

MOUNT ANVIL NEW HOLDINGS LIMITED

Report and Financial Statements

Year Ended 31 December 2017

Company number: 07209710

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MOUNT ANVIL NEW HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS	C K Hurley D R J Hurley J R Hall E T Anderson W G Westbrook J M Robertson
COMPANY SECRETARY	E T Anderson
REGISTERED NUMBER	07209710
REGISTERED OFFICE	140 Aldersgate Street London EC1A 4HY
INDEPENDENT AUDITORS	BDO LLP 55 Baker Street London W1U 7EU
BANKERS	Lloyds Bank plc 10 Gresham Street London EC2V 7AE
SOLICITORS	Dickson Minto Broadgate Tower 20 Primrose Street London EC2A 2EW

MOUNT ANVIL NEW HOLDINGS LIMITED

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MOUNT ANVIL NEW HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Our vision is to be Central London's most respected development partner.

We have evolved significantly over the past 26 years however our core values have remained constant: work collaboratively, raise the bar, do the right thing. Our values underpin everything we do. From our world-class Health and Safety culture, to the exceptional quality materials we use. From the locations we choose, to the partners we work with. From our unrelenting focus on our people, to sharing our financial success with others who are less fortunate. Ultimately, it comes back to our basic respect for people. It's what makes us different, even a little unusual in our industry – it's what sets us apart. Our partners tell us the reason they repeatedly work with us is that they have trust in our ability to deliver – borne of our character and competence.

The results are clear:

- Partners that want to work with us repeatedly
- Developments that people are proud to live in, work in and have in their communities
- Four consecutive years as the UK's Number One Company for Health and Safety
- Three years as Resi Developer of the Year (2013-2015)
- Eleven consecutive years as one of the Sunday Times Best 100 Small Companies to Work For
- Consistently profitable over 26 years

We recruit and retain increasingly capable people. Mount Anvil is a truly owner-managed business – in order to reinforce this position and in light of recent headcount growth we have recently launched a new share scheme which will mean approximately 90% of our people will be shareholders. Our partners tell us that our owner managed ethos gives a substantial advantage.

London is ever-changing and we're proud of the role we've played over the last 26 years in creating homes and communities which enhance its world class status.

Over the last four years the Group has adapted its land acquisition strategy in response to market conditions. In our view, the market for sites with implementable planning consents has been overheated, and the level of competition and prices paid for sites had become unsustainable. Consequently, the Group has consciously limited its exposure to competitive bidding processes, and diverted resources to building long-term relationships with existing and potential partners and other stakeholders, with the long-term objective of lessening our reliance on competitive land bidding.

As an owner-managed business, we are able to make decisions based on what's best in the long term, rather than because of a need to satisfy external shareholders every quarter. That means we remain disciplined in our approach to land-buying, only acquiring the sites that fulfil all of our investment criteria. Then, once we have purchased a site, we manage costs in an equally stringent fashion, ensuring that we deliver best value, without sacrificing the quality that is associated with a Mount Anvil branded home.

Our long-term approach is paying-off. In 2017 we exchanged on contracts to deliver three Central London schemes with a combined capacity to deliver over 1,200 new homes. Additionally, in 2018 to date we have exchanged on contracts to deliver more than 2,000 homes and have a further a scheme for nearly 1,000 units at an advanced stage of the legal process.

We are delighted with the success of our approach, which is focused on maximising long-term profit, minimising risk and delivering a positive legacy. It has enabled us to deliver exceptional financial results, for both Mount Anvil and our partners.

MOUNT-ANVIL NEW HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

OVERVIEW OF RESULTS

All our completions in the year were from developments undertaken through joint ventures (JVs) with a number of repeat partners. We manage each of these joint ventures on behalf of our partners, and therefore the true scale of the Group's activities and profit generation are demonstrated by the total joint venture turnover¹ of £283 million (2016: £258 million) and total profit before tax² of £89 million (2016: £73 million³) generated by our development activities (including our partners' share). We are delighted to have generated £76 million (2016: £50 million²) of profit for our JV partners in 2017 and are set to generate a further £179 million in the future from schemes (including our partners' share) that we have currently exchanged contracts on, or are in legal to acquire.

The Group reported a profit before tax and exceptional items of £11.8 million in 2017 (2016: £7.4 million³), from a turnover of £225.5 million (2016: £198.0 million). Our reported turnover includes our share of joint venture developments of £71.8 million (2016: £91.1 million), along with turnover from contracting and services of £140.5 million (2016: £98.3 million) and property development services of £13.2 million (2016: £8.6 million).

A total of 214 homes (2016: 280) were delivered in the year, all of which were private (2016: 10 affordable). The average selling price of our private homes increased to £1,179,000 (2016: £877,000), reflecting our award-winning, design-led and legacy-focused approach to building homes in locations people want to live in. The average selling price was higher than it normally would be as a result of the mix of units sold in the year; that included the completion of remaining penthouse apartments at Dollar Bay and completions at Queens Wharf (which are higher value units than our previous and pipeline schemes) – we expect the average selling price to return to previous levels in 2018.

By delivering high quality homes and a great customer experience to our buyers, we have again won a Gold Award for Customer Satisfaction for 2017, achieving a 98% customer recommendation rating (2016: 98%). As a world class city, demand for London property – and for our homes – remains strong; we have already secured 61% of our 2018-2020 sales targets with significant levels of pre-sales on a number of our schemes.

DEVELOPMENT SUMMARY

Our results for the year have been driven largely by significant numbers of unit completions at our Queens' Wharf (157 of 165 units) and Keybridge (43 of 273 units) schemes, and the completion of our Dollar Bay scheme. As at 31 December 2017, the total pipeline of homes carried forward on our owned developments amounted to 440 homes and the total pipeline of commercial space amounted to 9,400 sq m (2016: 875 homes and 9,400 sq m of commercial space). Based on current day prices, the total sales value of this pipeline, together with freehold disposals, is approximately £588 million (2016: £867 million). As at 31 December 2017, the total pipeline of homes carried forward on schemes we have exchanged contracts on, or that we are in legal to acquire, amounted to 4,124 homes and the total pipeline of commercial space amounted to 15,436 sq m (2016: 875 homes and 9,400 sq m of commercial space). Based on current day prices, the total sales value of this pipeline, together with freehold disposals, is approximately £3,199 million (2016: £559 million).

CONTRACTING SUMMARY

The turnover in Mount Anvil Limited, the Group's construction arm, was £146.9 million (2016: £97.9 million) and profit before taxation was £0.3 million (2016: £1.8 million), both before eliminating intra-group activity. Looking forward, the external Registered Provider order book has a value of £5.9 million (2016: £9.8 million) and the intra group private build contracts add a further £231 million (2016: £246 million).

FINANCIAL PERFORMANCE

The performance of the Group as described above resulted in profit before tax and exceptional administrative expenses of £11.8 million (2016: £7.4 million). The Group changed its Corporate borrowing cost accounting policy in the year, electing to expense interest as incurred as opposed to capitalising interest. This change in accounting policy has been applied retrospectively with an impact of restating 2016 profit before tax by £5.2 million (2016 restated: £7.4 million, 2016 £12.6 million) and restating net assets by £15.8 million (2016 restated: £55.5 million, 2016 £71.4 million). Further detail on the accounting policy change is presented in the notes to the financial statements (note 25).

¹ KPI defined as being total scheme turnover, including joint venture's share

² KPI defined as being total scheme margin, including joint venture share, and including Mount Anvil's statutory profit before tax

³ KPI prior year comparative restated to reflect borrowing cost accounting policy change. See note 25 for more detail.

MOUNT-ANVIL-NEW-HOLDINGS-LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

The net assets of the Group increased by £8.2 million to £63.7 million. The strong financial performance of our schemes led to closing net cash (defined as cash, cash equivalents and loans receivable less loans payable) of £32.2 million (2016: net cash of £18.6 million). This was a particularly strong net cash performance in a year that included the repayment of the remaining Group debt of £25 million, making the Group debt-free as at 31 December 2017 - a significant milestone for the business.

Other significant movements in the Statement of Financial Position include an increase in the value of our investments in joint ventures of £4.2 million, reflecting our investment in Royal Docks West schemes offset by the amortisation and realisation of schemes that completed in 2017. An increase in creditors falling due within a year of £20.1 million predominately relates to timing differences, particularly an increase in accruals on construction projects in Mount Anvil Limited, and an increase in deferred income on live schemes.

PEOPLE AND THE ENVIRONMENT

SUSTAINABILITY

Mount Anvil believes that sustainability is integral to the design process. Good design is sustainable design, and the understanding of people, places and the environment ensures that Mount Anvil are designing and delivering developments to meet the current and future needs of customers, the community and all stakeholders. Our commitment to the environment and sustainability led to us being awarded a second Globe of Honour by the British Safety Council in 2016.

HEALTH AND SAFETY

We have been recognised by the British Safety Council as the UK's Number One company for Health and Safety for 4 successive years, across any sector and were awarded a 5 Star Rating and a score of 99.97% (2016: 99.7%) – the highest ever issued. This demonstrates our proven culture of excellence in health and safety practices and risk management.

PEOPLE

We believe that engaged, positive and proactive people deliver excellent customer service and great financial returns. Our inclusion in the Sunday Times Best 100 Small Companies to Work For list for the eleventh consecutive year is a stand out achievement for Mount Anvil and is unique in our industry.

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

PRINCIPAL RISKS AND UNCERTAINTY

The Board regularly reviews the financial requirements of the Group and the risks associated therewith. Group operations are primarily financed from retained earnings and short and medium term borrowings. Historically, the Group has used interest rate caps or swaps to protect itself against significant interest rate rises, but the Group does not use complicated financial instruments, nor does it use derivative financial instruments for trading purposes.

Like all property groups, 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 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.

This report was approved by the board on 28 September 2018 and signed on its behalf.


Jon Hall
Director

MOUNT ANVIL NEW HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and principal activity

The principal activity of Mount Anvil New Holdings Limited in the year under review was that of a holding company of a property development business. The group made a profit before tax of £11,834,000 (2016: £6,690,000) in the year. No distributions were paid in the year (2016: £nil)

The company is expected to continue as a holding company.

Directors

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

E T Anderson
J R Hall
C K Hurley
D R J Hurley
J M Robertson
W G Westbrook
P R Burslem (Resigned on 21 March 2018)
J A Spring (Resigned on 27 November 2017)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

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

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

Charitable donations and political contributions

The aggregate amount of charitable donations made during the year was £178,000 (2016: £152,000), there were no political contributions.

MOUNT ANVIL NEW HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

Events after the statement of financial position date


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

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.

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 handwritten signature in black ink, appearing to be 'Jon Hall', is written over a horizontal line.

Jon Hall
Director

Date: 28.9.18

MOUNT ANVIL NEW HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOUNT ANVIL NEW HOLDINGS LIMITED

Opinion

We have audited the financial statements of Mount Anvil New Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 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.

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 Group and the Parent 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

MOUNT ANVIL NEW HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOUNT ANVIL NEW HOLDINGS LIMITED

Matters on which we are required to report by exception

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

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 Group's and the Parent 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 Group or the Parent 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.

A further description of our responsibilities for the audit of the financial statements is located at 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Thomas Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU

Date:

28/05/18

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

MOUNT ANVIL NEW HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £'000	2016 restated £'000
Turnover including share of joint ventures		225,465	197,985
Less: joint ventures' turnover		(71,814)	(91,148)
Turnover	3	153,651	106,837
Cost of sales		(146,454)	(106,558)
Gross profit		7,197	279
Administrative expenses		(15,392)	(15,116)
Exceptional administrative expenses	11	-	(757)
Share of profit of joint ventures	13	20,967	26,460
Total operating profit	4	12,772	10,866
Interest receivable and similar income	8	1,068	1,993
Interest payable and similar charges	9	(2,006)	(6,169)
Profit before taxation		11,834	6,690
Profit before taxation and exceptional administrative expenses		11,834	7,447
Taxation on profit from ordinary activities	10	(4,311)	(1,903)
Profit for the year and total comprehensive income for the year (Attributable to owners of the parent company)		7,523	4,787

All amounts relate to continuing operations.

The notes on pages 13 to 31 form part of these financial statements.

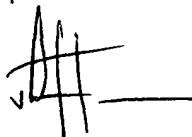
MOUNT ANVIL NEW HOLDINGS LIMITED
REGISTERED NUMBER: 07209710

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £'000	2016 restated £'000
Fixed assets			
Tangible fixed assets	12	1,648	567
Investments	13	49,495	45,261
		<u>51,143</u>	<u>45,828</u>
Current assets			
Stocks	14	3,704	3,530
Debtors: amounts falling due within one year	15	32,453	48,303
Cash at bank and in hand	16	32,196	18,553
		<u>68,353</u>	<u>70,386</u>
Creditors: amounts falling due within one year	17	(55,763)	(35,685)
Net current assets		<u>12,590</u>	<u>34,701</u>
Total assets less current liabilities		<u>63,733</u>	<u>80,529</u>
Creditors: amounts falling due after more than one year	18	-	(25,000)
Deferred tax asset	20	12	12
Net assets		<u>63,745</u>	<u>55,541</u>
Capital and reserves			
Called up share capital	21	4,142	4,142
Profit and loss account		51,009	43,486
Merger reserve		6,997	6,997
Capital contribution reserve		1,597	916
Equity attributable to owners of the parent Company		<u>63,745</u>	<u>55,541</u>

The notes on pages 13 to 31 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 28 September 2018.



J. R Hall
Director

MOUNT ANVIL NEW HOLDINGS LIMITED
REGISTERED NUMBER: 07209710

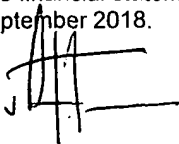
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		2017 £'000	2016 restated £'000
Fixed assets			
Investments	13	42,189	52,808
		<u>42,189</u>	<u>52,808</u>
Current assets			
Debtors: amounts falling due within one year	15	70,120	66,569
Cash at bank and in hand	16	11,346	4,469
		<u>81,466</u>	<u>71,038</u>
Creditors: amounts falling due within one year	17	(80,902)	(79,500)
Net current assets / (liabilities)		<u>564</u>	<u>(8,462)</u>
Total assets less current liabilities		<u>42,753</u>	<u>44,346</u>
Net assets		<u><u>42,753</u></u>	<u><u>44,346</u></u>
Capital and reserves			
Called up share capital	21	4,142	4,142
Profit and loss account		31,614	33,207
Merger reserve		6,997	6,997
		<u>42,753</u>	<u>44,346</u>

The Company loss for the year and total comprehensive expense for the year was £1,593,000 (2016 restated profit: £7,202,000).

The notes on pages 13 to 31 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 28 September 2018.


J. R Hall
Director

MOUNT ANVIL NEW HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2017**

	Share capital	Merger reserve	Capital contribution reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2016 (as previously stated)	4,142	6,997	90	50,330	61,559
At 1 January 2016 (as restated – see Note 25)	4,142	6,997	90	39,649	50,878
Comprehensive income for the year					
Comprehensive income for the year (as previously stated)	-	-	-	9,947	9,947
Comprehensive income for the year (as restated - see Note 25)	-	-	-	4,787	4,787
Total comprehensive income for the year	-	-	-	4,787	4,787
Contributions by and distributions to owners					
Capital contribution	-	-	826	-	826
Dividends paid	-	-	-	(950)	(950)
Total transactions with owners			826	(950)	(124)
At 31 December 2016 (as restated)	4,142	6,997	916	43,486	55,541
At 1 January 2017 (as restated)	4,142	6,997	916	43,486	55,541
Comprehensive income for the year					
Comprehensive income for the year	-	-	-	7,523	7,523
Total comprehensive income for the year	-	-	-	7,523	7,523
Contributions by and distributions to owners					
Capital contribution	-	-	681	-	681
Dividends paid	-	-	-	-	-
Total transactions with owners	-	-	681	-	681
At 31 December 2017	4,142	6,997	1,597	51,009	63,745

The notes on pages 13 to 31 form part of these financial statements.

MOUNT ANVIL NEW HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2017**

	Share capital	Merger reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2016 (as previously stated)	4,142	6,997	37,439	48,578
At 1 January 2016 (as restated – see Note 25)	4,142	6,997	26,955	38,094
Comprehensive income for the year				
Comprehensive income for the year (as previously stated)	-	-	12,362	12,362
Comprehensive income for the year (as restated – see Note 25)	-	-	7,202	7,202
Total comprehensive income for the year	-	-	7,202	7,202
Contributions by and distributions to owners				
Dividends paid	-	-	(950)	(950)
Total transactions with owners	-	-	(950)	(950)
At 31 December 2016 (as restated)	4,142	6,997	33,207	44,346
At 1 January 2017 (as restated)	4,142	6,997	33,207	44,346
Comprehensive income for the year				
Comprehensive income for the year	-	-	(1,593)	(1,593)
Total comprehensive income for the year	-	-	(1,593)	(1,593)
Contributions by and distributions to owners				
Dividends paid	-	-	-	-
Total transactions with owners	-	-	-	-
At 31 December 2017	4,142	6,997	31,614	42,753

The notes on pages 13 to 31 form part of these financial statements.

MOUNT ANVIL NEW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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 company is a private company limited by share capital incorporated and domiciled in England. The address of the registered office is set out on the Contents page of these financial statements.

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent Company would be identical;
- No cash flow statement has been presented for the Group or parent Company as this is included within the cash flow statement for Mount Anvil Group Limited, Mount Anvil New Holdings parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Group as a whole.

The disclosures in the supporting notes relate to the consolidated financial statements of Mount New Holdings Limited, unless otherwise stated in respect of the individual company's results.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

1.2 Basis of consolidation - subsidiaries

The consolidated financial statements incorporate the results of Mount New Holdings Limited and all of its subsidiary undertakings as at 31 December 2017 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

1.3 Basis of consolidation - joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the joint venture.

1.4 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 are recognised on a percentage of completion basis, net of value added tax, and are also included within turnover.

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.

MOUNT ANVIL NEW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

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

The estimated useful lives range as follows:

Fixtures and fittings	- 3 years
Leasehold improvements	- 10 years

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

1.6 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 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Stocks

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 but excludes certain sales and marketing costs. At each reporting date, inventories are assessed for impairment. If stocks are impaired the carrying amount is reduced to its selling price less costs to complete and sell.

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.

1.9 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.

1.10 Cash and cash equivalents

Short-term deposits are amounts held on customer deposit accounts with solicitors in relation to the developments being undertaken.

1.11 Financial instruments

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

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

MOUNT ANVIL NEW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

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

1.12 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.

1.13 Finance costs

Finance costs arising on the Group's corporate loan facility are expensed when incurred. Finance costs incurred in relation to loans in development companies are capitalised in work in progress over the term of the development, where the costs are separately identifiable and are directly attributable to the acquisition or construction of an asset that takes a substantial period of time to complete. All other finance costs are charged to profit or loss over the term of the debt using the effective interest rate method.

1.14 Cash settled share scheme

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

1.15 Defined contribution pension plan

The Group 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.

1.16 Provisions for liabilities

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

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

When payments are made, they are charged to the provision carried in the Statement of Financial Position.

1.17 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 and the Group operate 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:

MOUNT ANVIL NEW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries and joint ventures and the Group 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.

1.18 Reserves

The Group and Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- Merger reserve represents the value of the acquired sub-group at acquisition.
- The capital contribution reserve contains the employee share scheme contribution from Mount Anvil Group Limited.
- Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

1.19 Going concern

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

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) Carrying value of land and work in progress and estimation of costs to complete

The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed units. As residential development is largely speculative by nature, not all inventories are covered by forward sales contracts. Furthermore due to the nature of the Group's activity and, in particular the length of the development cycle, the Group has to assess the risks and forecast the costs in future years to complete such developments.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates made.

(b) Revenue recognition

Assumptions are made which complement external certifications to assess whether the building work for properties sold is physically complete and legal completion is highly probable and hence whether the Group's revenue recognition criteria have been satisfied.

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. ANALYSIS OF TURNOVER

Turnover was attributable to the activities of property development and specialist design and build contracting as follows:

	2017 £'000	2016 £'000
Property development	13,199	8,581
Design and build contracting	140,452	98,256
	<u>153,651</u>	<u>106,837</u>

All turnover arose within the United Kingdom.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £'000	2016 £'000
Depreciation of tangible fixed assets (note 12)	526	323
Rent - operating leases	665	464
Share based payment expense (note 22)	681	826
Fees payable to the Group's auditor and its associates for the audit of the Company's annual accounts	121	122
Defined contribution pension cost (note 23)	<u>131</u>	<u>65</u>

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. AUDITORS' REMUNERATION

	2017 £'000	2016 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	4	4
Fees payable to the Company's auditor for the audit of the Company's subsidiary companies	117	118
	<u>121</u>	<u>122</u>

6. EMPLOYEES

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

	2017 £'000	2016 £'000
Wages and salaries	17,557	15,817
Social security costs	3,523	2,063
Cost of defined contribution pension scheme	131	65
	<u>21,211</u>	<u>17,945</u>

Included in wages and salaries are share based payment charges of £681,000 (2016: £826,000). Refer to note 23 for additional information.

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

	2017 No.	2016 No.
Site	119	112
Administration	86	72
	<u>205</u>	<u>184</u>

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. DIRECTORS' REMUNERATION

	2017 £'000	2016 £'000
Directors' emoluments	2,327	2,426
Company contributions to defined contribution pension schemes	6	6
	<u>2,333</u>	<u>2,432</u>

The highest paid director received remuneration of £641,000 (2016: £588,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,000 (2016: £5,000).

The total accrued pension provision of the highest paid director at 31 December 2017 amounted to £5,000 (2016: £5,000).

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £'000	2016 £'000
Loan interest receivable	1,016	1,657
Other interest receivable	52	336
	<u>1,068</u>	<u>1,993</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £'000	2016 Restated £'000
Loan interest payable	2,006	6,169
	<u>2,006</u>	<u>6,169</u>

Historically interest charged on the mezzanine loan facility was capitalised and subsequently released against future joint venture profits. The directors have determined that it would be more appropriate to recognise interest expense at the point in which it was incurred, and as such the prior year period has been restated to reflect this. This had an impact in the year ending 31 December 2016 of an additional £6,105,000 being recognised in respect of interest payable. See Note 25 for further detail.

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. TAXATION

	2017 £'000	2016 £'000
UK Corporation tax		
Current tax on profits for the year	526	2,603
Adjustments in respect of previous periods	3,785	(644)
	<u>4,311</u>	<u>1,959</u>
Total current tax		
Deferred tax		
Origination and reversal of timing differences	-	(56)
	<u>-</u>	<u>(56)</u>
Taxation on profit on ordinary activities	<u><u>4,311</u></u>	<u><u>1,903</u></u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	<u><u>11,834</u></u>	<u><u>11,850</u></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	2,278	2,370
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(1,842)	233
Adjustments to tax charge in respect of prior periods	3,875	(644)
Short term timing difference leading to an increase in taxation	-	(56)
Total tax charge for the year	<u><u>4,311</u></u>	<u><u>1,903</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	2017 £'000	2016 £'000
Exceptional operating items	-	757
	<u>-</u>	<u>757</u>

Exceptional operating items in 2016 related to the costs of relocating the Group's office, including the write-off for the residual net book value of leasehold improvements to the old office. There were no similar items incurred in the current year.

12. TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £'000	Leasehold improvements £'000	Total £'000
Cost			
At 1 January 2017	1,313	86	1,399
Additions	592	1,072	1,664
Disposals	(327)	-	(327)
At 31 December 2017	<u>1,578</u>	<u>1,158</u>	<u>2,736</u>
Depreciation			
At 1 January 2017	832	-	832
Charge for the period	418	108	526
Disposals	(270)	-	(270)
At 31 December 2017	<u>980</u>	<u>108</u>	<u>1,088</u>
At 31 December 2017	<u>598</u>	<u>1,050</u>	<u>1,648</u>
At 31 December 2016	<u>481</u>	<u>88</u>	<u>567</u>

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. FIXED ASSET INVESTMENTS

Group

**Investment in
joint ventures**

£'000

Carrying value

At 1 January 2017 (as previously stated)

60,980

At 1 January 2017 (as restated – see Note 25)

45,261

Additions

1,768

Capital repaid to members

(10,338)

Amortisation

(167)

Write off

(138)

Dividend received from joint venture

(7,858)

Joint venture profit share

20,967

49,495

At 31 December 2017

Company

**Investments in
joint ventures**

**Investments in
subsidiary
companies**

Total

£000

£000

£000

Carrying Value

At 1 January 2017 (as previously stated)

57,290

11,040

68,330

At 1 January 2017 (as restated – see Note 25)

41,768

11,040

52,808

Additions

268

-

268

Capital repaid to members

(10,338)

-

(10,338)

Finance fee amortisation

(363)

-

(363)

Write off

(138)

(48)

(186)

At 31 December 2017

31,197

10,992

42,189

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. FIXED ASSET INVESTMENTS (continued)**Subsidiary companies**

Name	Country of Incorporation	Holding	Principal activity
Mount Anvil Limited*	United Kingdom	100%	Construction company
Mount Anvil (Development Management) Limited	United Kingdom	100%	Property development manager
Mount Anvil Centre of Excellence Limited^o	United Kingdom	100%	Business support services
Mount Anvil (Union Street) Limited^o	United Kingdom	100%	Property developer
Mount Anvil (Buckhold Road) Limited^o	United Kingdom	100%	Property developer
Buckhold Road Commercial Limited^o	United Kingdom	100%	Buying and selling real estate
Mount Anvil (Broomhill Road) Limited^o	United Kingdom	100%	Property developer
Eagle House Freehold Limited^o	United Kingdom	100%	Buying and selling real estate
City Road Developments Holdco Limited	United Kingdom	100%	Intermediate holding company
Fulham Developments Holdco Limited^o	United Kingdom	100%	Intermediate holding company
Mount Anvil Holdings Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil (Old Co) Limited**o	United Kingdom	100%	Intermediate holding company
Seward Street Developments Holdco Limited^o	United Kingdom	100%	Intermediate holding company
Central Street Developments Holdco Limited^o	United Kingdom	100%	Intermediate holding company
Mount Anvil (Milton Keynes) Limited^o	United Kingdom	100%	Dormant company
Mount Anvil (St.Anne's Limited)^o	United Kingdom	100%	Dormant company
Mount Anvil (SSM) Limited^o	United Kingdom	100%	Dormant company
Mount Anvil UK2 Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil UK Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil UK3 Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil UK4 Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil UK5 Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil (Western Gateway Holdco 2) Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil (Western Gateway Holdco 3) Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil (New Cross Gate) 1 Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil (New Cross Gate) 2 Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil (New Cross Gate) 3 Limited	United Kingdom	100%	Intermediate holding company

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. FIXED ASSET INVESTMENTS (continued)

Joint Ventures

Name	Country of Incorporation	Holding	Principal activity
Eagle House Developments Limited	Jersey	33.33%	Property developer
261 City Road Developments LLP*	United Kingdom	50%	Property developer
City Road (Lexicon) Limited*	Bermuda	50%	Property developer
Seward Street Developments LLP*	United Kingdom	25%	Property developer
Central Street Developments LLP* ^{ao}	United Kingdom	50%	Property developer
72 Farm Lane Developments LLP*	United Kingdom	50%	Property developer
Mount Anvil (Jersey) Limited	Jersey	50%	Intermediate holding company
Mount Anvil (Keybridge House) Limited* ^{ao}	Jersey	50%	Intermediate holding company
Keybridge House LLP*	United Kingdom	25%	Property developer
Mount Anvil (Kidderpore) Limited*	Jersey	25%	Property developer
Mount Anvil (Riverside) Limited* ^{ao}	Jersey	50%	Intermediate holding company
Hammersmith Developments Holdco Limited*	United Kingdom	50%	Intermediate holding company
Queen's Wharf Riverside LLP*	United Kingdom	25%	Property developer
Mount Anvil (Dollar Bay) Limited*	Jersey	25%	Intermediate holding company
Dollar Bay Developments Holdco Limited*	United Kingdom	25%	Intermediate holding company
Dollar Bay Developments LLP*	United Kingdom	12.5%	Property developer
Mount Anvil (Keybridge House 2) Limited* ^{ao}	United Kingdom	50%	Intermediate holding company
Keybridge House 2 LLP*	United Kingdom	25%	Property developer
Mount Anvil (Gillender) Limited*	United Kingdom	25%	Intermediate holding company
Gillender 2 LLP*	United Kingdom	12.5%	Property developer
Western Gateway LLP*	United Kingdom	25%	Intermediate holding company
Mount Anvil (Western Gateway) Limited*	Jersey	25%	Property developer
Mount Anvil (Stepney Way 1) Limited*	United Kingdom	50%	Intermediate holding company
Stepney Way 1 LLP*	United Kingdom	25%	Property developer
Mount Anvil (Stepney Way 2) Limited*	United Kingdom	50%	Intermediate holding company
Stepney Way 2 LLP*	United Kingdom	25%	Property developer

MOUNT ANVIL NEW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. FIXED ASSET INVESTMENTS (continued)

The above footnotes are denoted as follows:

* These entities are held through an intermediate holding company. They all have a reporting period ended 31 December with the exception of Keybridge House LLP, Keybridge House 2 LLP, Hyde Regeneration LLP, Gillender 2 LLP and Queens Wharf Riverside LLP which have reporting periods ended 31 March.

^ These entities have taken an exemption from audit by parent guarantee under section 497A of the Companies Act 2006.

° These entities are dormant and exempt from the requirement to file accounts.

The registered address of all UK subsidiaries and joint ventures is 140 Aldersgate Street, London, EC1A 4HY.

The registered address of all Jersey subsidiaries and joint ventures is 44 Esplanade, St Helier, Jersey, JE4 9WG.

The registered address of the Bermuda joint venture is Canon's Court, 22 Victoria Street, Hamilton, Bermuda, HM12.

14. STOCKS

	Group	Group	Company	Company
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Work in progress	3,704	3,530	-	-
	<u>3,704</u>	<u>3,530</u>	<u>-</u>	<u>-</u>

Work in progress recognised in cost of sales during the year as an expense was £145,258,000 (2016: £93,715,000).

No stocks are pledged as security for liabilities (2016: £nil).

15. DEBTORS

	Group	Group	Company	Company
	2017	2016	2017	2016
	£'000	restated £'000	£'000	restated £'000
Trade debtors	157	1,227	-	-
Amounts owed by group undertakings	537	1,069	70,117	66,038
Amounts owed by joint ventures	22,605	18,174	-	-
Other debtors	5,951	786	3	447
Loan	-	26,347	-	-
Prepayments and accrued income	3,203	700	-	84
	<u>32,453</u>	<u>48,303</u>	<u>70,120</u>	<u>66,569</u>

All amounts are due for repayment within one year.

The loan balance of £26,347,000 owed from a joint venture partner was settled during the year and settled separately from the £25,000,000 owed to the company's parent during the year. See Note 18.

Prior year restatement

The prior period has been restated to show additional amortisation in relation to capitalised borrowing costs of £122,000. The residual capitalised balance was reclassified from 'Prepayments and accrued income' to 'Other debtors'. See note 25 for further details.

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. CASH AND CASH EQUIVALENTS

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Cash at bank and in hand	32,196	18,553	11,346	4,469
	<u>32,196</u>	<u>18,553</u>	<u>11,346</u>	<u>4,469</u>

Cash at bank and in hand includes an amount of £53,000 (2016: £903,000) held with solicitors and is available on demand.

17. CREDITORS: Amounts falling due within one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 Restated £'000
Trade creditors	7,587	5,150	-	-
Amounts owed to group undertakings	-	-	80,764	79,485
Amounts owed to joint ventures	439	301	-	-
Corporation tax	3,776	3,425	126	-
Taxation and social security	1,511	1,373	-	-
Other creditors	2,542	1,622	-	-
Accruals and deferred income	39,908	23,814	12	15
	<u>55,763</u>	<u>35,685</u>	<u>80,902</u>	<u>79,500</u>

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

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Loans due to parent undertakings	-	25,000	-	-
	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>

The loan balance of £26,347,000 owed from a joint venture partner was settled during the year and settled separately from the £25,000,000 owed to the company's parent during the year. See Note 15.

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. FINANCIAL INSTRUMENTS

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Financial assets measured at amortised cost	31,818	47,897	70,120	66,063
	<u>31,818</u>	<u>47,897</u>	<u>70,120</u>	<u>66,063</u>
Financial liabilities measured at amortised cost	(39,867)	(25,066)	(80,764)	(78,953)
	<u>(39,867)</u>	<u>(25,066)</u>	<u>(80,764)</u>	<u>(78,953)</u>

Financial assets measured at amortised cost comprise trade receivables, short term receivables owing by other participating interests, accrued income and other debtors.

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

20. DEFERRED TAX ASSET

Group	Deferred tax asset £000
At 1 January 2017	12
Credited to the profit or loss	-
At 31 December 2017	<u>12</u>

The provision for deferred taxation is made up as follows:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Accelerated capital allowances	12	12	-	-
	<u>12</u>	<u>12</u>	<u>-</u>	<u>-</u>

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. SHARE CAPITAL

	2017 £'000	2016 £'000
<i>Authorised, 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
	<u>4,142</u>	<u>4,142</u>

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

22. SHARE BASED PAYMENTS

In 2015 employees of Mount Anvil Limited, a subsidiary of the Company, 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.

	Weighted average share price (pence) 2017	Number 2017	Weighted average share price (pence) 2016	Number 2016
Outstanding at the start of the year	414	1,064,643	414	1,422,582
Granted during the year	414	-	414	-
Lapsed during the year	414	(110,439)	414	(357,939)
Outstanding at the end of the year		<u>954,204</u>		<u>1,064,643</u>

In the current year, the Group's directors were not granted any share (2016: none). The total expense recognised for the year arising from the ESS scheme was £681,000 (2016: £826,000).

MOUNT ANVIL NEW HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

23. PENSION COMMITMENTS

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 pension cost charge represents contributions payable by the Group to the fund and amounted to £131,000 (2016: £65,000). Contributions totalling £19,000 (2016: £16,000) were payable to the fund at the Statement of Financial Position date.

24. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the Group and Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Not later than 1 year	817	23	-	-
Later than 1 year and not later than 5 years	2,969	2,992	-	-
Later than 5 years	3,044	3,838	-	-
Total	<u><u>6,830</u></u>	<u><u>6,853</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

25. PRIOR YEAR RESTATEMENT

Historically, the directors have elected to capitalise borrowing costs on the mezzanine loan facility into the valuation of joint venture investments, with such amounts then amortised against the future profits of joint venture schemes. During the year the directors have reviewed this balance and determined instead that such borrowing costs should be recognised at the point in which they were incurred. Both treatments are allowable under the requirements of FRS 102 Section 25, but any subsequent policy changes must be applied retrospectively to the financial statements.

Profit and loss account	£'000
At 1 January 2016 as previously reported	50,330
Capitalised interest adjustment	<u>-10,681</u>
 At 1 January 2016 as restated	 39,649
 Profit for the year as previously reported	 9,947
Prior year adjustment	-5,160
Dividends paid	<u>-950</u>
 At 31 December 2016 as restated	 43,486

MOUNT ANVIL NEW HOLDINGS LIMITED

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25. PRIOR YEAR RESTATEMENT (continued)

Group

Statement of financial position	As previously stated	Capitalised interest adjustment	Restated
	2016	2016	2016
	£'000	£'000	£'000
Investments	60,980	-15,719	45,261
Debtors	48,425	-122	48,303
Net assets	71,382	-15,841	55,541
Profit and loss account	59,327	-15,841	43,486
Total equity attributable to shareholders	<u>71,382</u>	<u>-15,841</u>	<u>55,541</u>

Company

Statement of financial position	As previously stated	Capitalised interest adjustment	Restated
	2016	2016	2016
	£'000	£'000	£'000
Investments	68,330	-15,522	52,808
Debtors	66,144	425	66,569
Creditors	-78,953	-547	-79,500
Net assets	59,990	-15,644	44,346
Profit and loss account	<u>48,851</u>	<u>-15,644</u>	<u>33,207</u>
Total equity attributable to shareholders	<u>59,990</u>	<u>-15,644</u>	<u>44,346</u>

In relation to the Group, the aggregate impact for periods before those presented in these financial statements is a decrease to the retained earnings position brought forward at 1 January 2016 of £10,681,000. In relation to the Company, the equivalent aggregate impact is £10,484,000.

26. RELATED PARTY TRANSACTIONS

At the end of the year the loan balance with C K Hurley and the Group was £47,000 (2016: £674,000) owed to C K Hurley, the highest balance during the year was £674,000 owed to C K Hurley. During the year C K Hurley redeemed preference shares amounting to £nil (2016: £950,000).

During the year the group invoiced amounts totalling £143,384,000 (2016: £99,813,000) to the Group's joint ventures in respect of construction services. At 31 December 2017 the amount owed to Mount Anvil New Holdings Limited and its subsidiaries from these joint ventures in relation to construction services was £22,604,000 (2016: £18,714,000). At 31 December 2017 the amount owed by Mount Anvil New Holdings Limited and its subsidiaries to these joint ventures in relation to construction activities was £439,000 (2016: £301,000).

Mount Anvil New Holdings Limited received dividends totalling £9,597,000 in the year (2016: £24,149,000) and paid no dividends (2016: £950,000).

No apartments were sold to related parties in 2017 or 2016.

See note 7 for Director's remuneration. The Directors are considered to be the key management personnel in the Group.

MOUNT ANVIL NEW HOLDINGS LIMITED

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27. CONTROLLING PARTY

At 31 December 2017 and 31 December 2016 the company's immediate and ultimate parent undertaking was Mount Anvil Group Limited. At 31 December 2017 and 31 December 2016 the company's ultimate controlling party was C K Hurley.

Copies of the consolidated financial statements Mount Anvil Group Limited are available from 140 Aldersgate Street, London, EC1A 4HY.