

MOUNT ANVIL LIMITED

Report and Financial Statements

Year Ended 31 December 2015

Company number: 02706348



MOUNT ANVIL LIMITED

COMPANY INFORMATION

DIRECTORS	C K Hurley D Hurley P R Burslem J A Spring J R Hall E T Anderson
COMPANY SECRETARY	E T Anderson
REGISTERED NUMBER	02706348
REGISTERED OFFICE	140 Aldersgate Street London EC1A 4HY
INDEPENDENT AUDITORS	BDO LLP 55 Baker Street London W1U 7EU
BANKERS	Lloyds Bank plc 10 Gresham Street London EC2V 7AE

MOUNT ANVIL LIMITED

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MOUNT ANVIL LIMITED

STRATEGIC REPORT

BUSINESS REVIEW

The Company's turnover for the year was £107.0 million (2014: £115.3 million) and profit before taxation and exceptional items was £6.4 million (2014: £0.8 million). The Company is the main contractor on schemes and its ethos of listening to its clients and reacting to their needs has been at the centre of our approach, allowing the Company to consistently provide high quality and innovative design solutions. Looking forward, the external Registered Provider order book has a value of £17 million (2014: £21 million) and the intra-group private build contracts add a further £301 million (2014: £368 million).

The net assets of the Company increased by £5.1 million to £8.3 million, with net current assets increasing by £5.3 million. The cash generated by the Company in the year was used to repay a significant proportion of the Mount Anvil Group's external debt.

SUSTAINABILITY

Mount Anvil believes that sustainability is integral to the design process. Good design is sustainable design, and the understanding of people, places and the environment ensures that Mount Anvil are designing and delivering developments to meet the current and future needs of customers, the community and all stakeholders. Our commitment to the environment and sustainability led to us being awarded a Globe of Honour by the British Safety Council in 2015.

HEALTH AND SAFETY

In 2015, we were recognised by the British Safety Council as the UK's Number One company for Health and Safety, across any sector for a second consecutive year, we were awarded a 5 Star rating and a score of 99.9% (2014: 99.8%). This demonstrates our proven culture of excellence in health and safety practices and risk management.

PEOPLE

We believe that engaged, positive and proactive people deliver excellent customer service and great financial returns. Our inclusion in the Sunday Times Best 100 Small Companies to Work For list for the tenth consecutive year is a stand out achievement for Mount Anvil and is unique in our industry. We also received an award for 'Giving Something Back', which partly recognises our partnership with the Evening Standard campaign, the Estate We're In, helping local community organisations breathe new life into London's challenged housing estates.

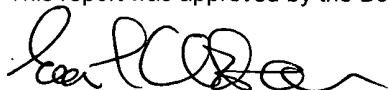
The launch of the Employee Shareholder Status scheme in 2015 saw 93% of our staff become shareholders in Mount Anvil, making us a truly owner managed business and affording our wider team the opportunity to share in the projected future growth of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Like all property companies, Mount Anvil is exposed to changes in the property market, however adequate controls are in place. The Board regularly reviews and updates the forecast 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.

This report was approved by the Board on



E T Anderson
Director

30/09/16

and signed on its behalf.

MOUNT ANVIL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with 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.

PRINCIPAL ACTIVITY

The Company's principal activities are specialist design and build contracting and the provision of property development project management and support services, all in central London.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4,990,000 (2014: loss of £405,000).

The directors do not recommend the payment of an ordinary dividend (2014: £nil).

DIRECTORS

The directors who served during the year were:

C K Hurley
D Hurley
P R Burslem
J A Spring
J R Hall
E T Anderson (appointed 8 July 2015)

CHARITABLE AND POLITICAL DONATIONS

The aggregate amount of charitable donations made during the year was £279,000 (2014: £200,000). There were no political donations.

MOUNT ANVIL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

Under section 487(2) of the Companies Act 2006, BDO LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the Board on 30/09/2016 and signed on its behalf.



E T Anderson
Director

MOUNT ANVIL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOUNT ANVIL LIMITED

We have audited the financial statements of Mount Anvil Limited for the year ended 31 December 2015, set out on pages 5 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

BDO LLP

Thomas Edward Goodworth (Senior Statutory Auditor)

For and on behalf of BDO LLP

Statutory Auditor

55 Baker Street

London

W1U 7EU

Date: 30/09/2016

MOUNT ANVIL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
Turnover	3	107,027	115,268
Cost of sales		(98,935)	(113,729)
Gross profit		8,092	1,539
Administrative expenses		(1,697)	(787)
Exceptional administrative expenses	10	-	(1,981)
Operating profit / (loss)	4	6,395	(1,229)
Interest receivable and similar income	7	54	13
Interest payable and expenses	8	(24)	(487)
Profit / (loss) before taxation		6,425	(1,703)
Tax on profit / (loss)	9	(1,435)	1,298
Profit / (loss) for the year and total comprehensive income for the year		<u>4,990</u>	<u>(405)</u>

The notes on pages 9 to 22 form part of these financial statements.

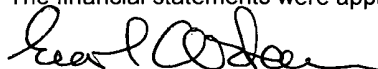
MOUNT ANVIL LIMITED
REGISTERED NUMBER: 02706348

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	11	1,170	1,371
		<u>1,170</u>	<u>1,371</u>
Current assets			
Stocks	12	2,713	1,086
Debtors: amounts falling due within one year	13	93,308	41,054
Cash at bank and in hand		16,563	34,695
		<u>112,584</u>	<u>76,835</u>
Creditors: amounts falling due within one year	14	(105,463)	(75,029)
Net current assets		<u>7,121</u>	<u>1,806</u>
Total assets less current liabilities		<u>8,291</u>	<u>3,177</u>
Deferred tax	16	(34)	-
Net assets		<u><u>8,257</u></u>	<u><u>3,177</u></u>
Capital and reserves			
Called up share capital	17	550	550
Capital contribution reserve		2,590	2,500
Profit and loss account		5,117	127
		<u><u>8,257</u></u>	<u><u>3,177</u></u>

The notes on pages 9 to 22 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 30/09/16.



E T Anderson
Director

MOUNT ANVIL LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015**

	Share capital	Capital contribution reserve	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2015	550	2,500	127	3,177
Comprehensive income for the year	-	-	4,990	4,990
Total comprehensive income for the year	-	-	4,990	4,990
Contributions by and distributions to owners				
Capital contribution in respect of employee share scheme	-	90	-	90
Total transactions with owners	-	90	-	90
At 31 December 2015	550	2,590	5,117	8,257

The notes on pages 9 to 22 form part of these financial statements.

MOUNT ANVIL LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014**

	Share capital	Capital contribution reserve	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2014	550	2,500	532	3,582
Comprehensive income for the year	-	-	(405)	(405)
Total comprehensive income for the year	-		(405)	(405)
Transactions with owners	-	-	-	-
At 31 December 2014	550	2,500	127	3,177

The notes on pages 9 to 22 form part of these financial statements.

MOUNT ANVIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 21.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 33 Related Party Transactions.

The following principal accounting policies have been applied:

1.2 TURNOVER

Turnover represents the value of measured works, net of value added tax. Project management fees earned by the Company are recognised on a percentage of completion basis, net of value added tax, and are also included within turnover.

1.3 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

The estimated useful lives range as follows:

Fixtures and fittings	3 years
Leasehold improvements	10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

1.4 OPERATING LEASES: LESSEE

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.5 STOCKS

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 to the profit or loss as the difference between the reported turnover and related costs for the contract. Stock is stated at the lower of cost and net realisable value.

Where losses are foreseen a provision for the loss is made immediately in the Statement of Comprehensive Income.

MOUNT ANVIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

ACCOUNTING POLICIES (continued)

1.6 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

1.7 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

1.8 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including payables owing to group companies and other creditors, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.9 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the instrument to which they relate using the effective interest rate method.

1.10 DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

1.11 CASH SETTLED SHARE SCHEME

Cash settled share awards are measured at fair value at the reporting date. The Company recognises an expense in the Statement of Comprehensive Income based on the estimated number of awards that will actually vest and the current proportion of the vesting period. As the awards received by employees are shares of Mount Anvil Group Limited, a capital contribution from Mount Anvil Group Limited is also recognised as the awards are granted. Changes in the value of the share scheme liability are recognised in the Statement of Comprehensive Income.

MOUNT ANVIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

ACCOUNTING POLICIES (continued)

1.12 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the Balance Sheet.

1.13 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generate income.

Deferred 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

1.14 RESERVES

The Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- The capital contribution reserve contains the nominal value of own shares that have been acquired by the Company and cancelled and the employee share scheme contribution (see note 1.11).
- Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

1.15 GOING CONCERN

The Directors consider the Company is able to continue as a going concern based on the free cash available within the Company to pay its debts as they fall due.

MOUNT ANVIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the Directors have made the following judgements:

Revenue recognition

The Company's revenue recognition and margin recognition policies, which are set out in note 1, are central to how the Company values the work it has carried out each financial year. These policies require forecasts to be made of the outcomes of long-term construction services and project management contracts, which require assessments and judgements to be made on recovery of pre-contract costs, changes in the scope of work, contract programmes, maintenance and defects liabilities and changes in costs.

3. ANALYSIS OF TURNOVER

Turnover was attributable to the activities of the Company as follows:

	2015 £000	2014 £000
Design and build contracting	98,163	111,022
Property development support services and project management	8,864	4,246
	<u>107,027</u>	<u>115,268</u>

All turnover arose within the United Kingdom.

4. OPERATING PROFIT / (LOSS)

The operating profit / (loss) is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets	454	391
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	95	95
Rent – operating leases	436	394
Share based payment expense (note 18)	90	-
Defined contribution pension cost	<u>35</u>	<u>36</u>

MOUNT ANVIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

5. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2015 £000	2014 £000
Wages and salaries	14,945	13,955
Social security costs	1,976	2,109
Cost of defined contribution scheme	35	36
	<u>16,956</u>	<u>16,100</u>

Included in wages and salaries are share based payment charges of £90,000 (2014: £nil). Refer to note 18 for additional information.

In addition to the costs above, social security costs in 2014 included an exceptional charge of £1,981,000 as described in note 10 (2015: £nil).

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Site	111	105
Administration	63	54
	<u>174</u>	<u>159</u>

6. DIRECTORS' REMUNERATION

	2015 £000	2014 £000
Directors' emoluments	1,870	2,234
Company contributions to defined contribution pension schemes	2	5
	<u>1,872</u>	<u>2,239</u>

The highest paid director received remuneration of £618,000 (2014: £496,000).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £000	2014 £000
Other interest receivable	54	13
	<u>54</u>	<u>13</u>

MOUNT ANVIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £000	2014 £000
Other interest payable	24	487
	<u>24</u>	<u>487</u>

9. TAXATION

	2015 £000	2014 £000
UK Corporation tax		
Current tax on profits for the year	1,334	(436)
Adjustments in respect of previous periods	65	(858)
Total current tax	<u>1,399</u>	<u>(1,294)</u>
Deferred tax		
Origination and reversal of timing differences	36	(4)
Total deferred tax	<u>36</u>	<u>(4)</u>
Taxation on profit / (loss) on ordinary activities	<u>1,435</u>	<u>(1,298)</u>

MOUNT ANVIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £000	2014 £000
Profit / (loss) on ordinary activities before tax	<u>6,425</u>	<u>(1,703)</u>
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	1,301	(365)
Effects of:		
Expenses not deductible for tax purposes	38	34
Other permanent differences	(42)	-
Capital allowances in excess of depreciation	25	(22)
Other short-term timing differences – current tax	37	-
Other short-term timing differences – deferred tax	11	46
Group relief claimed	-	(133)
Adjustments in respect of prior years	65	(858)
Total tax charge / (credit) for the year	<u>1,435</u>	<u>(1,298)</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

10. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	2015 £000	2014 £000
Exceptional operating items	-	1,981
	<u>-</u>	<u>1,981</u>

Exceptional operating items in 2014 related to additional PAYE and social security amounts paid to hmrc in respect of the Employment Related Security charge. This related to the contribution of shares to the Share Incentive Plan of which more than half of employees are members.

MOUNT ANVIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Leasehold improvements	Total
	£000	£000	£000
Cost			
At 1 January 2015	880	1,135	2,015
Additions	249	4	253
At 31 December 2015	1,129	1,139	2,268
Depreciation			
At 1 January 2015	431	213	644
Charge for the period	331	123	454
At 31 December 2015	762	336	1,098
At 31 December 2015	367	803	1,170
At 31 December 2014	449	922	1,371

12. STOCKS

	2015 £000	2014 £000
Work in progress	2,713	1,086
	2,713	1,086

Work in progress recognised in cost of sales during the year as an expense was £95,547,000 (2014: £110,543,000).

13. DEBTORS

	2015 £000	2014 £000
Trade debtors	414	388
Amounts owed by group undertakings	79,835	23,768
Amounts owed by joint ventures and associated undertakings	11,758	9,990
Other debtors	841	1,048
Prepayments and accrued income	438	879
Amounts recoverable on long term contracts	22	4,979
Deferred tax asset (see note 16)	-	2
	93,308	41,054

MOUNT ANVIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. CREDITORS: Amounts falling due within one year

	2015 £000	2014 £000
Payments received on account	2,193	130
Trade creditors	5,488	11,154
Amounts owed to group undertakings	78,373	46,101
Amounts owed to joint ventures	4,559	2,470
Taxation and social security	1,403	1,748
Other creditors	229	293
Corporation tax	1,382	-
Accruals and deferred income	11,836	13,133
	<u>105,463</u>	<u>75,029</u>

15. FINANCIAL INSTRUMENTS

	2015 £000	2014 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	93,286	36,073
	<u>93,286</u>	<u>36,073</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(104,081)	(75,029)
	<u>(104,081)</u>	<u>(75,029)</u>

Financial assets measured at amortised cost comprise trade receivables, short term receivables owing by group companies, amounts recoverable on long term contracts, and other participating interests and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, short term payables owing to group companies and other participating interests and other creditors.

MOUNT ANVIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. DEFERRED TAX

	Deferred tax asset / (liability)
	£000
At 1 January 2015	2
Charged to the Statement of Comprehensive Income	(36)
At 31 December 2015	<u>(34)</u>

The provision for deferred taxation is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	(79)	(54)
Short-term timing differences	45	56
	<u>(34)</u>	<u>2</u>

17. SHARE CAPITAL

	2015 £000	2014 £000
Authorised		
1,000,000 Ordinary shares of £1 each	1,000	1,000
200,000 Deferred shares of £0.01 each	2	2
	<u>1,002</u>	<u>1,002</u>
Allotted, called up and fully paid		
550,000 Ordinary shares of £1 each	<u>550</u>	<u>550</u>

MOUNT ANVIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

18. SHARE BASED PAYMENTS

On 20 November 2015, employees of the Company were issued with C ordinary shares in the ultimate parent company, Mount Anvil Group Limited, under an Employee Share Scheme ('ESS'). The C ordinary shares were issued at nil cost and PAYE and National Insurance contributions have been accounted for on the value of these shares at acquisition.

The C ordinary shareholders are only entitled to realise any value from their C ordinary shares if pre-determined value hurdles are exceeded and after the expiry of a minimum holding period of five years (referred to as 'vesting period'). The value hurdles are linked to the consolidated net asset value of Mount Anvil Group Limited. The C ordinary shareholders will, to the extent that the hurdle has been exceeded, be able to realise value by disposing of their C ordinary shares at the end of the vesting period.

Retaining ownership of the C ordinary shares is conditional on continuing employment. Specific rules apply if the employee ceases employment during the vesting period.

The C ordinary shares have no dividend rights and no voting rights.

The shares in the Company issued under the ESS were valued using the net present value of estimated future economic returns at 20 November 2015 and at the reporting date.

	Weighted average share price (pence) 2015	Number 2015	Weighted average share price (pence) 2014	Number 2014
Granted during the year	414	1,422,582	-	-
Outstanding at the end of the year		1,422,582		-

Under this scheme, the Company's Directors were awarded 260,767 shares (2014: nil).

The total expense recognised for the year arising from the ESS was £90,000 (2014: £nil). A capital contribution from Mount Anvil Group Limited of £90,000 (2014: £nil) has also been recognised.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Not later than 1 year	418	418
Later than 1 year and not later than 5 years	1,673	1,673
Later than 5 years	523	941
Total	2,614	3,032

MOUNT ANVIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

20. CONTROLLING PARTY

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 2015 the Company's ultimate controlling party was C K Hurley. Copies of the Mount Anvil Group Limited financial statements are available from Companies House.

MOUNT ANVIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

21. FIRST TIME ADOPTION OF FRS 102

		As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 102 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
	Note						
Fixed assets		1,476	-	1,476	1,371	-	1,371
Current assets	3,4	74,746	114	74,860	74,284	2,551	76,835
Creditors: amounts falling due within one year	1,2,3	(72,458)	(294)	(72,752)	(72,203)	(2,826)	(75,029)
Net current assets		2,288	(180)	2,108	2,081	(275)	1,806
Total assets less current liabilities		3,764	(180)	3,584	3,452	(275)	3,177
Deferred tax	4	(41)	39	(2)	(54)	54	-
Net assets		3,723	(141)	3,582	3,398	(221)	3,177
Capital and reserves		3,723	(141)	3,582	3,398	(221)	3,177

The impact above of the FRS 102 restatements on current assets and creditors also includes a presentational adjustment to show the gross amounts due to and from group undertakings and associated joint ventures where previously the net position was recognised. The impact of presenting the gross receivables and payables was an additional £2,448,000 to current assets and creditors respectively.

MOUNT ANVIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

21. FIRST TIME ADOPTION OF FRS 102 (continued)

		As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
Turnover		115,268	-	115,268
Cost of sales		(113,729)	-	(113,729)
		1,539	-	1,539
Administrative expenses	1,2,3	(2,688)	(80)	(2,768)
Operating profit		(1,149)	(80)	(1,229)
Interest receivable and similar income		13	-	13
Interest payable and similar charges	3	(470)	(17)	(487)
Taxation	4	1,281	17	1,298
Loss on ordinary activities after taxation and for the financial year		(325)	(80)	(405)

Explanation of changes to previously reported profit and equity:

- 1 Previously under UK GAAP, operating lease incentives were spread over the shorter of the lease period or the period to the first rent review. Under FRS 102, these lease incentives must be spread over the lease term. Accordingly the operating lease charge has increased by £56,000 for the year ended 31 December 2014, with an increase in the future lease commitments of £147,000 at 31 December 2014 (1 January 2014: increase in the lease commitment of £91,000).
- 2 FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the Company recognising a liability for holiday pay of £61,000 on transition to FRS 102 at 1 January 2014. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 31 December 2014 an additional charge of £10,000 was recognised in the profit and loss account and the liability at 31 December 2014 was £71,000.
- 3 Under FRS 102 the Company has recognised a provision for dilapidation on its operating leases. Previously such provisions were not recognised and the costs were charged to the profit and loss account as they were incurred. This provision made is based upon the Company's best estimate of likely committed cash outflow at the end of the lease period. Accordingly, the Company has recognised an asset of £114,000 and a provision of £142,000 as at 1 January 2014. In the year to 31 December 2014 an additional interest charge of £17,000 and a depreciation charge of £14,000 was recognised in the profit and loss account and the asset and liability at 31 December 2014 were £101,000 and £159,000 respectively.
- 4 The impact of deferred tax as a result of the adjustments above and the subsequent effect of the changes in tax rates was to decrease the deferred tax liability at 1 January 2014 by £39,000 and to decrease the income tax charge for the year ended 31 December 2014 by £17,000. The deferred tax liability at 31 December 2014 was decreased by £54,000 and a deferred tax asset of £2,000 was created.