
MOUNT ANVIL GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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MOUNT ANVIL GROUP LIMITED

COMPANY INFORMATION

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

MOUNT ANVIL GROUP LIMITED

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MOUNT ANVIL GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

OVERVIEW OF RESULTS

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

The best indicator of Mount Anvil's operational performance is therefore the gross overall partnership profit and turnover – this is what we are directly responsible for generating. We achieved total JV turnover¹ of £276.8 million (2019: £167.6 million) and total profit before tax² of £32.0 million (2019: £23.4 million). We are delighted that of this total profit before tax we have generated £30.8 million (2019: £17.1 million) of profit for our JV partners. 2020 was our 7th year in a row delivering over £20 million profit for our JV partners and Mount Anvil. Since 2014 we have generated more than £250.0 million for our partners and are set to generate a further £192.1 million (2019: £191.0 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 320 homes (2019: 301) in the year through our JVs, of which 307 were private (2019: 89), 13 were affordable (2019: 127) and none were private-rental-sector (PRS) (2019: 85). The average selling price of our private homes was £853,000 (2019: £1,182,000). The decrease reflects the mix of completions by project in the year, with 2019 being influenced by substantial completions at Hampstead Manor at price points at the top of our spectrum. We will continue to target operating in higher value London areas where our premium brand is an asset.

As a world class city, demand for London property – and for our homes – remains strong. Further, over the last two and a half years, we have improved our sales and marketing strategy which has resulted in a record-breaking number of pre-sold homes. At the date of this report, we have already secured 96% of our 2021 sales targets and 79% of forward sales across our five-year plan target. The Verdean, our JV scheme with Catalyst Housing, was launched during the year and was cited as the fastest selling development in London

In these financial statements, the reported Group turnover for 2020 was £215.3 million (2019: £238.4 million), including our share of JV developments of £59.0 million (2019: £43.8 million), along with turnover from contracting and construction services of £144.5 million (2019: £171.2 million) and property development services of £11.8 million (2019: £23.4 million). The Group reported a profit before tax and exceptional items of £5.5 million (2019: £6.3m), and post exceptional items of £1.2 million in 2020 (2019: £6.3 million). This year on year drop in profit is explained by two items noted below. We expect that our share of the overall profit generated will increase in the coming years as we take larger stakes alongside our JV partners in forthcoming schemes.

There were two significant items in the year impacting the overall performance. The first was in respect of a contract where the Group was delivering PRS homes for a strategic financial partner in Manchester. The Group encountered a perfect storm – supply chain failures exacerbated by the Manchester construction boom, on site flooding, staffing issues – all of this further compounded by delays and additional costs as a consequence of the COVID-19 pandemic site suspension. We took on this project, our only one outside London in 10 years, to support a long-term strategic financial partner. We opted to share the financial consequences of this extreme set of circumstances with that partner, reducing our ability to recover £4.3 million of our costs. This is recorded as an exceptional item in the year. The Group has recommitted to focusing exclusively on the London market.

The second item which reduced the Group share of the overall £37.6 million profit delivery was in respect of building safety. In light of recent changes to regulations and guidance, 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 totalling £1.5 million 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 fall to residents.

Reconciliation of statutory and non-statutory performance measures

	Total JV	Partner share of JV	MA share of JV ³	Total MA group
	£m	£m	£m	£m
Total JV turnover	276.8	217.8	59.0	215.3
Profit before tax	37.6	30.8	6.8	1.2

¹ KPI defined as being total scheme turnover, including JV share, applying the Group's revenue recognition policy

² KPI defined as being total scheme margin, including JV share, plus Mount Anvil's statutory profit before tax

³ JV profits before tax, post tax profits are consolidated into the Group

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GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

DEVELOPMENT SUMMARY

Our results for the year have been driven largely by significant numbers of home completions at four key schemes through our JVs. Keybridge House (176 homes), Keybridge School (122 homes), The Silk District (103 homes) and Hampstead Manor (25 homes) schemes. As at 31 December 2020, the total pipeline of homes carried forward on our developments⁴ amounted to 4,257 homes and the total pipeline of commercial space amounted to 12,654 sq. m (2019: 3,414 homes and 14,936 sq. m of commercial space). Based on current day prices, the total sales value of this pipeline, together with freehold and commercial disposals, is approximately £2.12 billion (2019: £1.66 billion).

CONTRACTING SUMMARY

Mount Anvil Limited, our in-house construction business, generated turnover of £162.8 million⁵ (2019: £189.0 million) and profit before taxation was £3.0 million (2019: £3.2 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 £127.6 million (2019: £66.2 million) and the intra group private build contracts add a further £269.3 million (2019: £242.3 million).

FINANCIAL PERFORMANCE

The performance of the Group as described above resulted in profit before tax of £1.2 million (2019: £6.3 million). The net assets of the Group decreased by £0.7 million to £76.3 million. During the year the company bought back and cancelled 459,026 shares (2019 – nil) for a consideration of £3.2 million (2019 - £nil). The strong financial performance of our JV schemes led to closing net cash⁶ of £44.3 million (2019: net cash of £30.7 million). This was an exceptionally strong net cash performance in a year that included the £4.3 million of investment in new JV schemes (2019: £15.6 million).

Significant movements in the Statement of Financial Position include the additional investment into our JVs of £4.3 million as noted above, as well as capital repayment of £19.1 million; this reflected our investment in and returns from the Keybridge, and Royal Docks West schemes in the year. A decrease in prepayments and accrued income of £6.7m, predominantly reflects the stage of works on our ongoing schemes. Other key movements in working capital include a decrease in other debtors of £4.2m, predominately relating to the repayment of loans receivable.

PEOPLE AND THE ENVIRONMENT

Our business and the wider market were significantly impacted by the COVID-19 pandemic at the start of 2020. The Group decided to close our construction sites before the government mandated it, in order to prioritise the safety and wellbeing of our people. Whilst maintaining social distancing, and by adopting the use of technology in sales, we were able to safely reopen all sites by the end of May 2020.

Further threat and uncertainty from the COVID-19 pandemic provides a difficult backdrop against which to forecast future activity. The Group has incurred unexpected costs as a result of closing construction sites and making them compliant and safe. However, during the course of 2020, and despite COVID-19 and its impact on the wider economy, the Group has celebrated a number of successes:

- The Verdean, our JV with Catalyst, which was launched in 2020 was cited as the fastest selling development in London, with all 160 homes in the first release selling within a matter of weeks.
- Our developments' forward sales position across our portfolio has significantly improved - we have secured 96% of our 2020 sales targets and have achieved 79% of forward sales across our five-year plan target (covering budgeted sales targets until 2024).
- The Group managed and concluded funding agreements to secure progress on current developments, and to provide capacity to invest in the best available new development sites in London.
- We announced a new £50m investment partnership with the GLA allowing us to invest in London's best development opportunities.
- All live construction sites fully implemented new working practices and improved welfare facilities and were back to full capacity and productivity for most of the year. We managed to meet our forecast delivery dates last year, and continue to do so.
- Two of our sites, The Silk District and Three Waters have been awarded NHBC Pride in the Job Quality Awards 2021. This not only identifies the excellence of the completed product but also the exceptional skills and organisation of the site teams.

⁴For pipeline schemes, this includes owned, contracted and sites where we are negotiating legals to acquire

⁵Mount Anvil Limited turnover and PBT only

⁶KPI defined as cash, cash equivalents and loans receivable repayable on demand

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GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

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

The Group benefits from a strong working relationship with our funding partners and banks; we raised £99m to fund our JV developments in 2020, aided by our strong pre-sales position. In May 2020, we secured a £64m facility for The Silk District, our development in Whitechapel with L&Q, and in June 2020 a £35m debt package for Three Waters, our development in Bromley-by-Bow with Peabody.

In June 2020, we were also delighted to confirm the approval of a new £50m investment partnership with the GLA, which is the first of its kind. We are looking forward to playing our part in supporting London's bounce back post COVID-19, working in partnership with the GLA, Local Authorities and our Housing Association partners to deliver a positive legacy for London.

We have started 2021 on a similar vein and are delighted that in May 2021 we secured a £74.5m funding package for our Royal Eden Docks development which is being undertaken in JV with LIEC, and in June 2021 secured a further £53.5m to fund the second phase of The Silk District JV.

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 in 2020 we became 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 received 'Number One Gold Employer' at Mind's Workplace Wellbeing Index Awards this 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.

For four successive years we have also been recognised by the British Safety Council as the UK's Number One company for Health and Safety. This demonstrates our proven culture of excellence in health and safety practices and risk management.

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

People

We invest in finding good people and then we give them the space, responsibility, and resources to do their best work. Our inclusion in the Sunday Times Best 100 Small Companies to Work For list for eleven consecutive years is a stand-out achievement for Mount Anvil and is unique in our industry. In 2019 we were included as one of the Best 75 Small Companies to Work For in the London b-Heard Survey.

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.

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 both on our sites across London and Manchester, as well as at our Barbican office. 63% of Mount Anvil's 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.

COVID-19 has proved extremely challenging for our industry. As noted, we decided to close our construction sites before the government mandated it, in order to prioritise the safety and well-being of our people. We also made use of the government furlough scheme introduced in the year to keep people - whose work was on pause - financially supported and topped up government furlough pay to 100% of salary.

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 joint venture 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 colleagues that we interact with.

Also new for this year is our 'Living Rooms', a multi-scheme showroom and hosting space recently opened in our Barbican office. This helps our partners by giving us predictable costs for marketing suite presence early in the lifecycle of the scheme, as well as providing a flexible space for holding events and training.

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 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 – those who are part of estate transformations during the course of the project, plus their new neighbours once they've moved into new homes, is hugely important to us.

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 with Mount Anvil has been.

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GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

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 officer 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 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 feel that all decisions taken during the financial year take 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.

COVID-19 business continuity and risk management

The Board have been monitoring the impact of COVID-19 and managing the evolving situation since March 2020. We have successfully put in place business continuity plans, with a focus on opening our sites as soon as it was safe to do so, keeping them safe for our people and ensuring strength in our balance sheet to enable us to invest in our future. There has been a strong focus on ensuring the Group has sufficient liquidity to continue to trade and we continue to monitor the COVID-19 situation and its impact on the Group on a daily basis.

The Group has been largely unaffected by Brexit during the year, and do not consider the subsequent changes in legislation to have had a material impact on our operations but we continue to monitor the short-term impact of Brexit on the construction labour market, in conjunction with our subcontractors.

This report was approved by the board on 30 June 2021 and signed on its behalf by:

Ewan Anderson
Director



MOUNT ANVIL GROUP LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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 £1,158,000 (2019: £6,288,000) in the year. No distributions were paid in the year (2019: £nil). During the year the company bought back and cancelled 459,026 shares (2019 – nil) for a consideration of £3,200,000 (2019 - £nil). 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
K Hurley (resigned, 31 July 2020)

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 £233,000 (2019: £219,000), there were no political contributions (2019: £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, where applicable, severe but plausible sensitivities have been applied to key factors affecting the expected financial performance and liquidity of the group – taking into account these factors and the on-going impact on the business caused by the outbreak of COVID-19. This assessment has considered downside case forecasts where significant delays, cost increases and revenue

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**DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Other matters and going concern (continued)

reduction are experienced. Stress test sensitivities have been applied to these forecasts to model the impact of a second extended period of tighter government restrictions, a significant fall in sales prices on unsold homes, and for a substantial increase in build costs.

The Group's existing cash resource has grown since the 2019 year-end, following the completion of a number of homes at our Keybridge House development in Q1 and Q2 this year. As described in the Strategic report, the Group's liquidity is further strengthened by the signing and approval of the loan facility with the GLA, 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.

Streamlined energy and carbon reporting

The following figures make up the baseline report for Mount Anvil Group Limited, as 2020 is the first year that the Group is required to make these disclosures.

- No Mandatory emissions have been excluded from this report
- The DEFRA 2019/20 emissions factors have been applied.
- This report is aligned with GHG protocol
- Scope of emissions included in the below includes electricity, natural gas, direct transport.

		Current Reporting Year
Total UK energy consumption (gas, electricity and transport), kWh	Natural Gas (kWh)	1,858,927
	Direct Transport (kWh)	161,185
	Total Scope 1 Energy (kWh)	2,020,112
	Scope 2: Electricity purchased. Total Electricity (kWh)	1,253,954
	Total Scope 1 and 2 Energy Consumption (kWh)	3,274,066
Emissions from combustion of gas, tCO ₂ e (scope 1)	Natural Gas (tCO ₂ e)	342
Emissions from combustion of fuel for transport purposes, tCO ₂ e (scope 1)	Direct Transport (tCO ₂ e)	39
	Total Scope 1 – (tCO ₂ e)	381
Emissions from purchased electricity, tCO ₂ e (scope 2)	Location Based (LB) (tCO ₂ e)	292
	Market Based (MB) (tCO ₂ e)	162
Total emissions from gas, electricity and transport, tCO ₂ e	Location based Total Scope 1 and 2 Emissions (tCO ₂ e)	673
	Market based Total Scope 1 and 2 Emissions (tCO ₂ e)	543
Intensity ratio	(tCO ₂ e per £m of sales revenue)	4.50

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
30 June 2021



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 2020 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 2020 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.

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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.

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

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Charles Ellis (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

55 Baker Street, London W1U 7EU

30 June 2021

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 2020**

	Note	2020 £'000	2019 £'000
Turnover including share of joint ventures		215,326	238,415
Less: joint ventures' turnover		<u>(59,015)</u>	<u>(43,793)</u>
Turnover	4	156,311	194,622
Cost of sales		<u>(145,274)</u>	<u>(170,949)</u>
Exceptional cost of sales	29	<u>(4,327)</u>	-
Gross profit		<u>6,710</u>	<u>23,673</u>
Administrative expenses		<u>(10,678)</u>	<u>(20,547)</u>
Share of profit of joint ventures		<u>4,746</u>	<u>2,871</u>
Total operating profit	5	778	5,997
Interest receivable and similar income	9	660	319
Interest payable and similar charges	10	<u>(280)</u>	<u>(28)</u>
Profit before taxation		1,158	6,288
Profit before tax and exceptional cost of sales	29	<u>5,485</u>	6,288
Taxation on profit from ordinary activities	11	<u>47</u>	<u>(1,304)</u>
Profit for the year and total comprehensive income for the year (Attributable to owners of the parent company)		<u>1,205</u>	<u>4,984</u>

All amounts relate to continuing operations.

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

MOUNT ANVIL GROUP LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
REGISTERED NUMBER: 04410393**

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	12	1,369	1,456
Investments	13	41,547	56,364
		42,916	57,820
Current assets			
Stocks	14	1,162	819
Debtors: amounts falling due within one year	15	49,060	60,269
Cash at bank and in hand	16	39,668	22,175
Deferred tax asset	21	334	323
		90,224	83,586
Creditors: amounts falling due within one year	17	(44,623)	(52,947)
Net current assets		45,601	30,639
Total assets less current liabilities		88,517	88,459
Creditors: amounts falling due after more than one year	18	(11,353)	(11,483)
Provisions	19	(1,500)	-
Net assets		75,664	76,976
Capital and reserves			
Called up share capital	22	6,730	7,189
Share premium account		30	30
Capital redemption reserve		4,229	3,087
Share based payment reserve		576	576
Retained earnings		64,099	66,094
Equity attributable to owners of the parent company		75,664	76,976

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2021.

Ewan Anderson
Director



MOUNT ANVIL GROUP LIMITED

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
REGISTERED NUMBER: 04410393**

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	13	<u>13,832</u>	<u>13,585</u>
		13,832	13,585
Current assets			
Debtors: amounts falling due within one year	15	21,548	7,549
Cash at bank and in hand	16	<u>40</u>	<u>86</u>
		21,588	7,635
Creditors: amounts falling due within one year	17	<u>(11,902)</u>	<u>(9,888)</u>
Net current liabilities		<u>9,686</u>	<u>(2,253)</u>
Total assets less current liabilities		23,518	11,332
Creditors: amounts falling due after more than one year	18	<u>(2,556)</u>	<u>(2,308)</u>
Net assets		<u>20,962</u>	<u>9,024</u>
Capital and reserves			
Called up share capital	22	6,730	7,189
Share premium account		30	30
Capital redemption reserve		3,546	3,087
Share based payment reserve		576	576
Retained earnings		<u>10,080</u>	<u>(1,858)</u>
Equity attributable to owners of the parent company		<u>20,962</u>	<u>9,024</u>

The company profit for the year was £15,138,000 (2019: loss £564,000).

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2021



Ewan Anderson
Director

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 19 to 39 form part of these financial statements.

MOUNT ANVIL GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2019**

	Share capital	Share premium	Capital redemption reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	7,189	30	3,087	576	61,110	71,992
Comprehensive income for the year						
Comprehensive income for the year	-	-	-	-	4,984	4,984
Total comprehensive income for the year	-	-	-	-	4,984	4,984
Contribution by and distribution to owners						
Total transactions with owners	-	-	-	-	-	-
At 31 December 2019	7,189	30	3,087	576	66,094	76,976

The notes on pages 19 to 39 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	-	-	-	-	15,138	15,138
Contributions by and distributions to owners						
Share Buyback (note 22)	(459)	-	459	-	(3,200)	(3,200)
Total transactions with owners	(459)	-	459	-	(3,200)	(3,200)
At 31 December 2020	6,730	30	3,546	576	10,080	20,962

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

MOUNT ANVIL GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2019**

	Share capital	Share premium	Capital redemption Reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	7,189	30	3,087	576	(1,294)	9,588
Comprehensive expense for the year						
Comprehensive expense for the year	-	-	-	-	(564)	(564)
Total comprehensive expense for the year	-	-	-	-	(564)	(564)
Total transactions with owners	-	-	-	-	-	-
At 31 December 2019	7,189	30	3,087	576	(1,858)	9,024

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 2020**

	2020	2019
	£'000	£'000
Cash flows from operating activities		
Profit for the financial year	1,205	4,984
Adjustments for:		
Depreciation of tangible assets	459	432
Write-off of investments (including adjustments)	54	4,481
Interest payable	280	28
Interest receivable	(660)	(319)
Tax expense	(47)	1,304
Decrease / (Increase) in stocks	(343)	501
Decrease / (Increase) in deferred tax asset	(11)	358
Increase in debtors (excluding joint ventures/ group undertakings)	10,635	(12,305)
(Decrease)/ Increase in creditors due in less than one year (excluding joint ventures/group undertakings)	(8,889)	6,460
Decrease/ (increase) in amounts owed by joint ventures	732	(5,215)
Increase in amounts owed to joint ventures	995	-
Decrease / (increase) in amounts owed by group undertakings	-	-
Increase in creditors due in more than one year (excluding joint ventures)	1,370	1,712
Share of profit of joint ventures	(5,245)	(3,131)
Other	24	-
Cash from operations	559	(710)
Corporation tax paid	(541)	(252)
Interest paid	(17)	-
Interest received	41	62
Net cash used in operating activities	42	(900)
Cash flows from investing activities		
Purchase of tangible fixed assets	(372)	(480)
Investments in joint ventures	(4,301)	(15,566)
Capital repaid to members	19,060	9,000
Dividend received from joint ventures	5,249	-
Share buyback	(2,185)	-
Net cash used in from investing activities	17,451	(7,046)
Cash flows from financing activities		
Loan received	-	7,385
Net cash generated from financing activities	-	7,385
Net decrease in cash and cash equivalents	17,493	(561)
Cash and cash equivalents at beginning of year	22,175	22,736
Cash and cash equivalents at the end of year	39,668	22,175
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	39,668	22,175

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

MOUNT ANVIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Recognition of revenue and profit on construction contracts requires management judgement regarding the anticipated final outcome of individual contracts and of the proportion of works completed at the reporting date. Management undertakes detailed reviews on a monthly basis in order to exercise judgement over the outcome of each contract and the associated risks and opportunities. An assessment of the value of the contract against amounts invoiced to date is performed and revenue is recognised, with the balance recognised as deferred or accrued income.

The value of work completed at the reporting date is assessed by undertaking surveys and completing internal valuations on each element of works completed and in progress. Regular management reviews of contract progress include a comparison of internal valuations to the applications for payment made by supply chain partners and to external valuations completed on behalf of clients. Any material variances are investigated and updates made where appropriate.

The age, nature and recoverability of all debtors and amounts recoverable on construction contracts are reviewed regularly by management and provisions made where appropriate.

Consistent procedures and management tools are in place to ensure that estimates are applied and results determined on a consistent basis.

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

2.6 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.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

Any income from insurance proceeds is not recognised until it is virtually certain. 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 2020

2. ACCOUNTING POLICIES (continued)

2.21 Going concern

In determining the appropriate basis of preparation of the financial statements the directors are required to consider whether the group can continue in operational existence for the foreseeable future. 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, where applicable, severe but plausible sensitivities have been applied to key factors affecting the expected financial performance and liquidity of the group – taking into account the factors and on-going impact on the business caused by COVID-19.

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 second extended period of tighter government restrictions, a significant fall in sales prices on unsold homes, and for a substantial increase in build costs. Under all scenarios modelled the Group has significant headroom in terms of its covenants and liquidity.

The Group's existing cash resource has remained healthy since the 2020 year-end. As described in the Strategic report, the Group's liquidity is further strengthened by the signing of the loan facility with the GLA, 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. The Directors have therefore prepared the financial statements on a going concern basis.

2.22 Furlough

The Group made use of the Government's furlough scheme in the year. Any income from furlough has been recognised against the payroll costs associated.

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

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

Recognition of revenue and profit on construction contracts requires management judgement regarding the anticipated final outcome of individual contracts and of the proportion of works completed at the reporting date. Management undertakes detailed reviews on a monthly basis in order to exercise judgement over the outcome of each contract and the associated risks and opportunities.

The value of work completed at the reporting date is assessed by undertaking surveys and completing internal valuations on each element of works completed and in progress. Regular management reviews of contract progress include a comparison of internal valuations to the applications for payment made by supply chain partners and to external valuations completed on behalf of clients. Any material variances are investigated, and updates made where

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

appropriate.

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.

(c) Going concern

Given the COVID-19 pandemic, enhanced judgement is required in respect of the Group's ability to continue as a going concern and the assumptions considered, see Note 2.21 for detail.

(d) Share schemes

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

4. ANALYSIS OF TURNOVER

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

	2020	2019
	£'000	£'000
Property development	11,767	23,404
Design and build contracting	144,544	171,218
	156,311	194,622

All turnover arose within the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019
	£'000	£'000
Depreciation of tangible fixed assets (note 12)	459	432
Rent - operating leases (note 25)	892	909
Share based payment expense (note 23)	247	618
Fees payable to the Group's auditor and its associates for the audit of the Company's annual accounts (note 6)	175	169
Investment write-off (note 13)	54	6,554
Defined contribution pension cost (note 24)	357	268

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. AUDITORS' REMUNERATION

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13	10
Fees payable to the Company's auditor for the audit of the Company's subsidiary companies	<u>162</u>	<u>159</u>
	<u>175</u>	<u>169</u>

7. EMPLOYEES

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

	2020 £'000	2019 £'000
Wages and salaries	18,623	20,760
Social security costs	2,413	2,746
Cost of defined contribution pension scheme	<u>357</u>	<u>267</u>
	<u>21,393</u>	<u>23,773</u>

The Group made use of the Government's furlough scheme in the year. £0.2m was received in the year. (2019: nil)

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

	2020 No.	2019 No.
Site	100	116
Administration	<u>108</u>	<u>111</u>
	<u>208</u>	<u>227</u>

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. DIRECTORS' REMUNERATION

	2020 £'000	2019 £'000
Directors' emoluments	1,602	1,852
Company contributions to defined contribution pension schemes	<u>5</u>	<u>5</u>
	<u>1,607</u>	<u>1,857</u>

The highest paid director received remuneration of £339,000 (2019: £542,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,000 (2019: £1,000).

The total accrued pension provision of the highest paid director at 31 December 2020 amounted to £nil (2019: £nil).

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Loan and other interest receivable	<u>660</u>	<u>319</u>
	<u>660</u>	<u>319</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £000	2019 £000
Other interest payable	<u>280</u>	<u>28</u>
	<u>280</u>	<u>28</u>

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. TAXATION

	2020 £'000	2019 £'000
UK Corporation tax		
Current tax on profits for the year	(1)	2,120
Adjustments in respect of previous periods	(35)	(458)
Total current tax	(36)	1,662
Deferred tax		
Recognition of deferred tax asset on trading losses	(3)	(5)
Origination and reversal of timing differences	(7)	(353)
Adjustments in respect of previous periods	(1)	-
Total deferred tax	(11)	(358)
Taxation on profit on ordinary activities	(47)	1,304

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	1,158	6,288
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	220	1,195
Effects of:		
Expenses not deductible for tax purposes	390	344
Profits consolidated on a post-tax basis	(1,060)	-
Income not taxable in determining taxable profit	(960)	243
Group Relieved	1	(165)
Utilisation of tax losses not previously recognised	-	55
Fixed asset differences	5	9
Losses and other deductions	1,395	-
Adjust closing deferred tax to average rate of 19.00%	-	46
Adjust opening deferred tax to average rate of 19.00%	(2)	(51)
Tax on apportioned LLP profits	-	86
Adjustments to tax charge in respect of prior periods	(36)	(458)
Total tax (credit)/ charge for the year	(47)	1,304

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 2020**

12. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings	Leasehold improvements	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	2,304	1,158	3,462
Additions	372	-	372
Disposals	(399)	-	(399)
At 31 December 2020	2,277	1,158	3,435
Depreciation			
At 1 January 2020	1,666	340	2,006
Charge for the period	343	116	459
Disposals	(399)	-	(399)
At 31 December 2020	1,610	456	2,066
At 31 December 2020	667	702	1,369
At 31 December 2019	638	818	1,456

13. FIXED ASSET INVESTMENTS

Group	Investment in joint ventures £'000
Carrying value	
At 1 January 2020	56,364
Additions	4,301
Repayment of capital	(19,060)
Write off	(54)
Dividend received from JV	(5,249)
Joint venture profit share	5,245
At 31 December 2020	41,547

There is no capitalised interest in investments (2019: £nil)

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £'000
Cost or valuation	
At 1 January 2020	13,585
Additions	247
At 31 December 2020	<u>13,832</u>

There is no capitalised interest in investments (2019: £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%	Dormant company
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%	Intermediate holding company
Mount Anvil (Buckhold Road) Ltd~	United Kingdom	100%	Liquidated
Mount Anvil (Buckhold Road Commercial) Ltd~	United Kingdom	100%	Liquidated
Mount Anvil (Broomhill Road) Ltd~	United Kingdom	100%	Liquidated
Mount Anvil (Union Street) Ltd~	United Kingdom	100%	Liquidated
Mount Anvil (Milton Keynes) Ltd~	United Kingdom	100%	Liquidated
Mount Anvil (SSM) Ltd~	United Kingdom	100%	Liquidated
Mount Anvil Centre of Excellence~	United Kingdom	100%	Liquidated

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. FIXED ASSET INVESTMENTS (continued)

Mount Anvil UK4 Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Mount Anvil UK5 Limited ^{^*}	United Kingdom	100%	Intermediate holding company
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 (New Cross Gate) 1 Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Mount Anvil (New Cross Gate) 2 Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Mount Anvil (New Cross Gate) 3 Limited ^{^*}	United Kingdom	100%	Intermediate holding company
Mount Anvil (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%	Property developer

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. FIXED ASSET INVESTMENTS (continued)

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
New Cross Gate 1 LLP*	United Kingdom	50%	Property developer
New Cross Gate 2 LLP*	United Kingdom	50%	Property developer
New Cross Gate 3 LLP*	United Kingdom	50%	Property developer
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, Stepney Way 2 LLP, New Cross Gate 1 LLP, New Cross Gate 2 LLP, New Cross Gate 3 LLP and Queens Wharf Riverside LLP which have reporting periods ended 31 March.

* 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 been liquidated 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 2020**

14. STOCKS

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Work in progress	1,162	819	-	-
	<u>1,162</u>	<u>819</u>	<u>-</u>	<u>-</u>

Work in progress recognised in cost of sales during the year as expense was £149,601,000 (2019: £170,949,000).

No finance costs are included in the stocks balance (2019: £nil). No stocks are pledged as security for liabilities (2019: £nil).

15. DEBTORS

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	533	772	-	-
Amounts owed by group undertakings	-	-	21,322	5,911
Amounts owed by joint ventures	34,425	35,157	40	-
Other debtors	10,438	14,622	-	1,500
Corporation Tax	340	2	-	-
Prepayments and accrued income	2,880	9,592	186	129
VAT	444	124	-	9
	<u>49,060</u>	<u>60,269</u>	<u>21,548</u>	<u>7,549</u>

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
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash at bank and in hand	39,668	22,175	40	86
	<u>39,668</u>	<u>22,175</u>	<u>40</u>	<u>86</u>

Cash at bank and in hand includes an amount of £nil (2019: £nil) held with solicitors and available on demand.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. CREDITORS: Amounts falling due within one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	8,690	10,484	-	16
Amounts owed to group undertakings	-	-	11,763	9,602
Amounts owed to joint ventures	2,211	1,216	-	-
Corporation tax	-	430	-	-
Taxation and social security	1,569	1,937	-	-
Other creditors	11,660	6,127	-	-
Accruals and deferred income	20,493	32,753	139	270
	44,623	52,947	11,902	9,888

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
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Share based payment liability (note 23)	2,556	2,310	2,556	2,308
Obligations under contracts	327	288	-	-
Other creditors	8,021	8,885	-	-
Accruals and deferred income	449	-	-	-
	11,353	11,483	2,556	2,308

The Group has an obligation for dilapidations at the end of its head office lease in 2027 – the amount due after more than one year is not demonstrative of the full balance. The breakdown reflects the due date of amounts payable.

19. PROVISIONS: Amounts falling due after more than one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Provisions	1,500	-	-	-
	1,500	-	-	-

A provision has been made in the year for £1,500,000 to complete remedial works on legacy schemes. See note 29.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. FINANCIAL INSTRUMENTS

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost	86,804	81,071	21,402	7,626
	<u>86,804</u>	<u>81,071</u>	<u>21,402</u>	<u>7,626</u>
Financial liabilities measured at amortised cost	(47,663)	(62,063)	(14,459)	(14,088)
	<u>(47,663)</u>	<u>(62,063)</u>	<u>(14,459)</u>	<u>(14,088)</u>

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

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

21. DEFERRED TAX ASSET

Group

	Deferred tax £'000
At 1 January 2020	323
Credited to profit and loss (note 11)	11
At 31 December 2020	<u>334</u>

The provision for deferred taxation is made up as follows:

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trading losses carried forward	334	173	-	-
Timing differences	-	150	-	-
	<u>334</u>	<u>323</u>	<u>-</u>	<u>-</u>

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. SHARE CAPITAL

	2020 £'000	2019 £'000
Authorised		
4,020,125 (2019: 4,020,125) - A1 Ordinary shares of £1 each	4,020	4,020
349,078 (2019: 1,350,000) - A2 Ordinary shares of £1 each	349	1,350
541,896 (2019: none) A3 Ordinary shares of £1 each	542	-
367,690 (2019: 367,690) B Ordinary shares of £1 each	368	368
1,049,702 (2019: 1,440,372) - C Ordinary shares of £1 each	1,050	1,440
916,534 (2019: 916,534) - D Ordinary shares of £0.01 each	9	9
207,500 (2019: 207,500) - E Ordinary shares of £0.01 each	2	2
390,670 (2019: none) Treasury shares of £1 each	390	-
14,100,000 (2019: 14,100,000) - Preference shares of £1 each	14,100	14,100
	20,830	21,289
Allotted, called up and fully paid		
4,020,125 (2019: 4,020,125) - A1 Ordinary shares of £1 each	4,020	4,020
349,078 (2019: 1,350,000) - A2 Ordinary shares of £1 each	349	1,350
541,896 (2019: none) A3 Ordinary shares of £1 each	542	-
367,690 (2019: 367,690) - B Ordinary shares of £1 each	368	368
1,049,702 (2019: 1,440,372) - C Ordinary shares of £1 each	1,050	1,440
889,721 (2019: 889,721) D Ordinary shares of £0.01 each	9	9
207,500 (2019: 207,500) E Ordinary shares of £0.01 each	2	2
390,670 (2019: none) Treasury shares of £1 each	390	-
	6,730	7,189

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 2020, no shares were issued under Growth share scheme.

During the year the company bought back and cancelled 459,026 shares (2019 – nil) for a consideration of £3,200,000 (2019: £nil).

During the year 541,896 A2 shares held by the EBT were converted to A3 shares and sold to employees under the LTIP (2019: nil).

23. SHARE BASED PAYMENTS

23.1 Employee Shareholder Status Scheme

In 2015 certain employees of Mount Anvil Limited, a subsidiary of the Company, were issued with C ordinary shares in the Company under an Employee Shareholder Status scheme ('ESS'). No shares were issued in the current year (2019: 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 2020**

23.1 SHARE BASED PAYMENTS (continued)

	Weighted average share price (pence) 2020	Number 2020	Weighted average share price (pence) 2019	Number 2019
Outstanding at the start of the year	414	670,022	414	790,737
Granted during the year	414	-	414	-
Lapsed during the year	414	(7,838)	414	(120,715)
Outstanding at the end of the year	414	662,184	414	670,022

In the current year the Group's Directors were not granted any shares (2019: none). The total expense recognised for the year arising from the ESS was a credit of (£686,000) (2019: £nil).

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) 2020	Number 2020 D	Weighted average share price (pence) 2019	Number 2019 D
Outstanding at the start of the year	400	680,639	400	680,639
Granted during the year	400	-	400	-
Lapsed during the year	400	(62,050)	400	-
Outstanding at the end of the year	400	618,589	400	680,639

	Weighted average share price (pence) 2020	Number 2020 E	Weighted average share price (pence) 2019	Number 2019 E
Outstanding at the start of the year	400	207,500	400	207,500
Granted during the year	400	-	400	-
Lapsed 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 2020

23.2 SHARE BASED PAYMENTS (continued)

In the current year the Group's Directors were not granted any shares (2019: none)

The total expense recognised for the year arising from the GSS was a credit of (£12,000) (2019: £618,000).

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 541,896 (2019: none).

The total expense recognised for the year arising from the LTIP was £945,000 (2019: £nil).

	Weighted average share price (pence) 2020	Number
Outstanding at start of year	-	-
Granted during the year	503	541,896
Lapsed during the year	-	-
Outstanding at the end of the year	<u>503</u>	<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 £357,000 (2019: £268,000). Contributions totalling £83,000 (2019: £74,000) were payable to the fund at the Statement of Financial Position date.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the Group and Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Not Later than 1 year	957	817	-	-
Later than 1 year and not later than 5 years	3,614	3,209	-	-
Later than 5 years	862	1,566	-	-
Total	5,433	5,592	-	-

During 2020, £892,000 was expensed to the profit and loss account (2019: £909,000)

26. NET CASH OF THE ENTITY

	1 January 2020	Cash flows	31 December 2020
	£'000	£'000	£'000
Cash at bank and in hand (note 16)	22,175	17,493	39,668
Loan made	8,507	(3,900)	4,607
Subtotal	30,682	13,593	44,275
Loan received	(7,385)	(263)	(7,648)
Net cash	23,297	13,330	36,627

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 £14,000 owed to C K Hurley (2019: £19,000 owed to C K Hurley). The highest balance during the year was £860,000 owed from C K Hurley (2019: £926,000 owed to C K Hurley).

During the year the group invoiced amounts totalling £156,319,000 (2019: £171,218,000) to the Group's joint ventures in respect of construction services. At 31 December 2020 the amount owed to Mount Anvil Group Limited and its subsidiaries from these joint ventures in relation to construction services was £34,425,000 (2019: £35,157,000). At 31 December 2020 the amount owed by Mount Anvil Group Limited and its subsidiaries to these joint ventures in relation to construction activities was £2,211,000 (2019: £1,216,000).

No apartments were sold to related parties in 2020 (2019: none)

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

During the year a share buyback took place and an owner of 459,026 A2 shares was paid £3,200,000 for the shares which were subsequently redeemed.

MOUNT ANVIL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

28. CONTROLLING PARTY

At 31 December 2020 and 31 December 2019, the company's ultimate controlling party was C K Hurley.

29. EXCEPTIONAL ITEMS

There were two significant items in the year impacting the overall performance. The first was an exceptional item, as presented in the CSOCI, in respect of a contract where the Group was delivering private-rental-sector (PRS) homes for a strategic financial partner in Manchester. The Group encountered a perfect storm – supply chain failures exacerbated by the Manchester construction boom, on-site flooding, staffing issues – all of this further compounded by delays and additional costs as a consequence of the COVID-19 pandemic site suspension. We took on this project, our only one outside London in 10 years, to support a long-term strategic financial partner. We opted to share the financial consequences of this extreme set of circumstances with that partner, reducing our ability to recover £4.3 million of our costs. This is therefore recorded as an exceptional item in the year on the basis that this contract has been deemed to be out with the normal course of business. The Group has recommitted to focusing exclusively on the London market. The second item which reduced the Group share of the overall £37.6 million profit delivery was in respect of building safety. In light of recent changes to regulations and guidance, 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 totalling £1.5 million 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 fall to residents. These are not deemed to be exceptional items as are costs incurred in the normal course of business.

30. POST BALANCE SHEET EVENTS

The Group benefits from a strong working relationship with our funding partners and banks; and are delighted that in May 2021 we secured a £74.5m funding package for our Royal Eden Docks development which is being undertaken in JV with LIEC, and in June 2021 secured a further £53.5m to fund the second phase of The Silk District JV.