% on last year's profit of £2.3m and a year-end cash balance of £6.4m up £0.6m.

During the year the business has handed over 194 homes and there are currently 989 homes under construction. The schemes have been delivered with complete customer satisfaction, driven by our ethos of listening to our clients and reacting to their needs, with high quality and innovative design solutions. Looking forward, the RSL order book has a value of £38m and the fully funded intra-group private build contracts add a further £50m.

People

Central to the strategy of the business is the investment in its people. This is through effective communication, structured health and safety training and intensive leadership and management development. 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 our customers, reflecting the company philosophy that engaged, positive, proactive people deliver excellent results and superior customer service.

External recognition of this work was received during the year with a number of awards. The company was delighted to be recognised for the fourth successive year in the *Sunday Times 100 Best Small Companies to Work For* listing and for achieving a special three star status award for excellence in the workplace in the *Best Companies Accreditation 2010*. Mount Anvil also won first place for the third year running in the *Contract Journal Best Places to Work Awards* in the 11-100 staff category.

MOUNT ANVIL plc

Report of the directors for the year ended 31 December 2009 *(continued)*

Review of the business and future developments *(continued)*

Importantly, unflinching disciplines on health and safety remain key at all of its sites and procedures are constantly evaluated to ensure that the site staff can work in a safe environment

New offices

Since its establishment in 1991, Mount Anvil's head office has always been located in the Northern/North Western segment of the M25. The company has recently signed a lease which will see the business relocating from St Albans to central London, reflecting our increasingly London centric development approach

Outlook

At the start of 2010 we have nearly 1,000 homes under construction/development which will result in a landmark year and a significant, whilst deliverable scaling up of the business. The Mount Anvil directors are confident that with our excellent team this new level of business can be sustained into the foreseeable future

Charitable and political donations

The aggregate amount of charitable donations made during the year was £143,000 (2008 £75,800). 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 2009 trade creditors represented 52 days of purchases (2008 43 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.

MOUNT ANVIL plc

Report of the directors for the year ended 31 December 2009 (continued)

Directors' responsibilities (continued)

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.

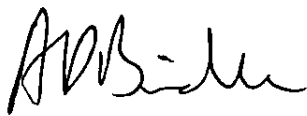
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 31/3/2010

MOUNT ANVIL plc

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

We have audited the financial statements of Mount Anvil plc for the year ended 31 December 2009 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 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

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.

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 2009 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 properly prepared in accordance with 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.

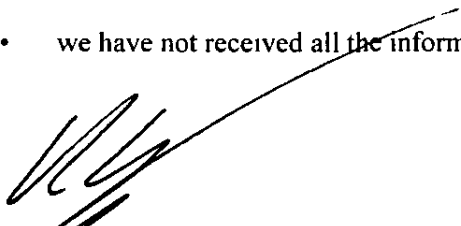
MOUNT ANVIL plc

Independent auditor's report to the members of Mount Anvil plc (*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
Hatfield
United Kingdom

Date *31 March 2010*

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

MOUNT ANVIL plc**Profit and loss account for the year ended 31 December 2009**

	<i>Note</i>	2009 £'000	2008 £'000
Turnover	2	49,475	62,583
Cost of sales		<u>(43,687)</u>	<u>(56,203)</u>
Gross profit		<u>5,788</u>	<u>6,380</u>
Administrative expenses (including an exceptional item in 2009 £Nil, 2008 £1,268,000)		<u>(2,948)</u>	<u>(4,366)</u>
Operating profit	3,4	2,840	2,014
Other interest receivable and similar income	7	32	271
Interest payable and similar charges	8	(20)	(2)
		<u></u>	<u></u>
Profit on ordinary activities before taxation		2,852	2,283
Tax on profit on ordinary activities	9	(866)	(649)
		<u></u>	<u></u>
Profit on ordinary activities after taxation, being retained profit for the year	19	<u>1,986</u>	<u>1,634</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

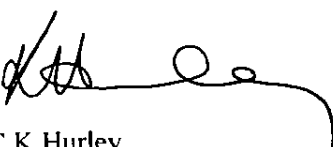
MOUNT ANVIL plc

Balance sheet at 31 December 2009
Company number 2706348

	<i>Note</i>	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	10	148	187
Current assets			
Stock	12	635	64
Debtors	13	13,495	9,975
Investments	14	8,653	11,671
Cash at bank and in hand		<u>6,408</u>	<u>5,800</u>
		29,191	27,510
Creditors: amounts falling due within one year	15	(19,853)	(18,044)
		<u>9,338</u>	<u>9,466</u>
Net current assets			
		9,486	9,653
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	16	-	(1)
Provisions for liabilities and charges	17	(2,308)	(2,287)
		<u>7,178</u>	<u>7,365</u>
Net assets			
		7,178	7,365
Capital and reserves			
Called up share capital	18	550	550
Profit and loss account	19	<u>6,628</u>	<u>6,815</u>
Shareholder's funds	20	7,178	7,365

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 2010


C K Hurley
Director

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 or the value of completed unit sales 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 plc

Notes to the financial statements for the year ended 31 December 2009 (*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 plc

Notes to the financial statements for the year ended 31 December 2009 (continued)

3 Operating profit

	2009 £'000	2008 £'000
Operating profit is after charging:		
Depreciation of tangible fixed assets	72	79
Auditors' remuneration		
Audit fee	38	53
Tax compliance	28	16
Other services	5	24
Operating lease charges		
Land and buildings	123	124
Other	6	6
	<hr/>	<hr/>

4 Exceptional item

During the year ended 31 December 2008 the company incurred costs of £1,268,000 relating to the scheme, which was treated as an exceptional item on the basis of their size and nature

5 Employees

	2009 £'000	2008 £'000
Staff costs (including directors) consist of		
Wages and salaries	4,034	5,228
Social security costs	442	689
Other pension costs	14	9
Share based payment charge	96	-
	<hr/>	<hr/>
	4,586	5,926
	<hr/>	<hr/>

	2009 No.	2008 No.
The average number of employees (including directors) during the year was as follows		

Site	51	73
Administration	22	22
	<hr/>	<hr/>
	73	95
	<hr/>	<hr/>

MOUNT ANVIL plc**Notes to the financial statements for the year ended 31 December 2009 (continued)****6 Directors' remuneration**

	2009 £'000	2008 £'000
Directors' emoluments	515	757
Company contributions to money purchase pension schemes	14	6
	<hr/> 529	<hr/> 763

	2009 £'000	2008 £'000
Emoluments of the highest paid director are as follows		
Emoluments	141	287
Company contributions to money purchase pension schemes	-	4
	<hr/> 141	<hr/> 291

7 Other interest receivable and similar income

	2009 £'000	2008 £'000
Bank interest	20	222
Other interest	12	49
	<hr/> 32	<hr/> 271

8 Interest payable and similar charges

	2009 £'000	2008 £'000
Bank interest	1	1
Other interest	19	1
	<hr/> 20	<hr/> 2

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Notes to the financial statements for the year ended 31 December 2009 (continued)

9 Tax on profit on ordinary activities

	2009 £'000	2008 £'000
<i>UK corporation tax</i>		
Current tax on profits of the year	-	(333)
Adjustments in respect of previous periods	-	(41)
Total current tax credit	-	(374)
<i>Deferred tax</i>		
Utilisation of losses/origination of timing differences	866	1,023
Taxation on profit on ordinary activities	866	649

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

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	2,852	2,284
Profit on ordinary activities at the standard rate of Corporation tax in the UK of 28% (2008 28.5%)	798	651
Expenses not deductible for tax purposes	65	13
Expenses not deductible for tax purposes – fixed assets	3	5
Capital allowances in excess of depreciation	(3)	(2)
Investment in holding company shares	-	(1,948)
Other short term timing differences	3	(28)
Adjustment in respect of prior year	-	(41)
Group relief surrendered/ (claimed) before payment	-	333
Receipt for group relief	-	(333)
Unrelieved tax losses and other deductions in the period	-	976
Losses brought forward utilised in the period	(866)	
Current tax charge/(credit) for the year	-	(374)

MOUNT ANVIL plc**Notes to the financial statements for the year ended 31 December 2009 (continued)****10 Tangible fixed assets**

<i>Cost</i>	Leasehold improvements £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
At 1 January 2009	164	41	413	618
Additions	-	-	33	33
At 31 December 2009	164	41	446	651
<i>Depreciation</i>				
At 1 January 2009	47	27	357	431
Charge for the year	17	7	48	72
At 31 December 2009	64	34	405	503
<i>Net book value</i>				
At 31 December 2009	100	7	41	148
At 31 December 2008	117	14	56	187

Included in motor vehicles are assets purchased under hire purchase arrangements. At 31 December 2009 the net book value of these assets amounted to £1,058 (2008 £4,231). During the year depreciation of £3,173 (2008 £3,173) was charged in respect of these vehicles.

11 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 plc**Notes to the financial statements for the year ended 31 December 2009 (continued)****12 Stock**

	2009 £'000	2008 £'000
Work in progress	635	64

13 Debtors

	2009 £'000	2008 £'000
Trade debtors	2,841	2,473
Amounts due from group undertakings	7,514	5,417
Amounts due from group's joint venture undertakings	843	-
Amounts recoverable on contracts	1,736	1,163
Other debtors	152	314
Prepayments and accrued income	230	229
VAT	179	379
	13,495	9,975

14 Current asset investments

	2009 £'000	2008 £'000
Investment in holding company's shares	8,653	11,671

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 2009	331,787	332	11,671	11,671
Allocation of shares to employees	(85,796)	(86)	(3,018)	(3,018)
At 31 December 2009	245,991	246	8,653	8,653

In respect of the deferred taxation relating to the SIP please refer to note 17

MOUNT ANVIL plc

Notes to the financial statements for the year ended 31 December 2009 (continued)

15 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	6,286	3,003
Other loans	272	2,371
Taxation and social security	172	172
Obligations under finance leases and hire purchase contracts	1	3
Other creditors	158	186
Payments on account	6,258	2,068
Accruals and deferred income	6,706	10,241
	<hr/>	<hr/>
	19,853	18,044
	<hr/>	<hr/>

16 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Obligations under finance leases and hire purchase contracts	-	1
	<hr/>	<hr/>

Maturity of hire purchase debt

	2009 Hire purchase £'000	2008 Hire purchase £'000
In one year or less or on demand	1	3
In more than one year but not more than two years	-	1
	<hr/>	<hr/>
	1	4
	<hr/>	<hr/>

MOUNT ANVIL plc

Notes to the financial statements for the year ended 31 December 2009 (continued)

17 Provisions for liabilities and charges

		Deferred tax £'000
At 1 January 2009		2,287
Deferred tax released on allocation of SIP shares		(845)
Losses brought forward utilised in the period		866
		<hr/>
At 31 December 2009		2,308
		<hr/>
	2009 £'000	2008 £'000
<i>Deferred tax</i>		
SIP relief timing difference	2,420	3,178
Unrelieved trading losses	(112)	(891)
	<hr/>	<hr/>
	2,308	2,287
	<hr/>	<hr/>

18 Share capital

	2009 £'000	2008 £'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/>

19 Reserves

	Profit and loss account £'000
At 1 January 2009	6,815
Profit for the year	1,986
Allocation of SIP shares (net of deferred tax)	(2,173)
	<hr/>
At 31 December 2009	6,628
	<hr/>

MOUNT ANVIL plc

Notes to the financial statements for the year ended 31 December 2009 *(continued)*

20 Reconciliation of movements in shareholder's funds

	2009 £'000	2008 £'000
Opening shareholder's funds	7,365	5,731
Profit for the year	1,986	1,634
Allocation of SIP shares (net of deferred tax)	(2,173)	-
	<hr/>	<hr/>
Closing shareholder's funds	7,178	7,365
	<hr/>	<hr/>

21 Commitments under operating leases

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

	2009 Land and buildings £'000	2009 Other £'000	2008 Land and buildings £'000	2008 Other £'000
<i>Operating leases which expire</i>				
In less than one year	-	6	-	5
In two to five years	-	5	-	11
After five years	107	-	107	-
	<hr/>	<hr/>	<hr/>	<hr/>
	107	11	107	16
	<hr/>	<hr/>	<hr/>	<hr/>

22 Contingent liabilities

The company has guaranteed the following bank borrowings as at 31 December 2009 of group companies Mount Anvil (Barnsbury) Limited in the sum of £17.9m and Mount Anvil (Atlip Road) Limited in the sum of £2.4m

23 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

24 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 and the controlling entity is Mount Anvil Group Limited. Copies of the group financial statements are available from Companies House