

**MOUNT ANVIL NEW HOLDINGS
LIMITED**

Report and Financial Statements

Year Ended

31 December 2012

Company number 07209710



MOUNT ANVIL NEW HOLDINGS LIMITED

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

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MOUNT ANVIL NEW HOLDINGS LIMITED

Registered office and professional advisers for the year ended 31 December 2012

Secretary and registered office

A S Duncan, 140 Aldersgate Street, London, EC1A 4HY

Directors

C K Hurley
D J C Clark
J A Spring
P Burslem
W G Westbrook
J M Robertson
C Fenton

Company number

07209710

Bankers

Royal Bank of Scotland plc
280 Bishopsgate,
London, EC2M 4RB

Lloyds TSB Bank plc
10 Gresham Street
London, EC2V 7AE

Barclays Bank plc
1 Churchill Place
London, E14 5HP

Close Brothers Group plc
10 Crown Place
London, EC2A 4FT

Bank of Ireland plc
Bow Bells House
1 Bread Street
London, EC4M 9BE

Solicitors

Addleshaw Goddard LLP
60 Chiswell Street
City of London, EC1Y 4AG

Wragge & Co LLP
3 Waterhouse Square
142 Holborn
London, EC1N 2SW

Peter Brown & Co
1st Floor, Comer House,
19 Station Road
New Barnet, Herts, EN5 1QJ

Auditors

BDO LLP
55 Baker Street
London, W1U 7EU

MOUNT ANVIL NEW HOLDINGS LIMITED

Report of the directors for the year ended 31 December 2012

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

Principal activities

The company's principal activity is that of an intermediate holding company for a group whose principal activities are property development and specialist design and build contracting

Directors

The directors of the company are set out below

C K Hurley
D J C Clark
J A Spring
P Burslem
W G Westbrook
J M Robertson
C Fenton (appointed 19 March 2013)

A S Duncan was appointed as Company Secretary on 19 March 2013

Charitable and political donations

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

Principal risks and uncertainties

The Board regularly reviews the financial requirements of the group and the risks associated therewith Operations are primarily financed from retained earnings and short and medium term bank borrowings In some cases the group uses interest rate caps or swaps to protect itself against significant interest rate rises The group does not use complicated financial instruments nor does it use derivative financial instruments for trading purposes

The Board regularly reviews and updates the forecast performance of the group in conjunction with a detailed cash flow model This ensures that working capital is continually optimised and requirements are identified at an early stage

Like all property groups Mount Anvil is exposed to changes in the property market however as detailed in the business review it is well placed to perform well in these challenging times

Results and dividends

The group's profit for the year before taxation was £10.1m (2011 £2.1m) During the year, ordinary share dividends of £3,750,000 (2011 nil) were paid (£5,000 per share)

MOUNT ANVIL NEW HOLDINGS LIMITED

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

Review of the business and future developments

Operating Review

Overview

The year ended 31 December 2012 was another exceptional period for Mount Anvil, with its highest ever reported profit before taxation of £10.1m (2011: £2.0m). The group continues to benefit from a clear focus on delivering quality product in the Inner London boroughs and delivered 480 (2011: 165) homes of which 279 private homes (2011: 127) were sold in the year. This location together with the focus on exceptional design and attention to detail is reflected in the average selling price achieved in the year of £525,000 (2011: £467,000).

The London housing market has continued to outperform the rest of the country and the long-term fundamentals for residential property in London (major international financial centre, growing population and a lack of supply of new homes) suggest this is likely to continue. Demand in these areas remains strong, with continued evidence of a shortage of well designed, quality product. Mount Anvil will continue to focus on this location and it is delighted by the support from repeat customers that is becoming an increasing feature of the business.

Mount Anvil also knows that forging highly collaborative and mutually beneficial partnerships gives a distinctive advantage and is fuelling success. The group has established strong relationships with financial partners, landowners and many of the UK's leading Registered Providers that share Mount Anvil's values and ambition. Mount Anvil aims to be the partner of choice in Central London.

Developments

Following excellent selling and marketing campaigns all but six of the 285 (2011: 141) private homes completed in the year were sold in the period.

The Central Square, London, EC1 development sold out within weeks of its final phase coming on to the market. Central Square has been widely recognised for its design, partnering approach and landscaping. It recently won silver for Best Interior Design and bronze for Best Partnership, the latter with our joint venture partner, One Housing Group at the What House? Awards, and was commended as one of London's best developments in the Sunday Times British Homes Awards. In total 274 homes were delivered at this scheme over a two year period including 170 for private sale, returning significant profit and cash to Mount Anvil and its joint venture partner.

The neighbouring scheme in Seward Street, London, EC1 also a joint venture partnership (with Notting Hill Housing Group) also completed in the year with all units pre-sold to LondonMetric Property plc. The group remain open to forward selling all or parts of its developments as part of its risk management strategy. As at 31 December, £78m of off plan sales (165 units) were in solicitor's hands for future delivery.

In addition to the two schemes above 80% of the Loxfords, Highbury, London, N5 was sold within one month of its launch in September 2012 including a significant pre-sale of 32 homes to a Hong Kong based investor. The final phase is expected to complete in May 2013.

This higher number of units coming through was a key driver in the increase in turnover of 20% for the period to £108.2m. The Adjusted Gross Margin (including the group's interest in joint ventures and before mezzanine financing costs) also increased to 24.1% from 17.3% in the prior year reflecting the continued focus on well located schemes and driving value from design as well as controlling costs.

In total, there were 1,298 homes under development at the start of the year, 279 were sold in the year and 195 affordable homes delivered to Registered Providers, six unsold and 818 still under construction. During the year, the purchase of three sites was completed adding 372 private homes and 60 affordable homes, resulting in a total pipeline carried forward of 1,256 homes and 14,500 sq m of commercial space. Based on current day prices, the total sales value of this pipeline is approximately £665m compared to £515m in the prior year.

MOUNT ANVIL NEW HOLDINGS LIMITED

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

The carry forward Adjusted Gross Margin attributable to the group on this pipeline (including our joint ventures' share) at the end of the year is estimated at £123m (2011 £64m)

The schemes acquired in the year include Eagle House EC1, Union Street SE1 and Farm Lane SW6 all of which have been agreed on an off market basis, which continues to be a strength of Mount Anvil. Eagle House, acquired from NAMA, is a 27-storey mixed – use development on City Road minutes from the City and will benefit from the area's new "Silicon Roundabout" technology hub status. The scheme will comprise 276 new homes, including 206 for private sale. The co-investors on Eagle House are AREA Property Partners - the group's ninth deal with them, and Morgan Stanley – the first collaboration. Union Street will deliver 85 homes in the shadow of the Shard. Farm Lane is a prime site in London's Fulham which was acquired in another joint venture with Affinity Sutton. It will be a luxurious development of 107 spacious homes, bringing Mount Anvil's considered design to one of London's most established residential areas.

Contracting

The Group has always taken great pride in the quality of construction and the level of customer service provided. With its own construction arm, Mount Anvil is able to ensure that all its products are delivered to its own exacting standards. The turnover in Mount Anvil Limited, the group's construction arm, was £67.3m (2011 £52.3m) and profit before taxation was £0.2m (2011 £1.6m), both before eliminating intra-group activity. 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 its 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 £21.1m and the intra-group private build contracts add a further £208.3m.

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. Mount Anvil demonstrates commitment to the environment through the promotion of sustainability throughout all of its business activities.

People

Mount Anvil has a thriving company culture. Engaged, positive and proactive people deliver dynamic, award winning customer service and build quality. This has been reflected with the inclusion in the Sunday Times Best Small Companies to Work For List for seven consecutive years, a stand out achievement for a British property business.

Investing in people is a central tenet of Mount Anvil's strategy. This is achieved through effective communication, intensive leadership and management development and structured health and safety training. Mount Anvil believes in maximising the potential of all its employees, maintaining clear objectives and stimulating creativity that in turn leads to a constantly evolving product offer for customers.

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

With the increasing scale and complexity of the schemes under development, the senior team has been strengthened, with a number of very experienced individuals recruited, complementing and increasing the depth of resource in the business. Of particular note were the addition of a new Chief Executive, Clive Fenton, and new General Counsel, Alan Duncan. Both are experienced individuals with a wealth of knowledge in the industry and will provide valuable resource for the next phase of growth at Mount Anvil. Killian Hurley, as Executive Chairman, remains fully engaged with the operation of the business.

MOUNT ANVIL NEW HOLDINGS LIMITED

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

Outlook

The group continues to benefit from a clear focus on delivering quality product in the Inner London boroughs. Demand in these areas remains strong, with continued evidence of a shortage of well designed, quality product. With excellent individuals working collaboratively as a team, Mount Anvil remains focussed on delivering controlled profitable growth. It also believes that the combination of the available funds from AREA Property Partners, strong cash flow and a solid reputation with the main senior debt providers, puts the group in an excellent position to secure additional land opportunities over the next 12 months. Given the strength of the sales pipeline, the carried forward gross margin and the level of pre-sales secured, the directors look to the future with confidence and to further significant increases in profitability.

Financial Review

Presentation of the Profit and Loss Account

One of the key parts of Mount Anvil's strategy is to become the partner of choice to deliver quality schemes in Central London. We are delighted that in 2012, the first full benefits of this strategy are flowing through to profit. As a result, a presentation of the profit and loss account has been selected to show the true underlying performance within the group and the importance of this part of the business.

Operating results

Revenue increased by 20% in the year to £108.2m reflecting the increase in homes sold and the increase in average selling price. The Adjusted Gross Margin (including the group's interest in joint ventures and before mezzanine financing costs) also increased in the year to 24.1% (2011: 17.3%) reflecting the improved mix of our schemes delivered in the period with our schemes in Seward Street, Highbury Park and Central Square performing strongly. Administrative expenses increased by £1.3m essentially reflecting higher employee costs as employee numbers have grown to manage the growing level of construction activity and support services required and additional bonus costs reflecting the excellent financial performance. Operating profit of £10.1m was a record level of achievement for the group.

Finance costs

Finance costs incurred in the year have increased to £5.9m from £3.8m. This comprised £5.8m of interest charged to cost of sales (including our share of interest on joint venture schemes) which was previously capitalised into work in progress and £0.1m of interest charged direct to the interest line in the income statement. The increase in amount of interest reflects the significant level of activity across our live schemes. The interest rate risk is mitigated on each scheme by hedging.

Taxation

The group's tax charge for the year was £3.6m (2011: £1.1m). This differed from the effective rate for the year mainly due to timing differences.

Balance sheet

The net assets of the group increased by £0.7m to £22.8m. Significant movements in the balance sheet include an additional investment of £24.7m in our joint venture entities reflecting the increasing strategic relationships the group is forming, an increase of stock of some £26.3m reflecting the construction costs on an increased number of sites in 2012.

MOUNT ANVIL NEW HOLDINGS LIMITED

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

Funding

Across the sector, bank funding for private residential development has been significantly constrained. However, in the last two years, the group has successfully secured new facilities of over £235m with high street lenders and a further £75m from mezzanine and joint venture partners.

During the year, the group secured two facilities, both for joint ventures. In total, these facilities amounted to £120m. We are particularly pleased that Barclays Bank was added to the list of lenders with two facilities totalling £85m.

In addition, the group has continued to develop the successful relationship with AREA Property Partners which was established in 2010 with an initial facility of £25m. During the year, this facility was increased further and together with amounts invested directly on our Eagle House scheme, the total investment stood at £78m by the year end. Since the introduction of AREA to the group, nine schemes have been purchased, adding a total of 1,349 units to the development pipeline. The group was also delighted that Morgan Stanley joined with AREA in 2013 as joint venture partners on Eagle House.

In total, these facilities set the group apart from many of its competitors and endorse the covenant strength offered by the group, its London-centric focus, quality of people, strong relationships and commitment to deliver excellence.

Directors' responsibilities

The directors are responsible for preparing the annual 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

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

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

MOUNT ANVIL NEW HOLDINGS LIMITED

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

The financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next annual general meeting.

By order of the Board



A S Duncan
Secretary

Date 19 April 2013

MOUNT ANVIL NEW HOLDINGS LIMITED

Independent auditor's report to the members of Mount Anvil New Holdings Limited

We have audited the financial statements of Mount Anvil New Holdings Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MOUNT ANVIL NEW HOLDINGS LIMITED

Independent auditor's report to the members of Mount Anvil New Holdings Limited (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



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

Date 19 April 2013

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

MOUNT ANVIL NEW HOLDINGS LIMITED

Consolidated profit and loss account for the year ended 31 December 2012

	<i>Note</i>	2012 £'000 Group	2012 £'000 Interest in JVs	2012 £'000 Total	2011 £'000 Group	2011 £'000 Interest in JVs	2011 £'000 Total
Turnover	2	54,488	53,749	108,237	80,597	9,877	90,474
Cost of sales		(47,575)	(43,041)	(90,616)	(74,209)	(8,000)	(82,209)
Gross profit		6,913	10,708	17,621	6,388	1,877	8,265
Administrative expenses		(7,534)	-	(7,534)	(6,178)	-	(6,178)
Operating profit	3	(621)	10,708	10,087	210	1,877	2,087
Share of operating profit in joint ventures		10,708			1,877		
Total operating profit: group and share of joint ventures		10,087			2,087		
Interest receivable and similar income	6	20			16		
Interest payable and similar charges	7	(54)			(2)		
Profit on ordinary activities before taxation		10,053			2,101		
Tax on profit on ordinary activities	8	(3,637)			(1,168)		
Profit on ordinary activities after taxation, being retained profit for the year	22	6,416			933		

All amounts relate to continuing activities

The notes on pages 14 to 28 form part of these financial statements

MOUNT ANVIL NEW HOLDINGS LIMITED

Consolidated statement of total recognised gains and losses for the year ended 31 December 2012

		Group	
		2012	2011
		£'000	£'000
Consolidated statement of total recognised gains and losses			
Group		(4,292)	(944)
Joint ventures		10,708	1,877
Profit for the financial year		6,416	933
Dividends	<i>20</i>	(3,750)	-
Allocation of SIP shares	<i>20</i>	(2,000)	(1,083)
Total recognised gains and losses for the year		666	(150)

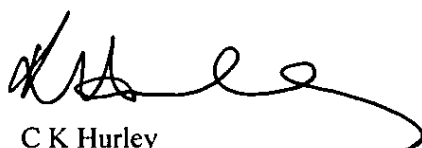
The notes on pages 14 to 28 form part of these financial statements

MOUNT ANVIL NEW HOLDINGS LIMITED

Consolidated balance sheet at 31 December 2012
Company number 07209710

	<i>Note</i>	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Intangible assets	9		1,588		1,748
Tangible assets	10		448		235
Investment in joint ventures	11				
Share of gross assets		63,946		51,766	
Share of gross liabilities		(19,318)		(31,852)	
			44,628		19,914
			46,664		21,897
Current assets					
Investment	12	2,406		5,139	
Stock	13	75,459		49,165	
Debtors	14	7,000		20,002	
Cash at bank and in hand	15	12,838		7,623	
		97,703		81,929	
Creditors: amounts falling due within one year	16	(93,086)		(25,334)	
Net current assets			4,617		56,595
Total assets less current liabilities			51,281		78,492
Creditors: amounts falling due after more than one year	17		(27,921)		(55,061)
Provisions for liabilities and charges	18		(553)		(1,290)
Net assets			22,807		22,141
Capital and reserves					
Called up share capital	19		4,142		4,142
Profit and loss account	20		11,668		11,002
Merger reserve	20		6,997		6,997
Shareholder's funds	22		22,807		22,141

The notes on pages 14 to 28 form part of these financial statements. The financial statements were approved by the board of directors and authorised for issue on 19 April 2013.


C K Hurley
Director

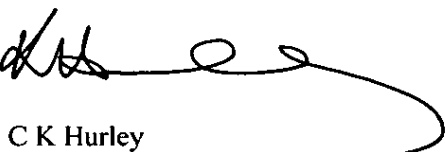
MOUNT ANVIL NEW HOLDINGS LIMITED

Company balance sheet at 31 December 2012

Company number 07209710

	<i>Note</i>	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Investments	11		14,754		7,000
Current assets					
Debtors	14	77,901		65,971	
Creditors: amounts falling due within one year	16	<u>(54,227)</u>		<u>-</u>	
Net current assets			<u>23,674</u>		<u>65,971</u>
Total assets less current liabilities			38,428		72,971
Creditors: amounts falling due after one year	17		<u>(22,510)</u>		<u>(53,303)</u>
Net assets			<u>15,918</u>		<u>19,668</u>
Capital and reserves					
Called up share capital	19		4,142		4,142
Profit and loss reserve	21		4,779		8,529
Merger reserve	21		6,997		6,997
Shareholder's funds	22		<u>15,918</u>		<u>19,668</u>

The notes on pages 14 to 28 form part of these financial statements. The financial statements were approved by the board of directors and authorised for issue on 19 April 2013.



C K Hurley
Director

MOUNT ANVIL NEW HOLDINGS LIMITED

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

1 Accounting policies

The financial statements are prepared under the historical cost convention and are in accordance with the Companies Act 2006 and applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The company was incorporated on 30 March 2010. The company acquired the entire share capital of Mount Anvil Group Limited's immediate subsidiary undertakings on 19 October 2010. The combination of companies has been accounted for using the merger method as described in FRS 6 Mergers and Acquisitions and Schedule 6(10) of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008.

Under the merger method of accounting, the results of the subsidiary undertakings are brought into the group from the beginning of the period and corresponding figures are restated as if the group had always been in existence.

Joint ventures

An entity is treated as a joint venture where the group holds a long term interest and shares control under a contractual agreement.

In the group accounts, interests in joint ventures are accounted for using the gross equity method of accounting. The consolidated profit and loss account indicates the group's share of the joint venture's turnover and includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings. In the consolidated balance sheet, the group's share of the identifiable gross assets and its share of the gross liabilities attributable to its joint ventures are shown separately.

Turnover

Turnover represents the value of measured works or the value of unconditional unit sales, net of value added tax.

Project management fees earned by the group, net of value added tax, are also included within turnover.

Profit and Loss

As permitted by section 408(3) of the Companies Act 2006, the company's entity profit and loss account has not been presented. As permitted by section 408(2) information about company's employee numbers and costs is not presented.

Depreciation

Tangible fixed assets are depreciated on a straight line basis at the following rates to reduce the cost to the anticipated residual value at the end of the expected useful lives of these assets:

Leasehold improvements	- over the remaining life of the relevant lease
Motor vehicles	- 25% per annum
Fixtures and fittings	- 33.3% per annum

Investments

Investments held as fixed assets are stated at cost.

MOUNT ANVIL NEW HOLDINGS LIMITED

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

1 Accounting policies (continued)

Stock

Stock is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional cost to completion and disposal. Stock includes attributable interest.

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for the contract.

Where losses are foreseen a provision for the loss is provided for immediately in the profit and loss account.

Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years.

Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition, and,
- in other years if events or changes in circumstances indicate that the carrying value may not be recoverable.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the year of the lease in proportion to the capital element outstanding.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account in the year in which they become payable.

Contribution to Share Incentive Plan ("SIP")

In accordance with UITF 38, contributions to the SIP are not recognised in the profit and loss account until such time as the shares vest unconditionally with the employees. Until that time, the SIP's investment in the shares of the company is shown as a reduction in reserves.

Share based payment

The value of share awards granted by the SIP trustee to the employees of the group is calculated using a generally accepted valuation methodology allowing for the lack of an observable market price as Mount Anvil Group Limited is an unlisted company.

MOUNT ANVIL NEW HOLDINGS LIMITED

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

1 Accounting policies (continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Deferred taxation in connection with the contribution to the SIP is shown as a deduction from the cost of the shares acquired. This is a departure from Financial Reporting Standard 19 to show the deferred tax liability as a provision for liabilities and charges. In the opinion of the directors, this departure is necessary in order to give a true and fair view of the company's affairs. The directors consider that, following the adoption of the accounting treatment under UITF 38 for the contribution to the SIP, the separation of the costs of the shares acquired and the relevant deferred taxation into two separate areas of the balance sheet would not give a true and fair view.

Post retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

Cash

Short-term deposits are amounts held on deposit accounts with a maturity year of up to 12 months.

Finance costs

Finance costs are capitalised in work in progress over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Cash flow statement

The company has taken advantage of the exemption conferred by FRS 1 'Cash Flow Statements' not to prepare a cash flow statement as it is included in the consolidated financial statements prepared by its ultimate parent company.

2 Turnover

The turnover and pre-tax results, all of which arose in the United Kingdom, were attributable to the activities of property development and specialist design and build contracting.

MOUNT ANVIL NEW HOLDINGS LIMITED

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

3 Operating profit

	2012 £'000	2011 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	71	67
Amortisation of goodwill	160	160
Auditors' remuneration - group		
Audit fee	51	55
Tax compliance	54	21
Other services	33	34
Operating lease charges		
Land and buildings	177	682
Other	176	11
	<hr/>	<hr/>

4 Employees

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

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

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

	2012	2011
	£'000	£'000
Directors' emoluments	1,013	671
Company contributions to money purchase pension schemes	7	8
	1,020	679

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

Emoluments	331	189
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6 Interest receivable and similar income

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

7 Interest payable and similar charges

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

MOUNT ANVIL NEW HOLDINGS LIMITED

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

8 Tax on profit on ordinary activities

	2012	2011
	£'000	£'000
<i>UK corporation tax</i>		
Charge to profit and loss account for the year	3,642	1,159
Adjustments in respect of previous years	<u>-</u>	<u>-</u>
Total current tax charge	3,642	1,159
<i>Deferred tax</i>		
Utilisation of losses and other timing differences (see note 18)	(5)	9
	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	3,637	1,168
	<u>-</u>	<u>-</u>

Of the total current tax charge, £2,202,000 (2011 £497,000) relates to taxation in respect of joint ventures

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below

	2012	2011
	£'000	£'000
Profit on ordinary activities before tax	10,053	2,101
Profit on ordinary activities at the standard rate of corporation tax in the United Kingdom of 24.5% (2011 26.5%)	2,463	557
Expenses not deductible for tax purposes	48	30
Expenses not deductible for tax purposes – fixed assets	20	1
Amortisation of goodwill	39	42
Capital allowances in excess of depreciation	(2)	(13)
Other short-term timing differences	1	1
Adjustment in respect of prior years	1,073	541
	<u>-</u>	<u>-</u>
Current tax charge for the year	3,642	1,159
	<u>-</u>	<u>-</u>

MOUNT ANVIL NEW HOLDINGS LIMITED

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

9 Intangible fixed assets

Group	Goodwill £'000
<i>Cost or valuation</i>	
At 1 January 2012 and 31 December 2012	<u>3,188</u>
<i>Amortisation</i>	
At 1 January 2012	1,440
Provided for the year	160
	<u>1,600</u>
At 31 December 2012	1,600
<i>Net book value</i>	
At 31 December 2012	1,588
At 31 December 2011	<u>1,748</u>

10 Tangible fixed assets

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

MOUNT ANVIL NEW HOLDINGS LIMITED

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

11 Fixed asset investment

Group	Interests in joint ventures £'000
<i>Cost</i>	
At 1 January 2012	18,037
Additions	14,006
	<hr/>
At 31 December 2012	32,043
	<hr/>
<i>Share of retained profits</i>	
At 1 January 2012	1,877
Profit for the year	10,708
	<hr/>
At 31 December 2012	12,585
	<hr/>
<i>Net book value</i>	
At 31 December 2012	44,628
	<hr/>
At 31 December 2011	19,914
	<hr/>

The group has the following aggregate interests in joint ventures

	2012 £'000	2011 £'000
<i>Share of assets</i>		
Share of fixed assets	13,259	13,335
Share of current assets	50,687	38,431
<i>Share of liabilities</i>		
Liabilities due within one year	(14,568)	(27,102)
Liabilities due after one year	(4,750)	(4,750)
	<hr/>	<hr/>
Share of net assets	44,628	19,914
	<hr/>	<hr/>

All costs incurred by 261 City Road Developments LLP, 72 Farm Lane Developments LLP and Eagle House Developments Limited were capitalised as part of the costs of development. Accordingly no profit or loss was made during the current or previous years. A significant part of the gross margin contribution for the group was generated in the Central Square and Seward Street schemes. Central Street Developments LLP fixed assets were nil, current assets were £18,410,000 and current liabilities were £574,000.

MOUNT ANVIL NEW HOLDINGS LIMITED

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

11 Fixed asset investments (continued)

Company	Interests in joint ventures £'000	Shares in group undertakings £'000	Total £'000
<i>Cost</i>			
At 1 January 2012	2,500	4,500	7,000
Additions	7,754	-	7,754
At 31 December 2012	10,254	4,500	14,754

The principal subsidiary and joint venture undertakings all of which were incorporated in the United Kingdom are shown below (* indicates investments are indirect)

Company name	% of shares held	Type of business
Mount Anvil Limited*	100	Construction company
Mount Anvil (Wandsworth Road) Limited	100	Property developer
Mount Anvil (Wandsworth Road 2) Limited	100	Property developer
Mount Anvil (Atlip Road) Limited	100	Property developer
Mount Anvil (Highbury Park) Limited	100	Property developer
Mount Anvil (Barnsbury) Limited	100	Property developer
Mount Anvil (SWD) Limited	100	Property developer
Mount Anvil (Broomhill Road) Limited	100	Property developer
Mount Anvil (Buckhold Road) Limited	100	Property developer
Peartree Street Developments Limited	100	Property developer
Seward Street Developments Holdco Limited	100	Intermediate holding company
Seward Street Developments LLP*	25	Property developer
Central Street Developments Holdco Limited	100	Intermediate holding company
Central Street Developments LLP*	50	Property developer
City Road Developments Holdco Limited	100	Intermediate holding company
261 City Road Developments LLP*	50	Property developer
Mount Anvil (Atlip Road Commercial) Limited	100	Property developer
Mount Anvil (Union Street) Limited	100	Property developer
Fulham Developments Holdco Limited	100	Intermediate holding company
72 Farm Lane Developments LLP*	50	Property developer
Eagle House Developments Limited	33 33	Property developer
Mount Anvil (Atlip Road) Limited	100	Property developer

All of the above companies, except for Eagle House Developments Limited, are registered in England and Wales and involved in the property industry. Eagle House Developments Limited is registered in Jersey. The directors have taken the exemption under section 410 of the Companies Act 2006 to disclose only those subsidiaries whose results and financial position principally affect the figures shown in these financial statements. A full list of subsidiary undertakings will be annexed to the company's next annual return.

MOUNT ANVIL NEW HOLDINGS LIMITED

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

12 Current asset investment

	2012 £'000	2011 £'000
Investment in parent company's shares	2,406	5,139

Certain subsidiaries of Mount Anvil New Holdings Limited contributed to a Share Incentive Plan (SIP) to purchase shares in the Mount Anvil Group Limited for the benefit of employees of the group

	Shares held in trust No.	Nominal value £'000	Total Cost £'000
Investment in holding company's shares			
At 1 January 2012	146,055	146	5,139
Allocation of shares to employees	(77,688)	(78)	(2,732)
At 31 December 2012	68,367	68	2,407

13 Stock

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Work in progress	75,459	-	49,165	-

Work in progress includes £9,019,000 (2011 £5,725,000) of capitalised interest. During the year £4,675,000 (2011 £5,760,000) was capitalised and £1,381,000 (2011 £3,071,000) was charged to the profit and loss account as part of cost of sales.

MOUNT ANVIL NEW HOLDINGS LIMITED

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

14 Debtors

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Trade debtors	1,948	-	5,222	-
Amounts due from parent undertaking	-	-	7,635	-
Amounts due from group undertakings	-	77,901	-	65,971
Amounts due from joint venture undertakings	-	-	3,216	-
Amounts recoverable on contracts	3,400	-	2,052	-
Other debtors	90	-	777	-
Other taxes and social security	873	-	428	-
Prepayments and accrued income	689	-	672	-
Deferred tax asset (see note 18)	-	-	-	-
	7,000	77,901	20,002	65,971

£22,510,000 (2011 £53,572,000) of company debtors are due after more than one year from the balance sheet date

15 Cash at bank and in hand

Cash at bank and in hand includes an amount of £1,568,000 (2011 £375,000) of customer deposits held with solicitors in relation to the developments being undertaken and deposits with a maturity year of up to 12 months

16 Creditors: amounts falling due within one year

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Bank loans (secured) – see note 17	10,869	-	6,491	-
Trade creditors	8,539	-	6,417	-
Other taxes and social security	575	-	287	-
Corporation tax	3,649	-	1,140	-
Other creditors	1,074	-	1,044	-
Payments on account	2,842	-	2,070	-
Accruals and deferred income	6,066	-	7,885	-
Amounts due to parent undertakings	40,427	52,396	-	-
Amounts due to Joint Venture undertakings	19,045	1,831	-	-
	93,086	54,227	25,334	-

MOUNT ANVIL NEW HOLDINGS LIMITED

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

17 Creditors: amounts falling due after more than one year

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Amounts due to parent undertakings	22,510	22,510	53,303	53,303
Bank loans (secured)	5,411	-	1,758	-
	27,921	22,510	55,061	53,303
Maturity of borrowings ,				
	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
In one year or less or on demand	10,869	-	6,491	-
In more than one year but not more than two years	5,411	-	1,758	-
In more than two years but not more than five years	-	-	53,303	53,303
	16,280	-	61,552	53,303

The bank loans are secured by a fixed charge over the specific assets to which the loans relate

18 Provisions for liabilities and charges

		Deferred tax £'000
At 1 January 2012		1,290
Deferred tax released on allocation of SIP shares		(732)
Credit to profit and loss account		(5)
At 31 December 2012		553
	2012 £'000	2011 £'000
Deferred tax		
SIP relief timing difference	553	1,285
Other timing differences	-	5
	553	1,290

MOUNT ANVIL NEW HOLDINGS LIMITED

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

19 Share capital

	2012 £'000	2011 £'000
<i>Authorised</i>		
750 ordinary shares of £1 each	1	1
4,141,000 redeemable preference shares of £1 each	4,141	4,141
	<hr/> 4,142	<hr/> 4,142
<i>Allotted, called up and fully paid</i>		
750 ordinary shares of £1 each	1	1
4,141,000 redeemable preference shares of £1 each	4,141	4,141
	<hr/> 4,142	<hr/> 4,142

The preference shares are redeemable on demand at the option of the company and carry no right to a dividend. The preference share holders are not entitled to vote on any ordinary, extraordinary or special resolution of the company.

Hammer B V ("Hammer") a subsidiary of Apollo European Real Estate Fund III LP and Apollo European Real Estate Fund III (Euro) LP, funds managed by AREA Property Partners (UK) Limited, has made available a facility of £49m to the company's parent undertaking Mount Anvil Group Limited. Under the terms of the facility Hammer can exercise an option to receive part repayment of the facility in warrants over the ordinary share capital of Mount Anvil New Holdings Limited rather than cash. At the balance sheet date Hammer had the option to receive warrants giving it the ability to acquire 250 ordinary B shares of the company at £1 per share. The ordinary B shares rank pari passu to the company's existing ordinary shares.

20 Reserves – Group

	Merger reserve £'000	Profit and loss account £'000
At 1 January 2012	6,997	11,002
Profit for the year	-	6,416
Allocation of SIP shares (net of deferred tax)	-	(2,000)
Dividends	-	(3,750)
	<hr/> 6,997	<hr/> 11,668
At 31 December 2012	6,997	11,668

MOUNT ANVIL NEW HOLDINGS LIMITED

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

21 Reserves – Company

	Merger reserve £'000	Profit and loss account £'000
At 1 January 2012	6,997	8,529
Dividends	-	(3,750)
At 31 December 2012	6,997	4,779

22 Reconciliation of movements in shareholder's funds

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Opening shareholder's funds	22,141	19,668	22,291	11,139
Dividends	(3,750)	(3,750)	-	8,529
Profit for the year	6,416	-	933	-
Allocation of SIP shares (net of deferred tax)	(2,000)	-	(1,083)	-
Closing shareholder's funds	22,807	15,918	22,141	19,668

23 Commitments under operating leases

The company has no operating leases. The group had annual commitments under non-cancellable operating leases which expire as follows:

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

MOUNT ANVIL NEW HOLDINGS LIMITED

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

24 Contingent liabilities

As at 31 December 2012 the company has guaranteed the bank borrowings of Mount Anvil (Highbury Park) Limited in respect of any cost overruns. The risk of these guarantees being called upon is considered remote and therefore the contingent liability is considered to be £nil. A guarantee has also been entered into in regard to cost overruns on the Affordable Housing build contract on the Highbury Park scheme. The risk of these guarantees being called upon is considered remote and therefore the contingent liability is considered to be £nil. The loan was repaid in full on the 2 April 2013.

As at 31 December 2012 the company has guaranteed the bank borrowings of Peartree Street Developments Limited in respect of any cost overruns. The contingent liability as at 31 December 2012 in relation to this guarantee is considered remote and therefore the contingent liability is considered to be £nil (2011 £1.0m).

As at 31 December 2012 the company has guaranteed the bank borrowings of Mount Anvil (Buckhold Road) Limited in respect of any cost overruns. The contingent liability as at 31 December 2012 in relation to this guarantee is considered to be £0.3m (2011 nil).

As at 31 December 2012 the company has guaranteed the bank borrowings of Mount Anvil (Union Street) Limited in respect of any cost overruns. The contingent liability as at 31 December 2012 in relation to this guarantee is considered to be £0.7m (2011 nil).

25 Controlling party

At 31 December 2012 the company's immediate and ultimate parent undertaking was Mount Anvil Group Limited. At 31 December 2012 the company's ultimate controlling party was C K Hurley.

Copies of the consolidated financial statements Mount Anvil Group Limited are available from Companies House.

26 Related party transactions

At the end of the year the group owed £1,065,000 to C K Hurley (2011 owed from C K Hurley £688,000). This amount is included in other creditors (2011 other debtors). During the year, C K Hurley redeemed preference shares amounting to £3,750,000. C K Hurley is a director of the company.

During the year the group invoiced amounts totalling £25,586,000 (2011 £35,787,000) to the group's joint ventures in respect of property construction contractor services. At 31 December 2012 the amount owing from Mount Anvil Group Limited and its subsidiaries to these joint ventures was £19,045,000 (2011 due from £3,184,000). The group's share of the assets and liabilities of Central Street Developments LLP, Seward Street Developments LLP, 261 City Road Developments LLP, 72 Farm Lane Developments LLP and Eagle House Developments Limited as at 31 December 2012 have been disclosed in note 11.

During the year the group sold an apartment to J A B Reid at open market value. J A B Reid is a shareholder of Mount Anvil Group Limited.