

Registered number:
04410393

MOUNT ANVIL GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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MOUNT ANVIL GROUP LIMITED

COMPANY INFORMATION

DIRECTORS	E T Anderson J R Hall C K Hurley D R J Hurley
COMPANY SECRETARY	E T Anderson
REGISTERED NUMBER	04410393
REGISTERED OFFICE	140 Aldersgate Street London EC1A 4HY
INDEPENDENT AUDITORS	BDO LLP 55 Baker Street London W1U 7EU

MOUNT ANVIL GROUP LIMITED

CONTENTS

	Page
Group Strategic Report	1
Directors' Report	6
Independent Auditors' Report	9
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Financial Position	13
Company Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Company Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	19
Notes to the Financial Statements	20

MOUNT ANVIL GROUP LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

OVERVIEW OF RESULTS

Our business is focused on delivering homes in Central London in joint venture (JV) with repeat partners who like us take a long term view. We are committed to this focused strategy for the future, as our growing pipeline evidences.

Group turnover for 2022 was £245.1 million (2021: £200.6 million), including our share of JV developments of £74.2 million (2021: £65.6 million), along with turnover from contracting and construction of £147.6 million (2021: £125.7 million) and property development of £23.2 million (2021: £9.3 million).

The strong financial performance of our JV schemes led to closing net cash position of £16.6m (2021: £30.1m). We ended the year with a strong net cash position with a reduction reflecting significant investment into schemes during the year. This was another strong cash performance in a year that included the £72.5 million of investment into new and existing JV's. Continuing discipline around cash will support the business's growth ambitions.

Significant movements in the Statement of Financial Position include an increase in the carrying value of our investment in our JVs of £27.9million, including significant investment into new and ongoing developments; dividend receipts from schemes that have completed in the year of £13.7m, our share of JV profit of £9.3m. An increase in stock reflects investment in new JV schemes which we are close to exchanging contracts on.

We delivered a total of 386 homes (2021: 442) in the year through our JVs, of which 178 were private (2021: 399), and 208 were affordable (2021: 43). The average selling price of our private homes was £498,000 (2021: £510,000). The change in mix between private and affordable completions reflects the mix of completions by project in the year, with 2022 being influenced by substantial completions at our Royal Eden Docks scheme in comparison to a greater number of completions in 2021 taking place at our Three Waters and Silk District schemes. This year saw an average selling price that is reflective of our typical price point and of our pipeline, and where we can leverage our premium brand to deliver results that outstrip the competition in a given locality.

As a world class city, demand for London property – and for our homes – remains strong. Over recent years, we have significantly improved our sales and marketing strategy and execution, which has resulted in a record-breaking number of pre-sold homes. At the date of this report, we have already secured 100% of our 2023 sales targets and 61% of sales targets across our five-year plan (on schemes where homes have launched). Pre-selling our homes provides significant security over future income, something which is highly valued by our partners. This strategy does give rise to a risk around build cost inflation however the Group manages this where necessary through optimisation of our schemes.

We have restated our provisions balance in 2021 to demonstrate the gross impact of the cost to Mount Anvil and the insurance recoveries we anticipate. This increased our 2021 provisions to £12.2m and receivables from third parties in relation to the works to £13.0m (including the £10.7m that was previously netted against the provision). We continue to prioritise residents' safety, and, as well as commencing remedial works on schemes included in the 2021 provision, have carried out a further review of legacy schemes and recorded £5.7m of additional provisions.

DEVELOPMENT SUMMARY

Our results for the year have been driven largely by significant numbers of home completions at our Royal Eden Docks scheme, which is being developed in joint venture with London International Exhibition Centre. As at 31 December 2022, the total pipeline of homes carried forward on our developments¹ amounted to 3,866 homes (2021: 3,846). Based on current day prices, the total sales value of this pipeline, together with commercial disposals, is approximately £2.02 billion (2021: £1.9 billion).

CONTRACTING SUMMARY

Mount Anvil Limited, our in-house construction business, generated turnover of £165.7 million² (2021: £144.6 million), before eliminating intra-group activity. Looking forward, the external Registered Provider order book has a value of £263.9 million (2021: £244.6 million) and the intra group private build contracts add a further £776.7million (2021: £390.6 million).

¹ For pipeline schemes, this includes owned and contracted sites, and those where we are in advanced stages of legal to acquire

² Mount Anvil Limited turnover and PBT only

MOUNT ANVIL GROUP LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

PEOPLE AND THE ENVIRONMENT

We invest in finding good people and then we give them the space, responsibility, and resources to do their best work. We've continued our focus on instilling a clear business culture throughout the business. We've been recognised no fewer than six times in the past three years by the Business Culture Awards, including 2020 Best Integrated Talent Approach.

The launch of the Employee Shareholder Status scheme in 2015 and Growth Share scheme in 2018 means the majority of our staff are shareholders in the 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 and a stake in the outcome.

Long standing and strong relationships with our partners and supply chain have allowed us to deliver operational results and leave us well positioned to capitalise on new opportunities.

Sustainability

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

Positive Partnerships: outlining our ESG strategy.

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

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

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

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

Our Partnerships, Community & Sustainability Director chairs our newly assembled Sustainability Working Group – a 20+ strong, cross-functional working group across a variety of seniorities and roles from Mount Anvil that is tasked evolving our thinking and approach using the data we've collected across our sites.

Health and Safety

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

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

MOUNT ANVIL GROUP LIMITED

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

BOARD DECISION MAKING: SECTION 172 STATEMENT

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

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

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

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

People

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

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

JV partners

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

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

Funders

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

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

Purchasers

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

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

MOUNT ANVIL GROUP LIMITED

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Residents & Community

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

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

Supply chain

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

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

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

MOUNT ANVIL GROUP LIMITED

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

Business continuity and risk management

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

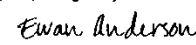
The Group has continued to be largely unaffected by Brexit or the impacts of the war in Ukraine during the year including labour supply and cost inflation. Our pre-sold sales position remains strong and to date has been largely unaffected.

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

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

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

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

DocuSigned by:

0647538CDB13445
Ewan Anderson
Director

MOUNT ANVIL GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Results and principal activity

The principal activity of Mount Anvil Group 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 £6,291,000 (2021: £3,956,000) in the year. No distributions were paid in the year (2021: £nil). Net assets have increased in year by £4,730,000 as a result of the recorded profits after tax of £6,678,000 offset by a movement in the EBT reserve as a result of the purchase of own shares by the EBT for £2,010,000 (2021: £nil) – see note 23. During the year the company bought back and cancelled £nil shares (2021 – £nil) for a consideration of £nil (2021 – £nil).

The company is expected to continue as a holding company.

Directors

The following directors have held office since the beginning of the year and up to the date of signing the financial statements.

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

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 £284,000 (2021: £347,000), there were no political contributions (2021: £nil).

Other matters and going concern

The directors have conducted a rigorous assessment of the Group's ability to continue to operate for the foreseeable future. In making this assessment, consideration has been given to the inherent uncertainty in future financial forecasts and the inherent cyclical nature of the housing market. The operational focus of the business is delivering complex development projects which requires a solid financial position with a long term focus. Where applicable, we have applied severe but plausible sensitivities to key factors affecting the expected and forecast financial performance and liquidity of the group – taking into account these factors and the on-going impact on the business caused by the uncertainty in the wider economic

MOUNT ANVIL GROUP LIMITED

DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Other matters and going concern (continued)

and market conditions. This assessment has considered downside case forecasts where significant delays, cost increases and revenue reduction are experienced.

Stress test sensitivities have been applied to these forecasts to model the impact of a significant fall in sales prices on unsold homes, and for a substantial increase in build costs in making our assessment.

The Group's risk management principles are to keep financial risk sufficiently low by forward selling where possible, maintaining a sound balance sheet, and appropriate headroom in our financing activities. The Group's existing access to cash resource remains strong post year-end – the Group's liquidity is further strengthened by access to the GLA loan facility that signed in 2020.

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

Streamlined energy and carbon reporting

The following figures make up the baseline report for Mount Anvil Group Limited. The report has been prepared on the following basis;

- No Mandatory emissions have been excluded from this report
- The DEFRA 2021 emissions factors have been applied.
- This report is aligned with GHG protocol and Environmental Reporting Guidelines including the streamlined energy and carbon reporting guidance.
- Scope of emissions included in the below includes electricity, natural gas, red diesel indirect transport.

		2022	2021	Movement
Total UK energy consumption (gas, electricity and transport), kWh	Natural Gas (kWh)	-	1,126,167	(1,126,167)
	Direct Transport (kWh)	25,139	-	25,139
	Red Diesel (kWh)	-	8,948	(8,948)
	Total Scope 1 Energy (kWh)	1,316,062	1,135,115	180,947
	Scope 2: Electricity purchased. Total Electricity (kWh)	1,316,062	874,757	441,305
	Scope 3: Indirect Transport (kWh)	71,380	198,489	(127,109)
	Total Scope 1, 2 and 3 Energy Consumption (kWh)	1,484,427	2,208,361	(723,934)
Emissions from combustion of gas, tCO ₂ e (scope 1)	Natural Gas (tCO ₂ e)	-	206.0	(206.0)
Emissions from combustion of fuel for transport purposes, tCO ₂ e (scope 1)	Direct Transport (tCO ₂ e)	6.3	-	6.3
Emissions from Red Diesel tCO ₂ e (Scope 1)	Red Diesel (tCO ₂ e)	18.4	2.0	16.4
	Total Scope 1 – (tCO ₂ e)	24.7	208.0	(183.3)
Emissions from purchased electricity, tCO ₂ e (scope 2)	Location Based (LB) (tCO ₂ e)	254.5	186.0	68.5
	Market Based (MB) (tCO ₂ e)	387.5	80.0	307.5
Scope 3 indirect emissions	Scope 3: Indirect Transport (kWh)	17.6	49.0	(31.4)
Total emissions from gas, electricity and transport, tCO ₂ e	Location based Total Scope 1, 2 and 3 Emissions (tCO ₂ e)	296.8	443.0	(146.2)
	Market based Total Scope 1 and 2 Emissions (tCO ₂ e)	429.8	337.0	92.8
Intensity ratio	(tCO ₂ e per £m of sales revenue)	2.3	3.4	(1.1)

MOUNT ANVIL GROUP LIMITED

**DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

On behalf of the Board

DocuSigned by:

Ewan Anderson

Ewan Anderson

Company Secretary

30 May 2023

MOUNT ANVIL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MOUNT ANVIL GROUP LIMITED

Opinion on the financial statements

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 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mount Anvil Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise 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 Consolidated Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

MOUNT ANVIL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MOUNT ANVIL GROUP LIMITED

Other Companies Act 2006 reporting

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.

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 Directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of Directors

As explained more fully in the Directors' Report, 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.

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

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

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

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

MOUNT ANVIL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MOUNT ANVIL GROUP LIMITED

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

DocuSigned by:

Charles Ellis

71D0B433DEE2415

Charles Ellis (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
30 May 2023

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

MOUNT ANVIL GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Turnover including share of joint ventures		245,082	200,625
Less: joint ventures' turnover		<u>(74,236)</u>	<u>(65,616)</u>
Turnover	4	170,846	135,009
Cost of sales		(153,600)	(125,762)
Exceptional cost of sales		-	(1,146)
Gross profit		17,246	8,101
Other income		-	2,058
Administrative expenses		(19,921)	(15,046)
Share of profit of joint ventures	13	<u>9,292</u>	<u>8,427</u>
Total operating profit	5	6,617	3,540
Interest receivable and similar income	9	98	703
Interest payable and similar charges	10	<u>(424)</u>	<u>(287)</u>
Profit before taxation		6,291	3,956
Taxation on profit from ordinary activities	11	<u>387</u>	<u>32</u>
Profit for the year and total comprehensive income for the year (Attributable to owners of the parent company)		<u>6,678</u>	<u>3,988</u>

All amounts relate to continuing operations.

The notes on pages 20 to 43 form part of these financial statements.

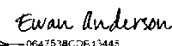
MOUNT ANVIL GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
REGISTERED NUMBER: 04410393

	Note	2022 £'000	2021 (restated) £'000
Fixed assets			
Tangible fixed assets	12	1,141	1,352
Investments	13	61,656	33,769
		62,797	35,121
Current assets			
Stocks	14	12,112	3,951
Debtors	15	63,414	59,613
Cash at bank and in hand	16	37,255	37,411
Deferred tax asset	21	1,272	382
		114,053	101,357
Creditors: amounts falling due within one year	17	(44,477)	(23,031)
Net current assets		69,576	78,326
Total assets less current liabilities		132,373	113,447
Creditors: amounts falling due after more than one year	18	(32,678)	(21,616)
Provisions	19	(15,313)	(12,179)
Net assets		84,382	79,652
Capital and reserves			
Called up share capital	22	6,730	6,730
Share premium account		30	30
Capital redemption reserve		3,531	3,544
Merger Reserve		576	576
EBT reserve		(1,325)	685
Retained earnings		74,840	68,087
Equity attributable to owners of the parent company		84,382	79,652

The notes on pages 20 to 43 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 May 2023.

DocuSigned by

 06A7538CDE13442
 Ewan Anderson
 Director

MOUNT ANVIL GROUP LIMITED

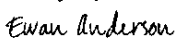
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
REGISTERED NUMBER: 04410393

	Note	2022 £'000	2021 (restated) £'000
Fixed assets			
Investments	13	17,226	15,380
		17,226	15,380
Current assets			
Debtors	15	16,815	8,684
Cash at bank and in hand	16	8,793	7,453
		25,608	16,137
Creditors: amounts falling due within one year	17	(4,583)	(3,147)
Net current assets		21,025	12,990
Total assets less current liabilities		38,251	28,370
Creditors: amounts falling due after more than one year	18	(16,346)	(4,104)
Net assets		21,905	24,266
Capital and reserves			
Called up share capital	22	6,730	6,730
Share premium account		30	30
Capital redemption reserve		3,527	3,546
Share based payment reserve		576	576
EBT reserve		(1,325)	685
Retained earnings		12,367	12,699
Equity attributable to owners of the parent company		21,905	24,266

The company Loss for the year was £407,000 (2021: profit £2,619,000).

The notes on pages 20 to 43 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 May 2023

DocuSigned by:

0647538CDB13445
Ewan Anderson
Director

MOUNT ANVIL GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2022

	Share capital	Share premium	Capital redemptio n reserve	Share based payment reserve	EBT reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	6,730	30	3,544	576	685	68,087	79,652
Comprehensive income for the year							
Comprehensive income for the year	-	-	-	-	-	6,678	6,678
Total comprehensive income for the year	-	-	-	-	-	6,678	6,678
Contribution by and distribution to owners							
Share buy back	-	-	-	-	-	75	75
Other Reserve	-	-	(13)	-	-	-	(13)
EBT Reserve (note 23)	-	-	-	-	(2,010)	-	(2,010)
Total transactions with owners	-	-	(13)	-	(2,010)	75	(1,948)
At 31 December 2022	6,730	30	3,531	576	(1,325)	74,840	84,382

The notes on pages 20 to 43 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Share capital	Share premium	Capital redemptio n reserve	Share based payment reserve	EBT reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	6,730	30	3,544	576	685	64,099	75,664
Comprehensive income for the year							
Comprehensive income for the year	-	-	-	-	-	3,988	3,988
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,988</u>	<u>3,988</u>
Contribution by and distribution to owners							
Capital Contribution	-	-	-	-	-	-	-
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2021	<u>6,730</u>	<u>30</u>	<u>3,544</u>	<u>576</u>	<u>685</u>	<u>68,087</u>	<u>79,652</u>

The notes on pages 20 to 43 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2022**

	Share capital	Share premium	Capital redemption Reserve	Share based payment reserve	EBT reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022 (restated)	6,730	30	3,546	576	685	12,699	24,266
Comprehensive loss for the year							
Comprehensive loss for the year	-	-	-	-	-	(407)	(407)
Total comprehensive expense for the year	-	-	-	-	-	(407)	(407)
Contributions by and distributions to owners							
Share buy back	-	-	-	-	-	75	75
Other reserve	-	-	(19)	-	-	-	(19)
EBT reserve	-	-	-	-	(2,010)	-	(2,010)
Total transactions with owners	-	-	(19)	-	(2,010)	75	(1,954)
At 31 December 2022	6,730	30	3,527	576	(1,325)	12,367	21,905

The notes on pages 20 to 43 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021**

	Share capital	Share premium	Capital redempt ion Reserve	Share based payment reserve	EBT reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	6,730	30	3,546	576	-	10,080	20,962
Comprehensive income for the year							
Comprehensive income for the year	-	-	-	-	-	2,619	2,619
Total comprehensive income for the year	-	-	-	-	-	2,619	2,619
Contributions by and distributions to owners							
Capital contribution	-	-	-	-	-	-	-
Restatement (note 30)	-	-	-	-	685	-	685
Total transactions with owners	-	-	-	-	685	-	685
At 31 December 2021 (restated)	6,730	30	3,546	576	685	12,699	24,266

The notes on pages 20 to 43 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021 (restated)
	£'000	£'000
Cash flows from operating activities		
Profit for the financial year	6,678	3,988
Adjustments for:		
Depreciation of tangible assets	621	513
Interest payable	424	287
Tax charge/ (credit)	(387)	(32)
Increase in stocks	(8,161)	(2,790)
Increase in deferred tax asset	(890)	(48)
(Increase) / decrease in debtors (excluding joint ventures/ group undertakings)	5,624	(22,691)
Decrease in creditors due in less than one year (excluding joint ventures/group undertakings)	18,166	7,309
Decrease/ (increase) in amounts owed by joint ventures	(9,327)	12,834
(Decrease) / increase in amounts owed to joint ventures	(1,119)	(1,084)
(Decrease) / Increase in creditors due in more than one year (excluding joint ventures)	(1,717)	1,439
Increase in provisions	3,134	-
Share of profit of joint ventures	(9,292)	(8,427)
Write-off of investments (including adjustments)	69	107
Interest receivable	(98)	(703)
Cash from operations	3,725	(9,298)
Corporation tax paid	-	-
Interest paid	(121)	(15)
Interest received	-	-
Net cash (used)/ generated from operating activities	3,604	(9,313)
Cash flows from investing activities		
Purchase of tangible fixed assets	(410)	(496)
Investments in joint ventures	(28,325)	(6,348)
Capital repaid to members	450	2,062
Dividend received from joint ventures	13,694	11,838
Net cash (used)/ generated from investing activities	(14,591)	7,056
Cash flows from financing activities		
Purchase of own shares by EBT	(2,010)	-
Share buyback	62	-
Loan received in year	12,779	-
Net cash generated from financing activities	10,831	-
Net decrease in cash and cash equivalents	(156)	(2,257)
Cash and cash equivalents at beginning of year	37,411	39,668
Cash and cash equivalents at the end of year	37,255	37,411
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	37,255	37,411

The notes on pages 20 to 43 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. STATUTORY INFORMATION

Mount Anvil Group Limited is a private company limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the company information page.

2. ACCOUNTING POLICIES

2.1 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 parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- 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 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:

2.2 Basis of consolidation - subsidiaries

The consolidated financial statements incorporate the results of Mount Anvil Group Limited and all of its subsidiary undertakings as at 31 December 2022 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

2.3 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 (less transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss after tax, other comprehensive income, dividends and equity of the joint venture.

2.4 Turnover

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

In respect of the joint venture developments, turnover in respect of private sales represents the value of unconditional unit sales, net of value added tax and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover in respect of the delivery of affordable homes is recognised at the point that the build works in respect of the affordable homes achieves Practical Completion, which coincides with the point at which the risks and rewards of the contract have been substantially transferred to the buyer.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES (continued)

2.4 Turnover (continued)

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

2.5 Construction contracts

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

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

2.6 Tangible fixed assets

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

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

The estimated useful lives range as follows:

Fixtures and fittings	- 3 years
Leasehold improvements	- 10 years

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

2.7 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.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

The Group's joint ventures recognise stock 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.

Wholly owned group companies recognise stock at the lower of cost and forecast recovery from our joint ventures or other third parties.

2.10 Impairment of assets

Assets other than those measured at fair value are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)
2.10 Impairment of assets (continued)

Non-financial assets are impaired where there is objective evidence that the estimated recoverable value of the asset has been reduced.

For financial assets measured at amortised cost, the amount of an impairment is the difference between the assets carrying value and the present value of estimated cash flows, discounted at the asset's original effective interest rate.

2.11 Debtors

Short term debtors are measured at 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.

2.12 Cash and cash equivalents

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

2.13 Financial instruments
Financial assets

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

Financial liabilities and equity

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

2.14 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.

2.15 Finance costs

Finance costs arising in respect of any of the Group's corporate loan facilities are expensed when incurred. Finance costs incurred in relation to loans in joint venture 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.

2.16 Cash settled share schemes

Cash settled share schemes are measured at fair value at the reporting date. The Group recognises a liability at the reporting date based on these fair values. The key factors in determining the fair value are in respect of vesting assumptions and the Group's net asset position. This takes into account the estimated number of awards that will actually vest in line with the latest assessment of the vesting period and forecast future Group profitability. Changes in the value of this liability are recognised in the Statement of Comprehensive Income. For further detail, refer Note 3.c.

2.17 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.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES (continued)

2.18 Provisions for liabilities

Provisions are estimates and involve judgement, requiring the Group to make assessments in respect of whether the Group has a legal or constructive obligation as a result of a past event, whether it is probable that it will require settlement by a transfer of economic benefit, and whether a reliable estimate can be made. See note 3.d. for further detail. This includes provisions for loss-making or onerous construction contracts. The Group undertook a review of all of its current and legacy buildings where it has used EWS or cladding solutions and continues to assess the action required in line with the latest updates to government guidance, including where the Group is out of the Defects Liability Period but we have collateral warranties as a contractor. The Group will continue to prioritise residents' safety.

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

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

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

2.19 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:

- 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.

2.20 Reserves

The Group and Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- The share premium account represents the premium on issue of equity shares, net of any issue costs.
- The capital redemption reserve represents the nominal value of own shares that have been acquired by the Company and cancelled.
- The share based payment reserve represents the cost of the shares of the Company purchased by the Share Incentive Plan (SIP) trust for the benefit of the employees of the Group. The SIP was closed in 2013 and all the remaining shares were repurchased by the Company.

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)
2.21 Going concern

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

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

The Group's risk management principles are to keep financial risk sufficiently low by forward selling where possible, maintaining a strong balance sheet, and appropriate headroom in our financing activities. The Group's existing access to cash resource remains sound post year-end - the Group's liquidity is further strengthened by access to the £50m GLA loan facility that signed in the prior year, some of which was drawn in the year.

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

3. 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's development companies hold 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 focuses on operating a pre-sales model and benefits from the forward sales position described in the Strategic Report. The Group has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates for future revenues and costs made in the development companies, and therefore in the Group's carrying value of its investments.

(b) Revenue recognition

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

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

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

(c) Share schemes

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

(d) Provisioning for remedial works

The Group exercises judgement in respect of the recognition of provisions for future costs, and notes there is estimation uncertainty in the valuation of provisions - the inherent uncertainty of such matters means that the actual amount of the transactions may differ materially from the estimates made. In the year, the Group has recorded additional provisions in respect of fire safety and cladding as described in the Strategic Report and note 19.

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

The Group described in its Strategic Report that we had identified a number of projects where remediation works may be required to comply with regulations post-Grenfell. The Group's assessment is that the provision reflects the expected outflow of economic benefit from the Group to complete the remedial works on legacy schemes, and it expects that these outflows will occur over a period of 2 years from the date of this report. In arriving at this conclusion, the Group's judgement is that a significant majority of the costs of the works will be borne by third parties and therefore a receivable has been recognised where we are virtually certain amounts will be recovered. These amounts are recognised as a separate asset rather than to offset the receivable against the provision. Where the recovery is not virtually certain, no receivable is recognised. See note 30 in respect of the restatement of the prior year balance sheet for amounts receivable from third parties.

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

4. ANALYSIS OF TURNOVER

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

	2022	2021
	£'000	£'000
Property development	23,232	9,339
Design and build contracting	147,614	125,670
	170,846	135,009

All turnover arose within the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2022	2021
	£'000	£'000
Depreciation of tangible fixed assets (note 12)	621	513
Rent - operating leases (note 26)	801	827
Share based payment expense (note 23)	1,846	1,547
Fees payable to the Group's auditor and its associates for the audit of the Company's annual accounts (note 6)	250	173
Investment write-off (note 13)	69	107
Defined contribution pension cost (note 25)	402	354

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

6. AUDITORS' REMUNERATION

	2022 £'000	2021 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	22	14
Fees payable to the Company's auditor for the audit of the Company's subsidiary companies including joint ventures	228	159
	250	173

7. EMPLOYEES

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

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

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

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

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

8. DIRECTORS' REMUNERATION

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

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

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

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

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £'000	2021 £'000
Loan and other interest receivable	<u>98</u>	<u>703</u>
	<u>98</u>	<u>703</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2022 £000	2021 £000
Other interest payable	<u>424</u>	<u>287</u>
	<u>424</u>	<u>287</u>

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

11. TAXATION

	2022 £'000	2021 £'000
UK Corporation tax		
Current tax on profits for the year	503	16
Prior Year Tax	-	-
Total current tax	503	16
Deferred tax		
Origination and reversal of timing differences	(890)	(48)
Adjustments in respect of prior periods	-	-
Total deferred tax	(890)	(48)
Taxation on profit on ordinary activities	(387)	(32)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	6,291	3,956
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,195	752
Effects of:		
Expenses not deductible for tax purposes	2,177	509
Profits consolidated on a post-tax basis	-	(1,601)
Income not taxable in determining taxable profit	(1,142)	(24)
Group Relieved	-	(5)
Fixed asset differences	(11)	(6)
Adjust closing deferred tax to average rate of 19.00%	(2,414)	-
Losses and other deductions	(192)	390
Tax on apportioned LLP profits	-	(47)
Total tax charge/ (credit) for the year	(387)	(32)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The group made some tax losses in the year, for which no deferred tax asset has been recognised.

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

12. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings	Leasehold improvements	Total
	£'000	£'000	£'000
Cost			
At 1 January 2022	2,638	1,293	3,931
Additions	410	-	410
Disposal	(1,465)	-	(1,465)
At 31 December 2022	1,583	1,293	2,876
Depreciation			
At 1 January 2022	1,985	594	2,579
Charge for the period	489	132	621
Disposal	(1,465)	-	(1,465)
At 31 December 2022	1,009	726	1,735
At 31 December 2022	574	567	1,141
At 31 December 2021	653	699	1,352

13. FIXED ASSET INVESTMENTS

Group	Investment in joint ventures £'000
Carrying value	
At 1 January 2022	33,769
Additions	72,510
Repayment of capital	(450)
Write off of investment	(69)
Dividend received from JVs	(13,694)
Transferred to investment in subsidiaries	(39,702)
JV profit share	9,292
At 31 December 2022	61,656

There is no capitalised interest in investments (2021: £nil).

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

13. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £'000
Cost or valuation	
At 1 January 2022	15,380
Additions	1,846
At 31 December 2022	17,226

There is no capitalised interest in investments (2021: £nil)

Subsidiary companies

Name	Country of Incorporation	Holding	Principal activity
Mount Anvil Limited*	United Kingdom	100%	Construction company
Mount Anvil New Holdings Limited	United Kingdom	100%	Intermediate holding company
Mount Anvil (Development Management) Limited*	United Kingdom	100%	Property development manager
City Road Developments Holdco Limited*	United Kingdom	100%	Intermediate holding company
Fulham Developments Holdco Limited**	United Kingdom	100%	Intermediate holding company
Mount Anvil Holdings Limited*	United Kingdom	100%	Intermediate holding company
Mount Anvil (Old Co) Limited**	United Kingdom	100%	Intermediate holding company
Seward Street Developments Holdco Limited**	United Kingdom	100%	In liquidation
Central Street Developments Holdco Limited**	United Kingdom	100%	In liquidation
Mount Anvil (St. Anne's) Limited**~	United Kingdom	100%	In liquidation
Mount Anvil UK Limited**	United Kingdom	100%	Intermediate holding company
Mount Anvil UK2 Limited**	United Kingdom	100%	Intermediate holding company
Mount Anvil UK3 Limited**~	United Kingdom	100%	In liquidation
Mount Anvil UK4 Limited**~	United Kingdom	100%	In liquidation
Mount Anvil UK5 Limited**~	United Kingdom	100%	In liquidation
Mount Anvil UK6 Limited**	United Kingdom	100%	Intermediate holding company
Mount Anvil UK7 Limited**	United Kingdom	100%	Intermediate holding company
Mount Anvil UK8 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 GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

13. FIXED ASSET INVESTMENTS (continued)

Mount Anvil (New Cross Gate) 1 Limited ^{^*} ~	United Kingdom	100%	In liquidation
Mount Anvil (New Cross Gate) 2 Limited ^{^*} ~	United Kingdom	100%	In liquidation
Mount Anvil (New Cross Gate) 3 Limited ^{^*} ~	United Kingdom	100%	In liquidation
Mount Anvil (Friary Park 1) Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Mount Anvil (Friary Park 2) Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Mount Anvil (Friary Park 3) Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Mount Anvil (Jersey) Limited [*]	Jersey	100%	Intermediate holding company
Mount Anvil (Keybridge House) Limited ^{^*}	Jersey	100%	Intermediate holding company
Mount Anvil (Riverside) Limited ^{^*}	Jersey	100%	Intermediate holding company
Hammersmith Developments Holdco Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Dollar Bay Developments Holdco Limited ^{^*}	United Kingdom	100%	In liquidation
Mount Anvil (Keybridge House 2) Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Mount Anvil (Gillender) Limited [*]	United Kingdom	100%	Intermediate holding company
Mount Anvil (Stepney Way 1) Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Mount Anvil (Stepney Way 2) Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Eagle House Developments Limited [*]	Jersey	100%	Property developer

Joint Ventures

Name	Country of Incorporation	Holding	Principal activity
Mount Anvil Hyde Regeneration LLP ^{^*}	United Kingdom	50%	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%	In liquidation
Central Street Developments LLP ^{^*}	United Kingdom	50%	In liquidation
72 Farm Lane Developments LLP [*]	United Kingdom	50%	Property developer
Keybridge House LLP [*]	United Kingdom	50%	Property developer
Mount Anvil (Kidderpore) Limited [*]	Jersey	50%	Property developer
Queen's Wharf Riverside LLP ^{^*} ~	United Kingdom	50%	In liquidation

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

13. FIXED ASSET INVESTMENTS (continued)

Western Gateway 3 LLP*	United Kingdom	50%	Property developer
New Cross Gate 1 LLP*~	United Kingdom	50%	In liquidation
New Cross Gate 2 LLP*~	United Kingdom	50%	In liquidation
New Cross Gate 3 LLP*~	United Kingdom	50%	In liquidation
Friary Park 1 LLP*	United Kingdom	50%	Property developer
Friary Park 2 LLP*	United Kingdom	50%	Property developer
Friary Park 3 LLP*	United Kingdom	50%	Property developer
Dollar Bay Developments LLP*~	United Kingdom	50%	In liquidation
Keybridge House 2 LLP*	United Kingdom	50%	Property developer
Gillender 2 LLP*	United Kingdom	50%	Property developer
Western Gateway 1 LLP*	United Kingdom	50%	Intermediate holding company
Mount Anvil (Western Gateway) Limited*	Jersey	50%	Property developer
Stepney Way 1 LLP*	United Kingdom	50%	Property developer
Stepney Way 2 LLP*	United Kingdom	50%	Property developer

The above footnotes are denoted as follows:

All entities have a reporting period ended 31 December with the exception of Keybridge House LLP, Mount Anvil Hyde Regeneration LLP, Keybridge House 2 LLP, Gillender 2 LLP, Stepney Way 1 LLP and Stepney Way 2 LLP which have reporting periods ended 31 March.

During the year, the Group acquired shares held in a number of joint ventures so they became wholly-owned subsidiaries of the Mount Anvil Group. This transaction took place on 24 June 2022 with deferred consideration of £1,850,000 which was settled subsequent to the year end. The holdings in subsidiaries and joint ventures as at 31 December 2022 are shown above.

* These entities are held through an intermediate holding company

^ These entities have taken an exemption from audit by parent guarantee under section 479A of the Companies Act 2006.

~ These entities have entered liquidation during the year

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.

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

14. STOCKS

	Group	Group	Company	Company
	2022	2021	2022	2021
	£'000	(restated)	£'000	£'000
		£'000		£'000
Work in progress	12,112	3,951	-	-
	12,112	3,951	-	-

Work in progress recognised in cost of sales during the year as expense was £153,500,000 (2021: £126,908,000).

No finance costs are included in the stocks balance (2021: £nil). No stocks are pledged as security for liabilities (2021: £nil).

15. DEBTORS

	Group	Group	Company	Company
	2022	2021	2022	2021
	£'000	(restated)	£'000	£'000
		£'000		£'000
Debtors falling due more than one year				
Amounts owed by group undertakings	-	-	-	-
Amounts owed by joint ventures	8,783	10,447	-	-
	8,783	10,447	-	-
Debtors falling due within one year				
Trade debtors	3,242	1,133	-	17
Amounts owed by group undertakings	-	-	16,534	8,387
Amounts owed by joint ventures	22,135	11,144	24	103
Other debtors	21,346	27,033	-	-
Corporation Tax	-	340	-	-
Prepayments and accrued income	7,908	8,796	241	154
VAT	-	720	16	23
	63,414	59,613	16,815	8,684

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

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

16. CASH AND CASH EQUIVALENTS

	Group	Group	Company	Company
	2022	2021	2022	(restated)
	£'000	£'000	£'000	£'000
Cash at bank and in hand	37,255	37,411	8,793	7,453
	37,255	37,411	8,793	7,453

Cash at bank and in hand includes an amount of £5,260,000 (2021: £nil) held with solicitors and available on demand.

17. CREDITORS: Amounts falling due within one year

	Group	Group	Company	Company
	2022	(restated)	2022	(restated)
	£'000	£'000	£'000	£'000
Trade creditors	2,465	-	1,265	-
Share based payment liability	2,103	-	2,103	-
Amounts owed to group undertakings	-	-	1,054	3,117
Amounts owed to joint ventures	8	1,127	-	-
Taxation and social security	1,891	1,957	-	-
Other creditors	2,644	1,140	101	-
Deferred consideration	1,850	-	-	-
Accruals and deferred income	31,074	18,807	60	30
VAT	680	-	-	-
Corporation Tax	1,762	-	-	-
	44,477	23,031	4,583	3,147

Amounts owed to group undertakings and joint ventures are repayable on demand.

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Group 2022 £'000	Group (restated) 2021 £'000	Company 2022 £'000	Company 2021 £'000
Share based payment liability (note 23)	3,848	4,104	3,848	4,104
Trade creditors	7,402	8,878	-	-
Obligations under contracts	334	319	-	-
Other creditors	395	-	-	-
Loans	20,699	7,920	12,498	-
Accruals and deferred income	-	395	-	-
	32,678	21,616	16,346	4,104

At 31 December 2022, the group had two loans drawn. The first £8,201,000 has a variable repayment date depending on progress of construction on an individual site and is repayable 3 years after construction on an individual scheme currently estimated in 2030. The second loan £12,498,000 is drawn against individual schemes and repayment is variable depending on completion of the related schemes.

The Group also has an obligation for dilapidations at the end of its head office lease in 2027.

19. PROVISIONS

	Group 2022 £'000	Group (restated) 2021 £'000	Company 2022 £'000	Company 2021 £'000
At 1 January	12,179	1,500	-	-
Utilised in the year	(2,612)	(2,661)	-	-
Released in the year	-	(1,100)	-	-
Created in the year	5,746	14,440	-	-
At 31 December	15,313	12,179	-	-

Additional provision of £5,746,000 was made in the year (2021: £14,440,000) to complete remedial works on legacy schemes. Refer to Notes 2 and 3 for the Group's policy on making provisions and for key judgments.

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

20. FINANCIAL INSTRUMENTS

	Group	Group (restated)	Company	Company (restated)
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost	99,687	94,917	25,470	15,959
	<u>99,687</u>	<u>94,917</u>	<u>25,470</u>	<u>15,959</u>
Financial liabilities measured at amortised cost	(46,348)	(32,462)	(14,978)	(3,147)
	<u>(46,348)</u>	<u>(32,462)</u>	<u>(14,978)</u>	<u>(3,147)</u>

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

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

21. DEFERRED TAX ASSET

Group

	Deferred tax £'000
At 1 January 2022	382
Credited to profit and loss (note 11)	890
At 31 December 2022	<u>1,272</u>

The provision for deferred taxation is made up as follows.

	Group	Group	Company	Company
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trading losses carried forward	3,070	382	-	-
Timing differences	<u>(1,798)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,272</u>	<u>382</u>	<u>-</u>	<u>-</u>

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

22. SHARE CAPITAL

	2022	2021
	£'000	£'000
Authorised		
4,020,125 (2021: 4,020,125) - A1 Ordinary shares of £1 each	4,020	4,020
349,078 (2021: 349,078) - A2 Ordinary shares of £1 each	349	349
541,896 (2021: 541,896) - A3 Ordinary shares of £1 each	542	542
367,690 (2021: 367,690) - B Ordinary shares of £1 each	368	368
1,049,702 (2021: 1,049,702) - C Ordinary shares of £1 each	1,050	1,050
916,534 (2021: 916,534) - D Ordinary shares of £0.01 each	9	9
207,500 (2021: 207,500) - E Ordinary shares of £0.01 each	2	2
390,670 (2021: 390,670) - Treasury shares of £1 each	390	390
14,100,000 (2021: 14,100,000) - Preference shares of £1 each	14,100	14,100
	20,830	20,830
Allotted, called up and fully paid		
4,020,125 (2021: 4,020,125) - A1 Ordinary shares of £1 each	4,020	4,020
349,078 (2021: 349,078) - A2 Ordinary shares of £1 each	349	349
541,896 (2021: 541,896) - A3 Ordinary shares of £1 each	542	542
367,690 (2021: 367,690) - B Ordinary shares of £1 each	368	368
1,049,702 (2021: 1,049,702) - C Ordinary shares of £1 each	1,050	1,050
889,721 (2021: 889,721) - D Ordinary shares of £0.01 each	9	9
207,500 (2021: 207,500) - E Ordinary shares of £0.01 each	2	2
390,670 (2021: 390,670) - Treasury shares of £1 each	390	390
	6,730	6,730

The A1, A2 and B shares rank pari passu with equal dividend and voting rights. The A3, C, D and E shares are non-voting and have no dividend rights.

During the year the company bought back and cancelled no shares (2021 – £nil) for a consideration of £nil (2021: £nil).

During the year no A2 shares held by the EBT were converted to A3 shares and sold to employees under the LTIP (2021: £nil).

23. SHARE BASED PAYMENTS**23.1 Employee Shareholder Status Scheme**

In 2015 certain 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 (2021: none).

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

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

The shares in the Company issued under the ESS were valued using the net present value of estimated future economic returns at the issue date and at all reporting dates. All schemes are cash settled.

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

23 SHARE BASED PAYMENTS (continued)

23.1 Employee Shareholder Status Scheme (continued)

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

In the current year the Group's Directors were not granted any shares (2021: none). The total expense recognised for the year arising from the ESS was a charge of £402,000 (2021: £410,000).

23.2 Growth Share Scheme

In 2018, certain employees of Mount Anvil Limited were offered the option to be issued with D and E ordinary shares under a new Growth Shareholder Scheme ('GSS').

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

Retaining ownership of the D and E ordinary shares is conditional on continuing employment. Specific rules apply if the employee ceases employment during the vesting period. The D and E ordinary shares have no dividend rights and no voting rights. The shares in the Company issued under the GSS were valued using the net present value of estimated future economic returns at the issue date and will be remeasured at each subsequent reporting date.

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

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

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

23 SHARE BASED PAYMENTS (continued)**23.2 Growth Share Scheme (continued)**

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

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

23.3 Long Term Incentive Plan

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

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

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

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

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

In year the EBT reserve has reduced by £2,010,000 as a result of a purchase of own shares by the Employee Benefit Trust.

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

24. EMPLOYEE BENEFIT TRUST

The Employee Benefit Trust (EBT) was established in October 2015 to provide for the future obligations of the company for shares awarded under the ESS, GSS and LTIP schemes. Under the scheme the trustee purchases the company's ordinary shares in the open market using a loan facility from Mount Anvil Group Limited. At 31 December 2022 the trustee holds 771,380 shares in the company (2021 – 396,631). Shares in the company held by the EBT are deducted from equity and amounts can be seen in the EBT Reserve.

25. 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 £402,000 (2021: £354,000). No contributions were payable to the fund at the Statement of Financial Position date (2021: £nil).

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

26. COMMITMENTS UNDER OPERATING LEASES

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

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

During 2022, £801,000 was expensed to the profit and loss account (2021: £827,000)

27. NET CASH OF THE ENTITY

	1 January 2022	Cash flows	31 December 2022
	£'000	£'000	£'000
Cash at bank and in hand (note 16)	37,411	(156)	37,255
Loan made	11,161	(11,161)	-
Subtotal	48,572	(11,317)	37,255
Loan received	(7,920)	(12,779)	(20,699)
Net cash	40,652	(24,096)	16,556

28. RELATED PARTY TRANSACTIONS

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

During the year the group invoiced amounts totalling £108,801,000 (2021: £115,800,000) to the Group's joint ventures in respect of construction services. At 31 December 2022 the amount owed to Mount Anvil Group Limited and its subsidiaries from these joint ventures in relation to construction services was £30,918,000 (2021: £21,591,000). At 31 December 2022 the amount owed by Mount Anvil Group Limited and its subsidiaries to these joint ventures in relation to construction activities was £8,000 (2021: £127,000).

No apartments were sold to related parties in 2022 (2021: none)

See note 8 for Director's remuneration. The Directors are considered to be the key management personnel in the Group.

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

29. CONTROLLING PARTY

At 31 December 2022 and 31 December 2021, the company's ultimate controlling party was C K Hurley.

30. PRIOR YEAR RESTATEMENT**Provisions**

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

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

In the current year, in light of further consideration of emerging and changing practice across the industry, management has reviewed the appropriateness of the accounting and a correction was applied to recognise amounts receivable from third parties as a separate asset rather than to offset the receivable against the provision.

In the prior year, a virtually certain insurance recovery of £11,490,000 was partially offset against provisions with the amount in stock reflecting recovery from work undertaken to date. The impact of the restatement is therefore to increase the provision by £10,679,000, decrease stock by £811,000 and to recognise a receivable of £11,490,000 that management deemed to be virtually certain.

Retentions

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

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

Employee Benefit Trust

In the prior year the Employee Benefit Trust was consolidated into the Group financial statements. Following further review, a restatement has been made to represent and account for the Employee Benefit Trust as an extension of the company as opposed to consolidate it. The prior year company only balance sheet has been restated to reflect this. Cash held in the company increased by £685,000 and the EBT reserve has been increased by £685,000.

31. CONTINGENT LIABILITIES

The Group had undertaken a review of all of its current and legacy buildings where it has used EWS or cladding solutions in order to record provisions for the remedial costs. The Building Safety Act (BSA) received royal assent in June 2022 with wide ranging implications for the industry. The Group and the wider industry continue to further assess the impact of the legislative changes in respect of the potential liabilities for remediation costs on residential buildings over 11m high constructed during the 30-year period to 31 December 2022. This will require further time to fully analyse and assess. Further investigations have commenced at a number of sites. The majority of historical notifications of potential claims have not resulted in an outflow of resources or have been settled with little net expenditure after taking into account insurance recoveries. As such there continues to be a high degree of uncertainty and it is not possible to quantify the future impact on the Group's financial position. The Board is continuing to closely monitor developments and the Group will continue to prioritise residents' safety.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

32. POST BALANCE SHEET EVENTS

Since the balance sheet date, the Group exchanged on contracts at a site in Barnsbury, Islington, with Newlon and at Lots Road in Chelsea. As a result, a number of joint venture LLPs and 100% owned holding companies have been incorporated into the group since the year end.