Registered number:
02706348

MOUNT ANVIL LIMITED

Report and Financial Statements

Year Ended 31 December 2022

Company number: 02706348

MOUNT ANVIL LIMITED

COMPANY INFORMATION

DIRECTORS	C K Hurley D Hurley J R Hall E T Anderson L Taylor
COMPANY SECRETARY	E T Anderson
REGISTERED NUMBER	02706348
REGISTERED OFFICE	140 Aldersgate Street London EC1A 4HY
AUDITORS	BDO LLP 55 Baker Street London W1U 7EU

MOUNT ANVIL LIMITED

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MOUNT ANVIL LIMITED

STRATEGIC REPORT

BUSINESS REVIEW

The Company's turnover was £167.5 million (2021: £144.6 million) and profit before taxation was £3.8 million (2021: £2.5 million). The Company acts as the main contractor on residential development schemes undertaken by Mount Anvil group companies and its joint ventures, 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.

The net assets of the Company increased to £28.3 million (2021: £22.7 million), while net current assets increased to £51.4 million (2021: £42.6 million).

Long standing and strong working relationships with our partners and supply chain have allowed us to achieve this and leave us well positioned to capitalise on new opportunities.

SUSTAINABILITY

Mount Anvil believes that good design is sustainable design, hence our pre-construction teams constantly consider embodied carbon, energy performance, maintenance, running and end user costs, with the lifetime of the building in mind. This focus meant that we are the first residential developer to be awarded The Planet Mark's New Development certification. This partnership reflects our commitment to go beyond compliance to invest in a sustainable future for the built environment throughout the entire development process. We also believe in making a difference via education, which is why we will also now start giving back to local schools via a sustainability outreach programme delivered together with The Eden Project.

POSITIVE PARTNERSHIPS: OUTLINING OUR ESG STRATEGY

March 2023 will see us launch our 'Positive Partnerships' strategy, outlining how we'll use the power of partnership to measure and improve our positive impact on people, place and planet.

The strategy is centred around having data-driven frameworks to measure impact across biodiversity net gain, social value creation and carbon reduction in each of the communities we're working in. For each of these key areas we've developed a strategic partnership with a credible third party bringing measurement, expertise and challenge to our ways of working. Our partners are HACT, The PlanetMark & Royal Botanic Gardens, Kew, for people, place and planet respectively.

These frameworks enable us to accurately measure our impact and create learning loops for continual improvement, benefitting our partners, residents and the wider communities in which we work.

Our Positive Partners are experts in their respective fields. RBG Kew, for instance, is world-leading in its research on pollinators, and their furthering that research as part of our work together, as we fund a scientist and perform experiments on pollinator performance on our live schemes. But for our buyers and partners what really makes this partnership positive is the idea of a Kew Garden for every home.

Our Partnerships, Community & Sustainability Director, has taken-on Executive-level responsibility for sustainability at Mount Anvil, and they also chair our newly assembled Sustainability Working Group – a 20+ strong, cross-functional working group across a variety of seniorities and roles from Mount Anvil that is tasked evolving our thinking and approach using the data we've collected across our sites. Marcus is held to account at Executive level on progress against our strategic goals quarterly.

HEALTH AND SAFETY

During the year we were awarded a RoSPA Gold Award for health and safety performance, demonstrating our ongoing commitment to health and safety.

We also carried out a Health & Safety Laboratory Safety Climate Assessment with the results indicating we are in the top 5% of business within the UK.

PEOPLE

We invest in finding good people and then we give them the space, responsibility, and resources to do their best work. Our inclusion in the Sunday Times Best 100 Small Companies to Work For list for eleven consecutive years is a stand-out achievement and is unique in our industry. In recent years, we were included as one of the Best 75 Small Companies to Work For in the London b-Heard Survey, and we won a national Business Culture Award for our approach to Talent in the year.

The launch of the Employee Shareholder Status scheme in 2015 and Growth Share scheme in 2018 means the majority of our staff are shareholders in the Company, making us a truly owner managed business and affording our wider team the opportunity to share in the projected future growth of the business.

BOARD DECISION MAKING: SECTION 172 STATEMENT

As an owner-managed business, all teammates at Mount Anvil are encouraged to think like an owner. This means taking full responsibility for how our decisions and actions show up with our key stakeholder groups.

As our business has grown, we've evolved our approach in how we collaborate with each of our stakeholder groups. This starts with our Board of Directors, setting a clear vision and strategy on success criteria across each.

In 2022, this vision and strategy has focussed on increasing our data-driven capability with an emphasis on measurement – leading, in turn, to accelerated learnings and improvements.

The following outlines our key stakeholder groups and the engagement strategies employed across each.

People

These are our permanent Mount Anvil employees, based on our sites across London, as well as at our Barbican office. A majority of our employees are shareholders in the company which is a fundamental aspect of our 'owner manager' culture, where employees are encouraged to think like a business owner with high freedom and high responsibility.

We've continued our regular cadence of virtual and in-person 'all hands' events, equipping the entire business with regular, transparent information directly from the board, always including a live question & answer section. We've also conducted further rounds of "YourSay" surveys – a feedback tool designed to give all employees a say in the business' operations and with how we can improve our environment.

JV partners

We've not wavered from our core value of working collaboratively – starting first and foremost with our JV partners. Over the past three decades we've worked in partnership with a small number of registered providers, predominantly housing association partners, where together we build outstanding places where people can thrive.

We believe in listening and seeking direct feedback across all of our relationships and regularly conduct partner surveys where we ask our partners to give direct feedback on their experience of partnering with Mount Anvil.

Funders

We work in partnership with a number of reputable funders, providing regular reporting on our latest sales and cost position in addition to our required compliance reporting.

We engage with funders early, and with detailed proposals based on our expertise gained through previous projects and perform a robust assessment of prospective lender terms to ensure the best funding decisions are made on behalf of our JV partners.

Purchasers

2022 was an incredibly successful year for sales of our homes. We achieved 518 reservations across the year, including record-breaking launches at The Bellamy, Chelsea Botanica, Queen's Cross, One Clapham Junction & The Verdean. Our sales successes validated our agent-first approach and building customer propositions based on clear insight and an expert understanding of demand-drivers in the market.

We've also continued to interview our purchasers via a 3rd party customer research agency at the points of exchange, completion and six months post-completion. We've fed this insight, direct from our purchasers into our Product Quality Framework – a data-driven tool that ensures each of the homes we design meet and exceed the needs of our purchasers, creating exceptionally strong demand in the market as a result.

Residents & Community

We expanded our Resident Engagement team in 2022 with the aim of increasing the contact time we have with our residents and the communities we're working in. We worked collaboratively with our JV partner teams across schemes to continue building strong resident and community links, and received feedback that the breadth of teammates who contribute to engaging with the community, alongside the dedicated Engagement team, is a standout feature of our approach.

This human-to-human contact time was a crucial factor in our two planning successes at Barnsbury & Friary Park – with both committees commending Mount Anvil on our 'personal' approach to resident engagement.

Supply chain

Site-based contractors and sub-contractors are the extended workforce that make up our physical on-site presence. Managed by our permanent Mount Anvil teammates, these third party companies are encouraged to partake in the Mount Anvil way of working.

In a vision set by our board, we've focussed on providing world-class working environments for our supply chain, as we believe this, in turn, will yield the highest quality of work on-site. This led to our Silk District team receiving a perfect 45/45 Considerate Constructors Scheme score.

We've also focussed in 2022 on the technology we use across our sites. We've made tangible improvements to our DOME and A-Site software systems that have aided collaboration and cost-savings across our sites.

PRINCIPAL RISKS AND UNCERTAINTY

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- and medium-term borrowings. Historically, the Company has used interest rate caps or swaps to protect itself against significant interest rate rises, but 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.

Business continuity and risk management

As part of a privately owned group, Mount Anvil is well placed to take a long-term view in our decision-making processes. This allows us to take decisions that are in the long-term interests of our JVs and partners. Mount Anvil will continue to operate as a financially disciplined business.

The Company has continued to be largely unaffected by Brexit or the impacts of the war in Ukraine during the year including labour supply and cost inflation. Our pre-sold sales position remains strong and to date has been largely unaffected.

The Board continued monitoring the impact of COVID-19 throughout the course of the year. We have successfully implemented business continuity plans, allowing us to balance the three key objectives, being; keeping our people safe, ensuring the business remains strong, and playing our part in the public health effort.

We are working in partnership with The Planet Mark. This partnership reflects our commitment to go beyond compliance to invest in a sustainable future for the build environment throughout the entire development process.

We continue to closely monitor the impact of inflationary and market pressures in co-operation with our supply chain. We note that the vast majority of our live developments have secured cost certainty which will allow us to deliver practical completion within the existing budget but will continue to monitor this closely in coming months. We deem that at the date of this report it is too early to have concluded on the impact of inflation on our pipeline schemes.

This report was approved by the board on 30 May 2023 and signed on its behalf by:

DocuSigned by:

Ewan Anderson

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Ewan Anderson
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company was that of specialist design and build contracting and the provision of property development, project management and support services, primarily in central London.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,761,000 (2021: £2,503,000).

The directors do not recommend the payment of an ordinary dividend (2021: £nil).

DIRECTORS

The following directors have held office since the start of the year:

C K Hurley
D Hurley
J R Hall
E T Anderson
L Taylor

CHARITABLE AND POLITICAL DONATIONS

The aggregate amount of charitable donations made during the year was £284,000 (2021: £347,000). There were no political donations (2021: nil).

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.

STREAMLINED ENERGY AND CARBON REPORT

The company has not presented a report on the grounds that the company's energy and carbon information has been included in the Streamlined Energy and Carbon report presented in the company's ultimate parent company consolidated financial statements. For more information, see the Mount Anvil Group Limited financial statements which may be obtained from the address stated in note 21.

OTHER MATTERS AND GOING CONCERN

The directors have conducted a rigorous assessment of the Company's ability to continue to operate for the foreseeable future. In making this assessment, consideration has been given to the inherent uncertainty in future financial forecasts and the inherent cyclical nature of the housing market. The operational focus of the business is delivering complex development projects which requires a solid financial position. Where applicable, the directors have applied severe but plausible sensitivities to key factors affecting the expected and forecast financial performance and liquidity of the Company – taking into account these factors and the on-going impact on the business caused by the uncertainty in the wider economic and market conditions. This assessment has considered downside case forecasts where significant delays, cost increases and revenue reduction are experienced.

As noted in the Strategic report, the company's order book, in respect of external Registered Providers and the intra group private build contracts order book is strong. The company's existing cash resource has remained healthy and stable since the 2022 year-end, following ongoing receipt of fees in respect of the forecasted project management and services related fees.

The Strategic Report also notes the company's forward sales orderbook underwriting its forecast cashflows which provides significant support for the conclusion that the company is a going concern.

AUDITORS

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. This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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

DocuSigned by:
Ewan Anderson
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E Anderson

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MOUNT ANVIL LIMITED

Opinion on the 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 2022 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.

We have audited the financial statements of Mount Anvil Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. 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* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

Other Companies Act 2006 reporting (continued)

- 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; and
- the Strategic report and the Directors' report have/has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the directors and the other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MOUNT ANVIL LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

DocuSigned by:
Charles Ellis
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Charles Ellis (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street, London W1U 7EU
30 May 2023
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Turnover	3	**167,533**	144,585
Cost of sales		**(153,300)**	(126,908)
Gross profit		**14,233**	17,677
Administrative expenses		**(10,507)**	(15,456)
Operating profit	5	**3,726**	2,221
Interest receivable and similar income	7	**56**	313
Interest payable and similar expenses	8	**(21)**	(15)
Profit before taxation		**3,761**	2,519
Tax on profit on ordinary activities	9	**-**	(16)
Profit for the year and total comprehensive income for the year		**3,761**	2,503

The notes on pages 13 to 27 form part of these financial statements.

MOUNT ANVIL LIMITED
REGISTERED NUMBER: 02706348

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 (restated) £'000
Fixed assets			
Tangible assets	10	**1,141**	1,353
		1,141	1,353
Current assets			
Stocks	11	**8,797**	3,951
Debtors	12	**77,061**	72,602
Cash at bank and in hand		**15,897**	21,775
		101,755	98,328
Creditors: amounts falling due within one year	13	**(50,372)**	(55,692)
Net current assets		**51,383**	42,636
Total assets less current liabilities		**52,524**	43,989
Creditors: amounts falling due greater than one year	14	**(8,921)**	(9,127)
Provisions	15	**(15,314)**	(12,179)
Net assets		**28,289**	22,683
Capital and reserves			
Called up share capital	17	**550**	550
Capital contribution reserve		**8,591**	6,746
Profit and loss account		**19,148**	15,387
Shareholder's funds		**28,289**	22,683

The notes on pages 13 to 27 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 May 2023

DocuSigned by:

Ewan Anderson

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E Anderson
Director

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2022

	Share capital	Capital contribution reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2022	**550**	**6,746**	**15,387**	**22,683**
Comprehensive income for the year				
Comprehensive income for the year	-	-	3,761	3,761
Total comprehensive income for the year	**-**	**-**	**3,761**	**3,761**
Contributions by and distributions to owners				
Capital contribution in respect of employee share schemes	-	1,845	-	1,845
Total transactions with owners	**-**	**1,845**	-	**1,845**
At 31 December 2022	**550**	**8,591**	**19,148**	**28,289**

The notes on pages 13 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Share capital	Capital contribution reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2021	550	5,191	12,884	18,625
Comprehensive income for the year				
Comprehensive income for the year	-	-	2,503	2,503
Total comprehensive income for the year	-	-	2,503	2,503
Contributions by and distributions to owners				
Capital contribution in respect of employee share schemes	-	1,555	-	1,555
Total transactions with owners	-	1,555	-	1,555
At 31 December 2021	550	6,746	15,387	22,683

The notes on pages 13 to 27 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Mount Anvil Limited is a private company limited by shares incorporated in England.

The address of the company's registered office and the principal activities of the company are set out on the company information page and in the directors' report on page 4 respectively.

The financial statements have been prepared under the historical cost 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.

The financial statements are prepared in sterling (£) which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand.

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 following principal accounting policies have been applied:

1.2 FINANCIAL REPORTING STANDARD 102 – REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by 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.

1.3 TURNOVER

Turnover represents the value of measured works for each contract, net of value added tax. Project management fees earned by the company are recognised on a percentage of completion basis or otherwise according to the milestones set out in the underlying contracts, net of value added tax, and are also included within turnover.

1.4 CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Variations in contract work, claims and incentive payments are all included to the extent that the amount can be measure reliably and its receipt is considered probable.

Where it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.5 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.

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS (continued)

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.

1.6 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.

1.7 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.

1.8 DEBTORS

Short term debtors are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.9 FINANCIAL INSTRUMENTS

Financial assets

Financial assets are initially measured at the transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at the transaction price (including transaction costs) and subsequently held at amortised cost.

1.10 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 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. ACCOUNTING POLICIES (continued)

1.12 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 Statement of Financial Position.

1.13 CASH SETTLED SHARE SCHEMES

Cash settled share schemes are measured at fair value at the reporting date. The company recognises a liability at the reporting date based on these fair values. The key factors in determining the fair value are in respect of vesting assumptions and the Mount Anvil Group's (of which Mount Anvil Limited is a part) net asset position. This takes into account the estimated number of awards that will actually vest in line with the latest assessment of the vesting period and forecast future profitability of the Mount Anvil Group. As the awards received by employees are shares of Mount Anvil Group Limited, a capital contribution from Mount Anvil Group Limited is also recognised over the current year's portion. Changes in the value of the share scheme liability are recognised in the Statement of Comprehensive Income. For further detail, refer note 2 (c).

1.14 PROVISIONS FOR LIABILITIES

Provisions are estimates and involve judgement, requiring the Company to make assessments in respect of whether the Company has a legal or constructive obligation as a result of a past event, whether it is probable that it will require settlement by a transfer of economic benefit, and whether a reliable estimate can be made. See note 2.d. for further detail. This includes provisions for loss-making or onerous construction contracts. The Company undertook a review of all of its current and legacy buildings where it has used EWS or cladding solutions and continues to assess the action required in line with the latest updates to government guidance, including where the Company is out of the Defects Liability Period but we have collateral warranties as a contractor. The Company will continue to prioritise residents' safety.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and when it meets the other recognition criteria. Provisions are measured at the best estimate of the expenditure required to settle the obligation, considering relevant risks and uncertainties, as at the Statement of Financial Position date. Any difference between the provision recorded in prior periods, and the actual cost incurred are recognised immediately in the Statement of Comprehensive Income.

Any cost recovery from insurance proceeds is not recognised until the Company is satisfied of having policy coverage from insurers, and after making an allowance for policy excesses. A reimbursement asset is recognised as a separate asset when the virtually certain criteria is met.

Amounts receivable from third parties are recognised as a separate asset rather than to offset the receivable against the provision when the Company is virtually certain of recovery.

1.15 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 Statement of Financial Position 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 Statement of Financial Position 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;

1. ACCOUNTING POLICIES (continued)

1.15 CURRENT AND DEFERRED TAXATION (continued)

- 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 Statement of Financial Position date.

1.16 RESERVES

The company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- The capital contribution reserve represents the nominal value of own shares that have been acquired by the company and cancelled and the employee share scheme contribution (see note 1.12).
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

1.17 GOING CONCERN

In determining the appropriate basis of preparation of the financial statements the directors have conducted a rigorous assessment of the Company's ability to continue to operate for the foreseeable future. In making this assessment, consideration has been given to the inherent uncertainty in future financial forecasts and the inherent cyclical nature of the property development and contracting markets. The operational focus of the business is delivering complex development projects which requires a solid financial position. Where applicable, we have applied severe but plausible sensitivities to key factors affecting the expected and forecast financial performance and liquidity of the Company – taking into account these factors and the on-going impact on the business caused by the uncertainty in the wider economy and market conditions. This assessment has considered downside case forecasts where significant delays, cost increases and revenue reduction are experienced.

Stress test sensitivities have been applied to these forecasts to model the impact of a significant fall in sales prices on unsold homes, and for a substantial increase in build costs in addition to the increase in build cost due to inflation that has already been factored into current forecasts following the period of significant increases to inflation.

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

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

(a) Accounting for long term construction contracts
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 made immediately in the profit and loss account.

(b) Revenue recognition

The significant majority of the Company's contractual arrangements in respect of construction services are on a full cost recovery basis, with a small number of historical exceptions which are now complete. On the majority of the contracts, revenue for any given period is calculated and recognised on a percentage completion basis, and uses cost incurred and forecast cost to complete to determine the percentage completion. The remainder of the Company's *contractual arrangements - where there remains build works to complete - allow us to recover all our costs.*

The age, nature and recoverability of all debtors and amounts recoverable on construction contracts are reviewed regularly by management and provisions made where appropriate. Consistent procedures and management tools are in place to ensure that estimates are applied, and results determined on a consistent basis. Where it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

(c) Share schemes

In arriving at the fair value of the liability in respect of the cash settled share schemes at each reporting date, there are two key judgements. The first is in respect of the number of shares that are forecast to vest at the end of the vesting period, including an assumption around the forecast number of employees who will leave the company's employment before vesting. The company takes account of past experience of attrition rate, being the number of employees who have been awarded shares that leave before the shares vest - this informs the level of likely future leavers. The value of the schemes shares related to the Mount Anvil Group's net asset position, and the second judgement key is in respect of the Group's net asset position, and forecast future net asset position. These are applied to the respective share scheme rules – the current Group net asset position references MAGL's net asset position per the audited financial statements at the reporting date, and the forecast position assumes current net assets together with future Group profit projections.

(d) Provisioning for remedial works

The Company exercises judgement in respect of the recognition of provisions for future costs, and notes there is estimation uncertainty in the valuation of provisions - the inherent uncertainty of such matters means that the actual amount of the transactions may differ materially from the estimates made. In the year, the Company has recorded additional provisions in respect of fire safety and cladding as described in the Strategic Report and note 15.

The Company exercises judgement in determining the extent to which; (a) it has an obligation (as a result of a past event), (b) the likelihood that a liability will arise, as well as (c) quantifying the possible amount of any outflow of resource to settle the obligation.

The Company described in its Strategic Report that we had identified a number of projects where remediation works may be required to comply with regulations post-Grenfell. The Company's assessment is that the provision reflects the expected outflow of economic benefit from the Company to complete the remedial works on legacy schemes, and it expects that these outflows will occur over a period of 2 years from the date of this report. In arriving at this conclusion, the Company's judgement is that a significant majority of the costs of the works will be borne by third parties and therefore a receivable has been recognised where we are virtually certain amounts will be recovered. These amounts are recognised as a separate asset rather than to offset the receivable against the provision. Where the recovery is not virtually certain, no receivable is recognised. See note 22 in respect of the restatement of the prior year balance sheet for amounts receivable from third parties.

3. ANALYSIS OF TURNOVER

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

	2022 £'000	2021 £'000
Design and build contracting	**147,614**	125,670
Property development support services and project management	**19,919**	18,915
	167,533	144,585

All turnover arose within the United Kingdom.

4. EMPLOYEES

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

	2022 £'000	2021 £'000
Wages and salaries	**20,934**	18,796
Social security costs	**2,758**	2,356
Cost of defined contribution scheme	**402**	354
	24,094	21,506

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

	2022 No.	2021 No.
Site	**101**	95
Administration	**111**	101
	212	196

5. OPERATING PROFIT

The operating profit is stated after charging:

	2022 £'000	2021 £'000
Depreciation of tangible fixed assets (note 10)	**621**	509
Audit fee	**35**	22
Rent – operating leases (note 19)	**801**	827
Share based payment expense (note 18)	**1,846**	1,547
Defined contribution pension cost (note 4)	**402**	354

6. DIRECTORS' REMUNERATION

	2022 £'000	2021 £'000
Directors' emoluments	**2,124**	2,437
Company contributions to defined contribution pension schemes	**7**	7
	2,131	2,444

The highest paid director received remuneration of £536,000 (2021: £609,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,640 (2021: £1,600).

The total accrued pension provision of the highest paid director at 31 December 2022 amounted to £nil (2021: £nil).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £'000	2021 £'000
Other interest receivable	**56**	313
	56	313

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022 £'000	2021 £'000
Other interest payable	**21**	15
	21	15

9. TAXATION

	2022 **£'000**	2021 £'000
UK Corporation tax		
Current tax on profits for the year	-	16
Adjustments in respect of previous periods	-	-
Total current tax charge	-	16
Deferred tax		
Origination and reversal of timing differences	-	-
Recognition of deferred tax asset on losses brought forward	-	-
Adjustment opening deferred tax to average rate of 19%	-	-
Total deferred tax credit	-	-
Tax charge/(credit) on profit on ordinary activities	-	16

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022 **£'000**	2021 £'000
Profit on ordinary activities before tax	3,761	2,519
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	**715**	479
Effects of:		
Expenses not deductible for tax purposes	**1,747**	331
Income not taxable for tax purposes	**(1,313)**	(24)
Fixed asset differences	**(11)**	(6)
Group relief surrendered/(claimed)	**(1,086)**	-
Deferred tax asset not recognised	-	(760)
Adjustments to deferred tax charge in respect of prior periods	**(52)**	(4)
Total tax charge for the year	-	16

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company made some tax losses in previous years, for which no deferred tax asset has been recognised.

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Leasehold improvements	Total
	£'000	**£'000**	**£'000**
Cost			
At 1 January 2022	2,637	1,294	3,931
Additions	409		409
Disposals	(1,465)	-	(1,465)
At 31 December 2022	**1,581**	**1,294**	**2,875**
Depreciation			
At 1 January 2021	1,984	594	2,578
Charge for the period	489	132	621
Disposals	(1,465)	-	(1,465)
At 31 December 2022	**1,008**	**726**	**1,734**
Carrying value			
At 31 December 2022	**573**	**568**	**1,141**
At 31 December 2021	653	700	1,353

11. STOCKS

	2022 **£'000**	2021 (restated) £'000
Work in progress	**8,797**	3,951
	8,797	3,951

Work in progress recognised in cost of sales during the year was £153,300,000 (2021: £126,908,000).

No finance costs are included in the stocks balance (2021: £nil).

12. DEBTORS

	2022 £'000	2021 (restated) £'000
Debtors falling due more than one year		
Amounts owed by group undertakings	-	-
Amounts owed by joint ventures (note 20)	**8,783**	10,447
Debtors falling due within one year		
Trade debtors	**2,118**	1,116
Amounts owed by group undertakings	**28,044**	17,590
Amounts owed by joint ventures (note 20)	**14,205**	6,730
Other debtors	**14,999**	27,019
Prepayments and accrued income	**7,668**	8,462
VAT	**1,030**	901
Corporation Tax	**214**	337
	77,061	72,602

Within other debtors is an amount of £11,056,000 (2021: £12,940,000) of reimbursement asset related to insurance recovery of rectification works. The exact date of recovery is uncertain, and some may be recovered in more than one year.

13. CREDITORS: Amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	**2,069**	-
Amounts owed to group undertakings	**20,133**	33,897
Amounts owed to joint ventures (note 20)	**8**	8
Taxation and social security	**1,891**	1,957
Other creditors	**2,371**	2,246
Accruals and deferred income	**23,900**	17,584
	50,372	55,692

14. CREDITORS: Amounts falling due after more than one year

	2022 £'000	2021 £'000
Trade creditors	7,402	8,808
Obligations under contract	334	319
Other creditors	1,185	-
	8,921	9,127

Mount Anvil Limited has an obligation for dilapidations at the end of its office lease in 2027 – £334,000 has been provided for at the year end (2021: £319,000)

15. PROVISIONS

	2022 £'000	2021 (restated) £'000
At 1 January	12,179	1,500
Utilised in the year	(2,611)	(2,661)
Released in the year	-	(1,100)
Created in the year	5,746	14,440
At 31 December	15,314	12,179

Provision of £5,746,000 was made in the year (2021: £14,440,000) to complete remedial works on legacy schemes.

Refer to Notes 1 and 2 for the Group's policy on making provisions and for key judgments.

16. FINANCIAL INSTRUMENTS

Financial Assets	2022 £'000	2021 (restated) £'000
Financial assets that are debt instruments measured at amortised cost	90,853	92,246
	90,853	92,246
Financial liabilities		
Financial liabilities measured at amortised cost	(44,370)	(57,135)
	(44,370)	(57,135)

Financial assets measured at amortised cost comprise trade debtors, short term debtors owing by group companies, amounts recoverable on long term contracts, accrued income, other debtors and cash.
Financial liabilities measured at amortised cost comprise trade creditors, short term payables owing to group companies and other participating interests, accruals and other creditors.

17. SHARE CAPITAL

	2022 £'000	2021 £'000
Authorised		
1,000,000 Ordinary shares of £1 each	**1,000**	1,000
200,000 Deferred shares of £0.01 each	**2**	2
	1,002	1,002
Allotted, called up and fully paid		
550,000 Ordinary shares of £1 each	**550**	550

18. SHARE BASED PAYMENTS

18.1 Employee Shareholder Status Scheme

In 2015 employees were issued with C ordinary shares in the Company under an Employee Shareholder Status scheme ('ESS'). No shares were issued in the current year.

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 'the vesting period'). The value hurdles are linked to the consolidated net asset value of the Group. 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 the issue date and at all reporting dates. All share schemes are cash-settled.

	Weighted average share price (pence) 2022	Weighted average share price (pence) 2021	**Number 2022**	Number 2021
Outstanding at the start of the year	**414**	414	651,874	662,184
Granted during the year	**414**	414	-	-
Exercised during the year	**414**	414	(46,170)	(10,310)
Outstanding at end of the year			**605,704**	651,874

In the current year the Group's Directors were not granted any shares (2021: none).

The total expense recognised for the year arising from the ESS was a charge of £402,000 (2021: Credit of (£410,000).

18 SHARE BASED PAYMENTS (continued)

18.2 Growth Share Scheme

In 2018, any individual employees who had joined the Company subsequent to the original ESS scheme were offered the option to be issued with D and E ordinary shares under a new Growth Shareholder Scheme ('GSS').

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

Retaining ownership of the D and E ordinary shares is conditional on continuing employment. Specific rules apply if the employee ceases employment during the vesting period. The D and E ordinary shares have no dividend rights and no voting rights.

The shares in the Company issued under the GSS were valued using the net present value of estimated future economic returns at the issue date and will be remeasured at each subsequent reporting date.

	Weighted average share price (pence) 2022	**Weighted average share price (pence) 2021**	**Number 2022** E	**Number 2021** E
Outstanding at the start of the year	400	**400**	207,500	207,500
Granted during the year	400	**400**	-	-
Exercised during the year	400	**400**	-	-
Outstanding at the end of the year	400	**400**	**207,500**	207,500

	Weighted average share price (pence) 2022	**Number 2022 D**	Weighted average share price (pence) 2021	Number 2021 D
Outstanding at the start of the year	**400**	**547,496**	400	618,589
Granted during the year	***400***	-	*400*	-
Lapsed during the year	**400**	**(90,077)**	400	(71,093)
Outstanding at the end of the year	**400**	**457,419**	400	547,496

In the current year the Group's Directors were not granted any shares (2021: none).

The total expense recognised for the year arising from the GSS was a charge of £108,000 (2021: credit of (£69,000)).

18 SHARE BASED PAYMENTS (continued)

18.3 Long Term Incentive Plan

In 2020, a number of the Group's Directors along with other key employees acquired A3 shares in the Company under a Long-Term Incentive Plan ("LTIP").

The A3 shareholders are only entitled to realise the value from their A3 shares after a predetermined period of time. The value of shares will be based on net asset value of the Group at the time of sale of shares.

Retaining ownership of the A3 shares is dependant on certain conditions being met, such as continuing employment. Rules and compulsory sale rules apply should the employee cease employment during a predetermined time period.

The number of shares granted was 310,702 (2021: nil).

The total expense recognised for the year arising from the LTIP was £1,336,000 (2021: £1,068,000).

	Weighted average share price (pence) 2022	Number 2022	Weighted average share price (pence) 2021	Number 2021
Outstanding at start of year	503	541,896	-	-
Granted during the year	537	310,702	503	541,896
Exercised during the year	503	(86,068)		
Outstanding at the end of the year	**537**	**766,530**	503	541,896

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2022 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2022 £'000	2021 £'000
Not later than 1 year	**884**	916
Later than 1 year and not later than 5 years	**2,537**	3,421
Later than 5 years	**-**	-
Total	**3,421**	4,337

During the year, £801,000 was expensed to the profit & loss in relation to operating leases (2021: £827,000)

20. RELATED PARTY TRANSACTIONS

At 31 December 2022 the company was owed amounts totalling £22,988,000 (2021: £17,177,000) from joint ventures and associated undertakings. The company owed £8,000 (2021: £8,000) to joint ventures and associated undertakings.

At the end of the year the loan balance between C K Hurley and the Group was £1,185,000 owed to C K Hurley which is repayable on demand (2021: £115,000 owed to C K Hurley).

21. CONTROLLING PARTY

At 31 December 2022 and 31 December 2021, the immediate parent company was 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 2022 and 31 December 2021, the company's ultimate controlling party was C K Hurley. Copies of the Mount Anvil Group Limited financial statements are available from 140 Aldersgate Street, London, EC1A 4HY.

22. PRIOR YEAR RESTATEMENT

Provisions

Provisions for remedial works are recognised when the company has a present legal obligation as a result of a past event, it is probable that an outflow will be required to settle the obligation and that the amount can be reliably estimated.

In the prior year, provisions were measured at the value required to settle the obligation at the balance sheet date. Amounts that were forecast to be receivable from third parties in respect of the same obligation - and where the recovery was considered to be virtually certain - were offset against the provision.

In the current year, in light of further consideration of emerging and changing practice across the industry, management has reviewed this accounting policy and restated the prior year balance sheet. This restated treatment recognises the amounts receivable from third parties as a separate asset rather than to offset the receivable against the provision.

In the prior year, a virtually certain insurance recovery of £11,490,000 was offset against the provision and stock. The impact of the restatement is therefore to increase the provision by £10,679,000, reduce stock by £811,000 and to recognise a receivable of £11,490,000 that management deemed to be virtually certain.

Retentions

The Company presents retentions payable on long term contracts within trade creditors. In the prior year the Company classified all retention creditors as current. The retentions have been restated to better reflect when they become due based on the end of the Defects Liability Period for the contract to which they relate. As a result, non-current liabilities in the prior year have increased by £8,878,000. There was no impact to net assets.

The Company presents retentions receivable on long term contracts within amounts owed from joint ventures and amounts owed from group undertakings. In the prior year the Company classified all retention debtors as current. The retentions have been restated to better reflect when they become due based on the end of the Defects Liability Period for the contract to which they relate. As a result, retentions receivable from joint ventures and group companies have been restated and non-current amounts owed by joint ventures increased by £10,447,000. The impact of the restatement is to the debtors note disclosure and has not impacted the primary financial statements.