

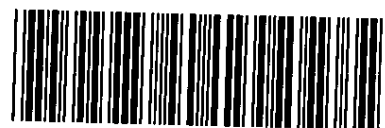
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Registered number:

MOUNT ANVIL GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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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 London	140 Aldersgate Street EC1A 4HY
INDEPENDENT AUDITORS London	BDO LLP 55 Baker Street W1U 7EU

MOUNT ANVIL GROUP LIMITED

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MOUNT ANVIL GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

OVERVIEW OF RESULTS

Our business is focused on delivering homes in joint venture (JV) with repeat partners in London.

The best indicator of Mount Anvil's operational performance is therefore the gross overall profit and turnover – this is what we are directly responsible for generating. We achieved total JV turnover of £268.7 million (2020: £276.8million) and total profit before tax of £37.8 million (2020: £31.9 million). We are delighted that of this total profit before tax we have generated £28.8 million (2020: £30.8 million) of profit for our JV partners. This year was our 8th year in a row delivering over £20 million profit for our JV partners and Mount Anvil. Since 2014 we have generated more than £250 million for our partners and are set to generate a further £216.8 million (2020: £192.1 million) in the next 6 years from schemes where we have exchanged contracts. We believe that this consistent level of profit performance generated in central London is standout alongside only a handful of other developers. We are committed to this focused strategy for the future, as our growing pipeline evidences.

We delivered a total of 442 homes (2020: 320) in the year through our JVs, of which 399 were private (2020: 307), and 43 were affordable (2020: 13). The average selling price of our private homes was £461,000 (2020: £853,000). The decrease reflects the mix of completions by project in the year, with 2020 being influenced by substantial completions at Hampstead Manor, where price points were at the higher end of our range. This year saw a return to an average selling price that is more 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. Further, over the last three 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 2021 sales targets and 75% of forward sales across our five-year plan target on schemes where sales 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. The Group has not entered into any bulk sales arrangements.

In these financial statements, the reported Group turnover for 2021 was £200.6 million (2020: £215.3 million), including our share of JV developments of £65.6 million (2020: £59.0 million), along with turnover from contracting and construction services of £125.7 million (2020: £144.5 million) and property development services of £9.3 million (2020: £11.8 million). The Group reported a profit before tax of £4.0 million (2020: £1.2m). This year on year increase in profit is explained by two items noted below. We expect that our share of the overall profit generated from JV developments will increase in the coming years as we take larger stakes alongside our JV partners in forthcoming schemes.

The increase in the Group profit in the year was as a result of the timing of completions of residential homes in our JVs – as described above we completed on homes at our Three Waters (Bromley-by-Bow) and Silk District (Whitechapel) JVs in the year. Further, the Group reported an exceptional item in the year of £1.1 million (2020: £4.3m). This current year charge was the result of further deterioration on the contract that was exceptional in the prior year, where the Group was delivering PRS homes outside of London for a strategic financial partner. This contract was our only one outside London for 10 years and where we opted to share the financial consequences of the cost increases with our long-term partner. The additional cost in the year related to finalising subcontractor packages and making acceleration payments to our supply chain to meet contractual completion dates; the contract achieved completion in September 2021. Going forward, the Group will focus exclusively on the London market.

In the prior year, we explained that we had identified a small number of projects where remediation works may be required to comply with regulations post Grenfell. The Group's assessment is that the provisions recorded in the prior year (totalling £1.5 million) remains sufficient to complete the remedial works on legacy schemes – we continue to prioritise residents' safety and ensure that none of the costs in our control fall to residents.

Reconciliation of statutory and non-statutory performance measures

	Total JV	Partner share of JV	MA share of JV ¹	Total MA group
	£m	£m	£m	£m
Turnover	268.7	203.1	65.6	200.6
Profit before tax	37.8	28.8	9.0	4.0

¹ JV profits before tax, post tax profits are consolidated into the Group

MOUNT ANVIL GROUP LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

DEVELOPMENT SUMMARY

Our results for the year have been driven largely by significant numbers of home completions at two key JV schemes. We have recognised revenue and profit on Silk District, our JV with L&Q (248 homes), and Three Waters, our JV with Peabody, (194 homes). As at 31 December 2021, the total pipeline of homes carried forward on our developments² amounted to 4,210 homes and the total pipeline of commercial space amounted to 10,604 sq. m (2020: 4,257 homes and 12,654 sq. m of commercial space). Based on current day prices, the total sales value of this pipeline, together with commercial disposals, is approximately £2.13 billion (2020: £2.12 billion).

CONTRACTING SUMMARY

Mount Anvil Limited, our in-house construction business, generated turnover of £144.6 million³ (2020: £162.8 million) and profit before taxation was £2.5 million (2020: £3.0 million), both before eliminating intra-group activity. This reflects strong and continued focus on cost control and greater alignment with our supply chain. Looking forward, the external Registered Provider order book has a value of £244.6 million (2020: £127.6 million) and the intra group private build contracts add a further £390.6 million (2020: £269.3 million).

FINANCIAL PERFORMANCE

The performance of the Group as described above resulted in profit before tax of £4.0 million (2020: £1.2 million). The net assets of the Group increased by £4.0 million to £79.7 million. The strong financial performance of our JV schemes led to closing net cash⁴ of £48.6 million (2020: net cash of £44.3 million). This was another exceptionally strong net cash performance in a year that included the £6.3 million of investment in new JV schemes (2020: £4.3 million).

Significant movements in the Statement of Financial Position include a reduction in the carrying value of our investment in our JVs of £7.8 million, being the net position of various items including additions of £6.3m in new and ongoing developments, dividend receipts from schemes that have completed in the year of £11.8m, our share of JV profit of £8.4m and a reduction in the percentage of our holding in Royal Eden Docks in the year of £8.5m. An increase in stock, being work-in-progress reflects investment in new JV schemes, which we are close to exchanging contracts on.

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. Our inclusion in the Sunday Times Best 100 Small Companies to Work For list for eleven consecutive years is a stand-out achievement and is unique in our industry. In recent years, we were included as one of the Best 75 Small Companies to Work For in the London b-Heard Survey, and we won a national Business Culture Award for our approach to Talent in the year.

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

The COVID-19 pandemic continued to impact our people during 2021, but our construction sites remained open throughout. Our Barbican office also re-opened with team-mates returning on a phased basis, allowing us to improve our collaboration across teams and raise the bar again on delivering a high quality result for our partners.

During the year, the Group celebrated being awarded two NHBC Pride in the Job Quality Awards. This not only identifies the excellence of the completed product but also the exceptional skills and organisation of the site teams.

² For pipeline schemes, this includes owned and contracted sites, and those where we are negotiating legals to acquire

³ Mount Anvil Limited turnover and PBT only

⁴ KPI defined as cash, cash equivalents and loans receivable repayable on demand

MOUNT ANVIL GROUP LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

PEOPLE AND THE ENVIRONMENT (continued)

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.

The Group also benefits from a strong working relationship with our funding partners and banks; we raised £128m to fund our JV developments this year, aided by our strong pre-sales position. In April 2021, we secured a £75m facility for Royal Eden Docks, our development in London Docks with LIEC, and in June 2021 a £53m debt package for The Silk District (Phase 2), our development in Whitechapel with L&Q. We are in advanced stages of negotiations with our funding partners for schemes that need funding in the next two years.

Our ability to obtain this level of funding at competitive terms during a such a challenging period for the wider economy, is testament to the financial strength of the Group and the strong, long-term relationships we have with our funding and investment partners.

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.

Health and Safety

We were the 'Number One Gold Employer' at Mind's Workplace Wellbeing Index Awards last year. We're the first company of our scale to achieve the top gold score, which demonstrates a long-term, in-depth commitment to staff health and wellbeing.

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

MOUNT ANVIL GROUP LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

BOARD DECISION MAKING: SECTION 172 STATEMENT

The Board regularly considers the impact of their decision making on the key stakeholders of the business. For this purpose, the Board have identified the following groups of stakeholders, and detailed how they have engaged with those stakeholders and the effect that this has on Mount Anvil's decisions and strategies during the year.

Our 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. This is an important part of our culture that played a significant factor in our award as Building Awards' Housebuilder of the Year in 2020.

During the year, we redoubled our efforts around internal communications – holding monthly company-wide, interactive events where teammates are encouraged to submit questions that are then answered, live and in-person, by our Executive team. We also complete regular "YourSay" surveys – a feedback tool designed to give all employees a say in the business' operations and with how we can improve our environment.

Our JV partners

Mount Anvil is a business founded on repeat partnerships. 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. During 2020 we evolved our Partner Survey, seeking that feedback in a more structured way from more of the registered provider partners that we work with.

Our 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.

Customers

We base everything we do on insight. Listening to residents is of huge importance to us, that includes those who are part of estate transformations during the course of those projects, as well as their new neighbours once they've moved into new homes.

In the past year we've rolled out a new video messaging technology called VideoAsk through which (amongst other tools) we gather feedback. We've also tripled the amount of customer surveys that we receive feedback on, and driven meaningful response rates across all of them. Through this focus we've created a rich conveyor belt of feedback on our product and services, coming directly from our customers. We feed this learning from the customer into our planning and design teams, so that we're continually learning from how our homes are used and how the experience of buying from Mount Anvil has been.

MOUNT ANVIL GROUP LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

Community

We exist to create outstanding places where people can thrive and invest an inordinate amount of time on the detail and design of each scheme. This includes listening to and collaborating with existing communities. Our dedicated community engagement team runs traditional newsletter and event updates, but has also pioneered a new digital engagement platform and a virtual consultation system.

We also note our work to adopt fabric-first methods which reduce whole-life energy costs for our buildings, recognised with The Planet Mark accreditation, which recognises our focus on delivering homes that are economical to heat and run, helping Londoners and the planet.

We have identified a small number of projects where remediation works may be required to comply with regulations post Grenfell. Accordingly, we have made provisions to complete these remedial works on legacy schemes – we are prioritising residents' safety and have taken steps to make sure that none of the costs that are in our control fall to residents.

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.

The Board factor all stakeholders into the decision making process, taking into account the likely consequence of any decision in the long term as well as short term and the impact on the Group as a whole, as well as the stakeholders identified above.

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 Board continued monitoring the impact of COVID-19 throughout the course of the year and adapting as government legislation and advice changed. 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. Keeping our people safe, and ensuring strength in our balance sheet has enabled us to invest in the future during uncertain times.

The Group has continued to be largely unaffected by Brexit during the year. In the months between the balance sheet date and the signing of the financial statements, the Board has also continued to assess the impacts of the war in Ukraine, and its impact on the business. Our pre-sold sales position remains strong and to date has been largely unaffected.

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 8 April 2022 and signed on its behalf by:



Ewan Anderson
Director

MOUNT ANVIL GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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 £3,956,000 (2020: £1,158,000) in the year. No distributions were paid in the year (2020: £nil). During the year the company bought back and cancelled £nil shares (2020 – 459,026) for a consideration of £nil (2020 - £3,200,000). See note 22.

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 £347,000 (2020: £233,000), there were no political contributions (2020: £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 and market conditions. This assessment has considered downside case forecasts where significant delays, cost increases and revenue reduction are experienced.

MOUNT ANVIL GROUP LIMITED

DIRECTORS REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

Other matters and going concern (continued)

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 the prior year, which remains undrawn at the date of this report and at the date of signing this report.

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.

		2021	2020	Movement
Total UK energy consumption (gas, electricity and transport), kWh	Natural Gas (kWh)	1,126,167	1,858,927	(732,760)
	Direct Transport (kWh)	-	-	-
	Red Diesel (kWh)	8,948	-	8,948
	Total Scope 1 Energy (kWh)	1,135,115	1,858,927	(723,812)
	Scope 2: Electricity purchased. Total Electricity (kWh)	874,757	1,253,954	(379,197)
	Scope 3: Indirect Transport (kWh)	198,489	161,185	37,304
	Total Scope 1, 2 and 3 Energy Consumption (kWh)	2,208,361	3,274,066	(1,065,705)
Emissions from combustion of gas, tCO ₂ e (scope 1)	Natural Gas (tCO ₂ e)	206	342	(136)
Emissions from combustion of fuel for transport purposes, tCO ₂ e (scope 1)	Direct Transport (tCO ₂ e)	-	-	-
Emissions from Red Diesel tCO ₂ e (Scope 1)	Red Diesel (tCO ₂ e)	2	-	2
	Total Scope 1 – (tCO ₂ e)	208	342	(134)
Emissions from purchased electricity, tCO ₂ e (scope 2)	Location Based (LB) (tCO ₂ e)	186	292	(106)
	Market Based (MB) (tCO ₂ e)	80	162	(82)
Scope 3 indirect emissions	Scope 3: Indirect Transport (kWh)	49	39	10
Total emissions from gas, electricity and transport, tCO ₂ e	Location based Total Scope 1, 2 and 3 Emissions (tCO ₂ e)	443	673	(230)
	Market based Total Scope 1 and 2 Emissions (tCO ₂ e)	337	543	(206)
Intensity ratio	(tCO ₂ e per £m of sales revenue)	3.35	4.50	(1.15)

The fall in the scope 1, 2 and 3 energy consumption (and other emissions) in the year is in line with the Group's expectation, and correlates to the fall in Mount Anvil Limited's (the Group's contracting arm) revenue in the year. It is also impacted by the mix of the stage of completion and construction activity across the Group's portfolio of developments.

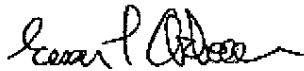
MOUNT ANVIL GROUP LIMITED

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



Ewan Anderson
Company Secretary
8 April 2022

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 2021 and of the Group's profit and the Parent Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 2021 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, 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 are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- 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/has been prepared in accordance with applicable legal requirements.

MOUNT ANVIL GROUP LIMITED

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

Other Companies Act 2006 reporting (continued)

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 or the Directors' report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 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 (continued)

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

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

55 Baker Street, London W1U 7EU

8 April 2022

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 2021**

	Note	2021 £'000	2020 £'000
Turnover including share of joint ventures		200,625	215,326
Less: joint ventures' turnover		<u>(65,616)</u>	<u>(59,015)</u>
Turnover	4	135,009	156,311
Cost of sales		(125,762)	(145,274)
Exceptional cost of sales	30	(1,146)	(4,327)
Gross profit		<u>8,101</u>	<u>6,710</u>
Other income		2,058	-
Administrative expenses		(15,046)	(10,678)
Share of profit of joint ventures	13	<u>8,427</u>	<u>4,746</u>
Total operating profit	5	3,540	778
Interest receivable and similar income	9	703	660
Interest payable and similar charges	10	<u>(287)</u>	<u>(280)</u>
Profit before taxation		3,956	1,158
Profit before tax and exceptional cost of sales		5,102	5,485
Taxation on profit from ordinary activities	11	<u>32</u>	<u>47</u>
Profit for the year and total comprehensive income for the year (Attributable to owners of the parent company)		<u><u>3,988</u></u>	<u><u>1,205</u></u>

All amounts relate to continuing operations.

The notes on pages 20 to 40 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
REGISTERED NUMBER: 04410393**

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets	12	1,352	1,369
Investments	13	33,769	41,547
		35,121	42,916
Current assets			
Stocks	14	4,762	1,162
Debtors: amounts falling due within one year	15	48,123	49,060
Cash at bank and in hand	16	37,411	39,668
Deferred tax asset	21	382	334
		90,678	90,224
Creditors: amounts falling due within one year	17	(31,909)	(44,623)
Net current assets		58,769	45,601
Total assets less current liabilities		93,890	88,517
Creditors: amounts falling due after more than one year	18	(12,738)	(11,353)
Provisions	19	(1,500)	(1,500)
Net assets		79,652	75,664
Capital and reserves			
Called up share capital	22	6,730	6,730
Share premium account		30	30
Capital redemption reserve		4,229	4,229
Share based payment reserve		576	576
Retained earnings		68,087	64,099
Equity attributable to owners of the parent company		79,652	75,664

The notes on pages 20 to 40 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 8 April 2022.



Ewan Anderson
Director

MOUNT ANVIL GROUP LIMITED

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
REGISTERED NUMBER: 04410393**

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments	13	15,380	13,832
		15,380	13,832
Current assets			
Debtors: amounts falling due within one year	15	8,684	21,548
Cash at bank and in hand	16	6,768	40
		15,452	21,588
Creditors: amounts falling due within one year	17	(3,147)	(11,902)
Net current assets		12,305	9,686
Total assets less current liabilities		27,685	23,518
Creditors: amounts falling due after more than one year	18	(4,104)	(2,556)
Net assets		23,581	20,962
Capital and reserves			
Called up share capital	22	6,730	6,730
Share premium account		30	30
Capital redemption reserve		3,546	3,546
Share based payment reserve		576	576
Retained earnings		12,699	10,080
Equity attributable to owners of the parent company		23,581	20,962

The company profit for the year was £2,619,000 (2020: profit £15,138,000).

The notes on pages 20 to 40 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 8 April 2022



Ewan Anderson
Director

MOUNT ANVIL GROUP LIMITED

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

	Share capital	Share premium	Capital redemption reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	6,730	30	4,229	576	64,099	75,664
Comprehensive income for the year						
Comprehensive income for the year	-	-	-	-	3,988	3,988
Total comprehensive income for the year	-	-	-	-	3,988	3,988
Contribution by and distribution to owners						
Capital Contribution	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
At 31 December 2021	6,730	30	4,229	576	68,087	79,652

The notes on pages 20 to 40 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020**

	Share capital	Share premium	Capital redemption reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	7,189	30	3,087	576	66,094	76,976
Comprehensive income for the year						
Comprehensive income for the year	-	-	-	-	1,205	1,205
Total comprehensive income for the year	-	-	-	-	1,205	1,205
Contribution by and distribution to owners						
Capital Contribution	-	-	683	-	-	683
Share Buyback (note 22)	(459)	-	459	-	(3,200)	(3,200)
Total transactions with owners	(459)	-	1,142	-	(3,200)	(2,517)
At 31 December 2020	6,730	30	4,229	576	64,099	75,664

The notes on pages 20 to 40 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 redemption Reserve	Share based payment reserve	Retained earnings	Total equity
	£'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						
<i>Comprehensive income for the year</i>	-	-	-	-	2,619	2,619
Total comprehensive income for the year	-	-	-	-	2,619	2,619
Contributions by and distributions to owners						
<i>Other reserves</i>	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
At 31 December 2021	<u>6,730</u>	<u>30</u>	<u>3,546</u>	<u>576</u>	<u>12,699</u>	<u>23,581</u>

The notes on pages 20 to 40 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020**

	Share capital	Share premium	Capital redemption Reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	7,189	30	3,087	576	(1,858)	9,024
Comprehensive income for the year						
Comprehensive income for the year	-	-	-	-	15,138	15,138
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,138</u>	<u>15,138</u>
Contributions by and distributions to owners						
Share Buyback (note 22)	(459)	-	459	-	(3,200)	(3,200)
Total transactions with owners	<u>(459)</u>	<u>-</u>	<u>459</u>	<u>-</u>	<u>(3,200)</u>	<u>(3,200)</u>
At 31 December 2020	<u>6,730</u>	<u>30</u>	<u>3,546</u>	<u>576</u>	<u>10,080</u>	<u>20,962</u>

The notes on pages 19 to 39 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	£'000	£'000
Cash flows from operating activities		
Profit for the financial year	3,988	1,205
Adjustments for:		
Depreciation of tangible assets	513	459
Interest payable	287	280
Tax credit	(32)	(47)
Increase in stocks	(3,600)	(343)
Increase in deferred tax asset	(48)	(11)
(Increase) / decrease in debtors (excluding joint ventures/ group undertakings)	(11,201)	10,635
Decrease in creditors due in less than one year (excluding joint ventures/group undertakings)	(3,371)	(8,889)
Decrease/ (increase) in amounts owed by joint ventures	12,834	732
(Decrease) / increase in amounts owed to joint ventures	(1,084)	995
Increase in creditors due in more than one year (excluding joint ventures)	1,439	1,370
Share of profit of joint ventures	(8,427)	(5,245)
Write-off of investments (including adjustments)	107	54
Interest receivable	(703)	(660)
Other	-	24
Cash from operations	(9,298)	559
Corporation tax paid	-	(541)
Interest paid	(15)	(17)
Interest received	-	41
Net cash used in operating activities	(9,313)	42
Cash flows from investing activities		
Purchase of tangible fixed assets	(496)	(372)
Investments in joint ventures	(6,348)	(4,301)
Capital repaid to members	2,062	19,060
Dividend received from joint ventures	11,838	5,249
Share buyback	-	(2,185)
Net cash from investing activities	7,056	17,451
Net cash generated from financing activities	-	-
Net decrease in cash and cash equivalents	(2,257)	17,493
Cash and cash equivalents at beginning of year	39,668	22,175
Cash and cash equivalents at the end of year	37,411	39,668
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	37,411	39,668

The notes on pages 20 to 40 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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 2021

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

Stock is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional cost to completion and disposal. Stock includes attributable interest, but excludes certain sales and marketing costs. At each reporting date, inventories are assessed for impairment. If stocks are impaired the carrying amount is reduced to its selling price less costs to complete and sell.

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 2021**

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.d.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (continued)

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.

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 construction contracts that may be caused by the need to remediation works.

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

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 2021**

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 housing market. The operational focus of the business is delivering complex development projects which requires a solid financial position. Where applicable, the directors have applied severe but plausible sensitivities to key factors affecting the expected and forecast financial performance and liquidity of the 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.

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, which remains undrawn at the date of this report.

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 has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates 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 are on a full cost recovery basis, with a small number of historical exceptions. 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. In recognition of this, the Company changed its method of estimation for calculating stage of completion from using internal value to using costs incurred relative to the forecast cost to complete. The Company's assessment is that this approach is more appropriate for the remaining contracts, and reduces the level of uncertainty in the estimation.

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 2021**

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.

The Group exercises judgement in determining the extent to which; it has an obligation (as a result of a past event), the likelihood that a liability will arise, as well as quantifying the possible amount of any outflow of resource to settle the obligation. Where the valuation of a provision for rectification work assumes recovery of cost from third parties, estimates are based on historical costs incurred for the expected work required as well as recoveries based on outcomes achieved on similar contract positions.

The Group described in its Strategic Report (page 1) that we had identified a small number of projects where remediation works may be required to comply with regulations post-Grenfell. The Group's assessment is that the £1.5m 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.

4. ANALYSIS OF TURNOVER

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

	2021 £'000	2020 £'000
Property development	9,339	11,767
Design and build contracting	125,670	144,544
	<u>135,009</u>	<u>156,311</u>

All turnover arose within the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets (note 12)	513	459
Rent - operating leases (note 25)	827	892
Share based payment expense (note 23)	1,547	247
Fees payable to the Group's auditor and its associates for the audit of the Company's annual accounts (note 6)	173	175
Investment write-off (note 13)	107	54
Defined contribution pension cost (note 24)	<u>354</u>	<u>357</u>

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. AUDITORS' REMUNERATION

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	14	13
Fees payable to the Company's auditor for the audit of the Company's subsidiary companies	159	162
	173	175

7. EMPLOYEES

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

	2021 £'000	2020 £'000
Wages and salaries	18,796	18,623
Social security costs	2,356	2,413
Cost of defined contribution pension scheme	354	357
	21,506	21,393

The Group did not make use of the Government's furlough scheme in the year (2020: £0.2m received)

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

	2021 No.	2020 No.
Site	95	100
Administration	101	108
	196	208

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. DIRECTORS' REMUNERATION

	2021 £'000	2020 £'000
Directors' emoluments	2,437	1,602
Company contributions to defined contribution pension schemes	<u>7</u>	<u>5</u>
	<u>2,444</u>	<u>1,607</u>

The highest paid director received remuneration of £609,000 (2020: £339,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,600 (2020: £1,000).

The total accrued pension provision of the highest paid director at 31 December 2021 amounted to £nil (2020: £nil).

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
Loan and other interest receivable	<u>703</u>	<u>660</u>
	<u>703</u>	<u>660</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £000	2020 £000
Other interest payable	<u>287</u>	<u>280</u>
	<u>287</u>	<u>280</u>

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. TAXATION

	2021 £'000	2020 £'000
UK Corporation tax		
Current tax on profits for the year	16	(1)
Adjustments in respect of previous periods	-	(35)
Total current tax	<u>16</u>	<u>(36)</u>
Deferred tax		
Recognition of deferred tax asset on trading losses	-	(3)
Origination and reversal of timing differences	(48)	(7)
Adjustments in respect of previous periods	-	(1)
Total deferred tax	<u>(48)</u>	<u>(11)</u>
Taxation on profit on ordinary activities	<u>(32)</u>	<u>(47)</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	<u>3,956</u>	<u>1,158</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	752	220
Effects of:		
Expenses not deductible for tax purposes	509	390
Profits consolidated on a post-tax basis	(1,601)	(1,060)
Income not taxable in determining taxable profit	(24)	(960)
Group Relieved	(5)	1
Fixed asset differences	(6)	5
Losses and other deductions	390	1,395
Adjust opening deferred tax to average rate of 19.00%	-	(2)
Tax on apportioned LLP profits	(47)	-
Adjustments to tax charge in respect of prior periods	-	(36)
Total tax credit for the year	<u>(32)</u>	<u>(47)</u>

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 2021**

12. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings	Leasehold improvements	Total
	£'000	£'000	£'000
Cost			
At 1 January 2021	2,277	1,158	3,435
Additions	361	135	496
At 31 December 2021	2,638	1,293	3,931
Depreciation			
At 1 January 2021	1,610	456	2,066
Charge for the period	375	138	513
At 31 December 2021	1,985	594	2,579
At 31 December 2021	653	699	1,352
At 31 December 2020	667	702	1,369

13. FIXED ASSET INVESTMENTS

Group	Investment in joint ventures £'000
Carrying value	
At 1 January 2021	41,547
Additions	6,348
Repayment of capital	(2,062)
Write off	(107)
Dividend received from JVs	(11,838)
Reduction in JV % holdings	(8,546)
JV profit share	8,427
At 31 December 2021	33,769

There is no capitalised interest in investments (2020: £nil).

The £8,546,000 reduction in JV % holdings was settled through offsetting of existing liabilities, rather than cash settled.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £'000
Cost or valuation	
At 1 January 2021	13,832
Additions	1,548
At 31 December 2021	15,380

There is no capitalised interest in investments (2020: £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%	Dormant company
Central Street Developments Holdco Limited^*	United Kingdom	100%	Dormant company
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 2021**

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

Joint Ventures

Name	Country of Incorporation	Holding	Principal activity
Mount Anvil Hyde Regeneration LLP ^{^*}	United Kingdom	50%	Property developer
Eagle House Developments Limited [*]	Jersey	33.33%	Property developer
261 City Road Developments LLP [*]	United Kingdom	50%	Property developer
City Road (Lexicon) Limited [*]	Bermuda	50%	Property developer
Seward Street Developments LLP ^{^*}	United Kingdom	25%	Property developer
Central Street Developments LLP ^{^*}	United Kingdom	50%	Dormant company
72 Farm Lane Developments LLP [*]	United Kingdom	50%	Property developer
Mount Anvil (Jersey) Limited [*]	Jersey	50%	Intermediate holding company
Mount Anvil (Keybridge House) Limited ^{^*}	Jersey	50%	Intermediate holding company
Keybridge House LLP [*]	United Kingdom	25%	Property developer
Mount Anvil (Kidderpore) Limited [*]	Jersey	25%	Property developer
Mount Anvil (Riverside) Limited ^{^*}	Jersey	50%	Intermediate holding company
Hammersmith Developments Holdco Limited ^{^*}	United Kingdom	50%	Intermediate holding company
Queen's Wharf Riverside LLP ^{~*}	United Kingdom	25%	In liquidation
Dollar Bay Developments Holdco Limited ^{^*}	United Kingdom	25%	Intermediate holding company
Western Gateway 2 LLP [*]	United Kingdom	50%	Property developer
Western Gateway 3 LLP [*]	United Kingdom	50%	Property developer

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. FIXED ASSET INVESTMENTS (continued)

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	12.5%	Property developer
Mount Anvil (Keybridge House 2) Limited^*	United Kingdom	50%	Intermediate holding company
Keybridge House 2 LLP*	United Kingdom	25%	Property developer
Mount Anvil (Gillender) Limited*	United Kingdom	25%	Intermediate holding company
Gillender 2 LLP*	United Kingdom	12.5%	Property developer
Western Gateway 1 LLP*	United Kingdom	25%	Intermediate holding company
Mount Anvil (Western Gateway) Limited*	Jersey	25%	Property developer
Mount Anvil (Stepney Way 1) Limited^*	United Kingdom	50%	Intermediate holding company
Stepney Way 1 LLP*	United Kingdom	25%	Property developer
Mount Anvil (Stepney Way 2) Limited^*	United Kingdom	50%	Intermediate holding company
Stepney Way 2 LLP*	United Kingdom	25%	Property developer

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.

The Group increased its percentage holdings in a number of joint ventures on 23 March 2022. See note 29 for further details.

* 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 2021**

14. STOCKS

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Work in progress	4,762	1,162	-	-
	4,762	1,162	-	-

Work in progress recognised in cost of sales during the year as expense was £126,908,000 (2020: £149,601,000).

No finance costs are included in the stocks balance (2020: £nil). No stocks are pledged as security for liabilities (2020: £nil).

15. DEBTORS

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	1,133	533	17	-
Amounts owed by group undertakings	-	-	8,387	21,322
Amounts owed by joint ventures	21,591	34,425	103	40
Other debtors	15,543	10,438	-	-
Corporation Tax	340	340	-	-
Prepayments and accrued income	8,796	2,880	154	186
VAT	720	444	23	-
	48,123	49,060	8,684	21,548

All amounts are due for repayment within one year. Amounts owed by group undertakings and joint ventures are repayable on demand.

16. CASH AND CASH EQUIVALENTS

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	37,411	39,668	6,768	40
	37,411	39,668	6,768	40

Cash at bank and in hand includes an amount of £nil (2020: £nil) held with solicitors and available on demand.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. CREDITORS: Amounts falling due within one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	8,808	8,690	-	-
Amounts owed to group undertakings	-	-	3,117	11,763
Amounts owed to joint ventures	1,127	2,211	-	-
Taxation and social security	1,957	1,569	-	-
Other creditors	1,210	11,660	-	-
Accruals and deferred income	18,807	20,493	30	139
	31,909	44,623	3,147	11,902

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

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

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Share based payment liability (note 23)	4,104	2,556	4,104	2,556
Obligations under contracts	319	327	-	-
Other creditors	7,920	8,021	-	-
Accruals and deferred income	395	449	-	-
	12,738	11,353	4,104	2,556

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

19. PROVISIONS

	Group	Company
	£'000	£'000
At 1 January 2020	-	-
Created in the year	1,500	-
At 31 December 2020	1,500	-
At 1 January 2021	1,500	-
Utilised in the year	(400)	-
Released in the year	(1,100)	-
Created in the year	1,500	-
At 31 December 2021	1,500	-

No additional provision was made in the year (2020: £1,500,000) 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 2021**

20. FINANCIAL INSTRUMENTS

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost	83,427	86,804	15,274	21,402
	83,427	86,804	15,274	21,402
Financial liabilities measured at amortised cost	(32,462)	(47,663)	(3,147)	(14,459)
	(32,462)	(47,663)	(3,147)	(14,459)

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 2021	334
Credited to profit and loss (note 11)	48
At 31 December 2021	382

The provision for deferred taxation is made up as follows:

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trading losses carried forward	382	334	-	-
Timing differences	-	-	-	-
	382	334	-	-

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. SHARE CAPITAL

	2021 £'000	2020 £'000
Authorised		
4,020,125 (2020: 4,020,125) - A1 Ordinary shares of £1 each	4,020	4,020
349,078 (2020: 349,078) - A2 Ordinary shares of £1 each	349	349
541,896 (2020: 541,896) - A3 Ordinary shares of £1 each	542	542
367,690 (2020: 367,690) - B Ordinary shares of £1 each	368	368
1,049,702 (2020: 1,049,702) - C Ordinary shares of £1 each	1,050	1,050
916,534 (2020: 916,534) - D Ordinary shares of £0.01 each	9	9
207,500 (2020: 207,500) - E Ordinary shares of £0.01 each	2	2
390,670 (2020: 390,670) - Treasury shares of £1 each	390	390
14,100,000 (2020: 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 (2020: 4,020,125) - A1 Ordinary shares of £1 each	4,020	4,020
349,078 (2020: 349,078) - A2 Ordinary shares of £1 each	349	349
541,896 (2020: 541,896) - A3 Ordinary shares of £1 each	542	542
367,690 (2020: 367,690) - B Ordinary shares of £1 each	368	368
1,049,702 (2020: 1,049,702) - C Ordinary shares of £1 each	1,050	1,050
889,721 (2020: 889,721) - D Ordinary shares of £0.01 each	9	9
207,500 (2020: 207,500) - E Ordinary shares of £0.01 each	2	2
390,670 (2020: 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 (2020 – 459,026) for a consideration of £nil (2020: £3,200,000).

During the year no A2 shares held by the EBT were converted to A3 shares and sold to employees under the LTIP (2020: 541,896).

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 (2020: 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 2021**

23 SHARE BASED PAYMENTS (continued)

23.1 Employee Shareholder Status Scheme (continued)

	Weighted average share price (pence) 2021	Number 2021	Weighted average share price (pence) 2020	Number 2020
Outstanding at the start of the year	414	662,184	414	670,022
Granted during the year	414	-	414	-
Exercised during the year	414	(10,310)	414	(7,838)
Outstanding at the end of the year	414	651,874	414	662,184

In the current year the Group's Directors were not granted any shares (2020: none). The total expense recognised for the year arising from the ESS was a charge of £410,000 (2020: credit of (£686,000)).

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) 2021	Number 2021 D	Weighted average share price (pence) 2020	Number 2020 D
Outstanding at the start of the year	400	618,589	400	680,639
Granted during the year	400	-	400	-
Lapsed during the year	400	(71,093)	400	(62,050)
Outstanding at the end of the year	400	547,496	400	618,589

	Weighted average share price (pence) 2021	Number 2021 E	Weighted average share price (pence) 2020	Number 2020 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 2021

23 SHARE BASED PAYMENTS (continued)

23.2 Growth Share Scheme (continued)

In the current year the Group's Directors were not granted any shares (2020: none)

The total expense recognised for the year arising from the GSS was a charge of £69,000 (2020: credit of (£12,000)).

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 nil (2020: 541,896).

The total expense recognised for the year arising from the LTIP was £1,068,000 (2020: £945,000).

	Weighted average share price (pence) 2021	Number 2021	Weighted average share price (pence) 2020	Number 2020
Outstanding at start of year	503	541,896	-	-
Granted during the year	-	-	503	541,896
Exercised during the year	-	-	-	-
Outstanding at the end of the year	503	<u>541,896</u>	503	<u>541,896</u>

24. 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 £354,000 (2020: £357,000). No contributions were payable to the fund at the Statement of Financial Position date (2020: £83,000).

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2021 the Group and Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Not Later than 1 year	916	957	-	-
Later than 1 year and not later than 5 years	3,421	3,614	-	-
Later than 5 years	-	862	-	-
Total	4,337	5,433	-	-

During 2021, £827,000 was expensed to the profit and loss account (2020: £892,000)

26. NET CASH OF THE ENTITY

	1 January 2021	Cash flows	31 December 2021
	£'000	£'000	£'000
Cash at bank and in hand (note 16)	39,668	(2,257)	37,411
Loan made	4,607	6,554	11,161
Subtotal	44,275	4,297	48,572
Loan received	(7,648)	(272)	(7,920)
Net cash	36,627	4,025	40,652

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand, and bank overdrafts.

27. RELATED PARTY TRANSACTIONS

At the end of the year the loan balance between C K Hurley and the Group was £115,000 owed to C K Hurley (2020: £14,000 owed to C K Hurley).

During the year the group invoiced amounts totalling £115,800,000 (2020: £156,319,000) to the Group's joint ventures in respect of construction services. At 31 December 2021 the amount owed to Mount Anvil Group Limited and its subsidiaries from these joint ventures in relation to construction services was £21,591,000 (2020: £34,425,000). At 31 December 2021 the amount owed by Mount Anvil Group Limited and its subsidiaries to these joint ventures in relation to construction activities was £1,127,000 (2020: £2,211,000).

No apartments were sold to related parties in 2021 (2020: 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 2021**

28. CONTROLLING PARTY

At 31 December 2021 and 31 December 2020, the company's ultimate controlling party was C K Hurley.

29. POST BALANCE SHEET EVENTS

On 23 March 2022, the Group agreed to acquire, subject to conditions, an increase in its percentage holding of certain joint venture investments from a strategic financial partner. Consideration of £16.1m was paid in respect of this event. As at the balance sheet date, it held all of the investments it has agreed to acquire through an intermediate holding company.

30. EXCEPTIONAL ITEMS

During the year the Group recognised exceptional cost of sales of £1.1m (2020: £4.3m). The current year charge was the result of further deterioration on the contract that was exceptional in the prior year, where the Group was delivering PRS homes for a strategic financial partner in Manchester. This contract was our only one outside London for 10 years and where we opted to share the financial consequences of the cost increases with our long-term partner. The additional cost in the year related to finalising subcontractor packages and making acceleration payments to our supply chain to meet contractual completion dates; the contract achieved completion in September 2021. The Group continues to focus exclusively on the London market.