MOUNTFIELD GROUP PLC

Company Registration No. 06374598 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

Mountfield Group Plc

CONTENTS **PAGE**

Mountfield Group Plc

COMPANY INFORMATION

Directors	P H Jay	Executive Chairman
	G J Read	Chief Executive
	A J Collins	Executive Director
	AJ Sainsbury	Non-Executive Director

Secretary P H Jay

Company number 06374598 (England and Wales)

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Mountfield Group Plc

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

CHAIRMAN'S REPORT

Group Highlights

I am delighted to be able to report that, having returned to profit in 2012, the Group's turnaround gathered real momentum in 2013 and the Board is optimistic that the improvement is sustainable.

The Group's strong performance was reflected in the substantial improvement in **net profitability** of £765,339 against £218,505 in 2012, an increase of 350%. That this was coupled with a reduction in **revenue** from £13.6m in 2012 to £12.3m (9.6%) reflected the ability of the Group to be more selective in the contracts that it took on and also delayed starts on a few contracts. As a result the Group achieved an **operating margin** of 6.9%, an improvement from the 1.4% achieved in 2012. **Earnings per share** increased from 0.04p in 2012 to 0.22p in 2013.

Trade receivables rose by £1.02m, trade and other payables increased by £1.11m. Cash generated from operations was £979k and cash flow improved by £972k.

Although the Board has indicated that, as a medium term objective, it wishes to begin paying dividends to shareholders, it will not be recommending the payment of a **dividend** this year as it is mindful of the demands on cash flow that will be made by an increase in the Group's trading at this stage.

The Group's recovery is the result of the hard work and expertise of the Group's Directors, senior management and staff. On behalf of the Board I would like to record our thanks to all of them.

The Board's confidence as to the Group's prospects is based upon the extent to which demand for construction services has recovered so strongly after the period during which the work that was available was usually offered at low or even negative margins. It is difficult to pinpoint the time when the change in demand became noticeable but with the benefit of hindsight we can see that the boost in business sentiment that accompanied the London Olympics in 2012 was transformed into a sense of confidence that has re-invigorated the construction sector as well as many other areas of business.

These increased levels of activity enabled the Group to produce a trading profit in 2012 after three years of losses and those profits were further increased in 2013 as investors and developers decided that the recovery had a secure base. This has been further evidenced during the first part of 2014 by a level of new business enquiries and invitations to tender in both of our divisions that has not been seen by the Board since the middle of 2008. The Board regards this as being a longer lasting improvement in sentiment and confidence.

Peter Jay
Executive Chairman

12 June 2014

Mountfield Group Plc

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

CEO's REPORT

Summary of results for 2013

- **Turnover**: £12.312m. (2012: £13.557m)
- **Operating profit**: £844,512. (2012: 189,217)
- **Operating margin**: 6.9% (2012: 1.4%)
- **PBT**: £765,339. (2012: £218,505)
- **EBITDA**: £862,554. (2012: £207,133)
- **Earnings per share**: 0.22p (2012: 0.04p)
- **Net cashflow**: £972,224. (2013 (£459,012))

In October 2008 the Directors of Mountfield arranged for the Company's shares to be listed on AIM, at a time when demand for construction services was high and prospects for future growth and profitability were extremely good. Although the Group's revenue exceeded £20m for that year with a net profit of £2m, the recession began within weeks of the listing and the Board's strategy for growth had to be abandoned.

Over the last 18 months and as a result of the substantial recovery both in the Group's performance and in the wider economy the Directors have revisited that strategy, have modified it to take account of changes that have occurred in the construction market and, as I describe below, have now begun to implement it for the Group.

The **Group Board** is currently comprised of:

Peter Jay - Executive Chairman - in addition to being Group Chairman Peter also manages Mountfield's relationships with its nomad, brokers and professional advisers. Peter was formerly a corporate lawyer and a partner in DAC Beachcroft.

Graham Read - Group Chief Executive – Graham founded the business of Mountfield Building Group in 1986 and has had over 20 years experience in the design, project management and construction of data centres.

Andrew Collins - Executive Operations Director – Andrew is responsible for Connaught, a specialist supplier and installer of raised access flooring for data centres and offices. Before joining the Group, Andrew was a divisional finance director at ISG Plc.

Adrian Sainsbury - Non-Executive Director – Adrian (who joined the Board on 17 April 2014) is CEO of the Commercial Division of Close Brothers and prior to that worked for a number of leading banks in various capacities.

The Board is supported by the Chief Financial Officer, Conor O'Mahony, who has had extensive experience in the construction industry. Conor is responsible for overseeing the accounting and financial functions of the Group and attends all meetings of the Board.

Mountfield Group Companies

The Group is comprised of three separate trading companies, **Mountfield Building Group Limited** ("**Mountfield**"), **MBG Construction Limited** ("**Mountfield Construction**") and **Connaught Access Flooring Limited** ("**Connaught**")

Mountfield carries out work as a main contractor with end user clients and has since 1996, specialised in the installation of data centres on a nationwide basis. Over the past 18 years Mountfield has successfully completed more than forty data centres throughout the UK for clients including Vodafone, Cable and Wireless, Energis, Planet Online, ARK Continuity, DataCity Exchange, Level 3 Communications, Kingston Telecom and Colt Communications.

In addition to performing data centre works Mountfield is also active in both building fabric repair and maintenance works on a nationwide basis for a large proportion of the property portfolio of a leading telecoms operator.

Using the benefit of its experience, the Company has also offered a specialist service in fitting out and refurbishment projects for selected clients and also partner architects and building consultants; this new emphasis has resulted in a substantial increase in opportunities and contracts for Mountfield in this area, and this has been a noticeable factor in the first half of 2014.

Mountfield Construction undertakes trade contracting contracts for the UK's leading fitting out and refurbishment contractors, such as ISG, Balfour Beatty, Mansell and Bouygues. It also provides its own management and labour resources and offers trade packages, usually on a design and build basis, to meet demanding programmes on complex buildings projects, such as those relating to the alteration and refurbishment of office blocks, pharmaceutical/industrial premises and the fast track installation of schools during restricted close down periods.

Mountfield Construction also provides the labour and management for data centre projects carried out by Mountfield and supplements and supports it in its main contracting role.

Particular features of the year for the Mountfield companies were the successful completion of two large data centre projects in Birmingham and Farnborough and the winning of a large construction contract on a high profile building in Central London.

The business of **Connaught**, a provider of access flooring solutions to main contractors and corporate end users has, since it was acquired by the Group in 2004, supplied and installed in excess of 8 million square feet of flooring to commercial offices and data centre installations. It specializes in and has developed a strong reputation for providing and installing raised access flooring solutions designed to accommodate varying depths of floor void and finish specifications.

The increased confidence in the construction sector since 2012 has not only seen the rebirth of the fit out market, but also the return of the two-stage tender process which plays to Connaught's strengths as it enables the Company to present its professionalism and credentials and compete on quality of service, expertise and experience, rather than simply on price.

Efforts made to source work from new areas are proving successful and new relationships, particularly in the transport and leisure sectors are providing a regular stream of business, with work being gained at both Heathrow and Gatwick Airports.

A particular feature of 2013 for Connaught, was the contract won for the provision of raised access flooring at a substantial new data centre that was being constructed in Scandinavia. As a result of the success of this project for Connaught it is seeking similar overseas based data centre flooring contracts.

In 2013 Connaught also successfully completed flooring installations for two significant data centre installations for Mace and ISG Plc, respectively.

In addition, Connaught has established itself as one of the few recognised specialists for the flooring elements of fitting out contracts in commercial office space for new build and refurbishment projects for corporate end users such as BP, HP, Linklaters, Merrill Lynch, Reed Smith, BBC, Standard Chartered Bank, UBS, Henderson Global, Lockton, Multiplex and Unilever. Currently Connaught in engaged on the installation of 40,000m2 of Flooring in a major new headquarters that is being built in the City of London.

Finance

The Group is financed from the cash it generates from its operations, with the support of a bank overdraft facility of £600,000. To help finance the rapid expansion of business activity as the recession came to an end the Group raised £450,000 in July 2013 through a share placing to EIS funds and professional investors.

The construction market

The recession that began at the end of 2008 had an immediate and dramatic impact on the Group's turnover and profitability and it was not until late 2012 that the Group noticed the first signs of recovery and an increase in construction demand.

The Group is now experiencing levels of activity in terms of work in hand, enquiries and tenders last seen in the middle of 2008, and it is from this that the Directors have concluded that the activity levels will be sustained and that their optimism for the Group's future is well based. The Board believes that the time spent marketing and developing new business during the recession will result in the award of contracts in addition to those that are currently being negotiated.

The data centre market

The data centre construction market in the UK has experienced rapid growth in demand over the last 15 years. Although the requirement for additional major data centres has lessened, that has not reduced the overall demand for construction services for the data center market as continued expansion has created and will continue to create demand for enhancements and additions to existing structures and for smaller centres.

However, an important recent development in the data centre construction market has been the demand for new centres (often of a substantial size) in the Scandinavian countries where climatic conditions help reduce the otherwise significant costs of cooling the centres. Following the construction of a large centre in Finland (for which Connaught supplied and installed the raised access flooring), further centres are now being planned in other Scandinavian countries.

The increased emphasis that will be placed on expanding the capacity of, and upgrading, existing centres means that the prospects for the data centre sector in terms of demand for specialist construction services (including raised access flooring) remains extremely good for the medium to long term.

Group's strategy

The Board has worked over the last eighteen months to ensure that the Group's profitability is not predominantly dependent on the demand from the data centre sector, notwithstanding its long established presence and reputation in it. It is for this reason that it has sought to widen the scope of the Group's activities so that, whilst working to increase the amount of income that it obtains from the data centre market, the Board has been aiming to ensure that the Group has a strong presence in other areas where the services of a company that offers high quality construction services and project management skills are likely to be in demand. The Directors are pleased to report that the success of this aspect of the strategy is demonstrated by the fact that around half of the Group's revenue is now earned from non-data centre related activities.

The Board intends to continue to grow the Group into a highly profitable, mid-sized operation that provides specialised construction services in a number of diverse but related areas. The Group's reputation has been built on its ability to undertake and to manage specialist construction services to a high level of quality and to deliver the completed project to the client on time. This will remain at the core of its strategy.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

Although the Group was hit hard by the recession, it survived it without lasting damage. It did however have to put the strategy that it had developed at the time of its listing in October 2008 on hold for four years. The Directors are now keen to see the Group's revenue and profits increase through organic growth and through carefully selected acquisitions.

Organic growth will come not only from the upturn in the marketplace and from repeat business opportunities from existing clients, but also from the strong relationships being made with developers and construction professionals that will in turn create further and new opportunities.

Growth by acquisition will come from incorporating into the Group, companies that either can be integrated into it to help provide a commercially attractive, broader contract solution or which increase the Group's offering in areas which it currently has a strong track record.

Future prospects

The Board is extremely optimistic about the Group's future. Its excellent reputation in both data centre construction and in the provision of specialist construction services (such as office fitting out and refurbishment) has resulted in it being a favoured choice on projects as a main contractor or as a trade contractor on larger contracts. It is therefore well placed to benefit from the evident upturn in the construction market.

The Directors believe that the demand that the Group is experiencing in terms of enquiries, invitations to tender and, most importantly, secured orders is not of a short term nature and they are hopeful that the rates of growth of its business will, for the reasons mentioned in this Report, increase substantially over the next few years.

Graham Read
Chief Executive Officer

12 June 2014

Mountfield Group Plc

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their annual report and audited financial statements for the year ended 31 December 2013.

Principal activities
The principal activities of the Group are the construction and fit-out of Data Centres for the IT industry together with office fit-out and refurbishment.

Review of business
A detailed review of the development of the business is contained in the Chairman's and Chief Executive's Statement.

Results
The Group made a pre-tax operating profit from continuing operations of £844,512 (2012: £189,217) for the year ended 31 December 2013 on turnover of £12,312,140 (2012: £13,556,918).

At 31 December 2012 the Group had net assets of £5,853,656 (2012: £4,920,311).

Dividends
The Directors do not propose payment of any dividends for the year ended 31 December 2013.

Principal risks
The principal risks and uncertainties facing the Group relate to:

Attraction and retention of key employees
The Group's future success is substantially dependent on the continued services and performance of its directors, senior management and other key personnel and its ability to continue to attract and retain highly skilled and qualified personnel.

The senior executive directors of the business all have significant shareholdings in the parent company and are all permanent employees. The other senior management and key personnel, most of whom have been with the Company for a long time, are participating in the Company's share option scheme which was introduced in 2012.

Economic downturn and other macroeconomic factors
The Group's success is substantially dependent on the general level of economic activity and economic conditions in the United Kingdom.

Many of the Group's contracts, including renewals or extensions of previous contracts, are awarded through competitive bidding processes. Any downturn in the economy, or any other macroeconomic factor, either in the UK or globally, may reduce the number of contracts coming up for bidding.

The competitive bidding processes present a number of additional risks, including the incurring of substantial cost and managerial time to prepare bids and proposals for contracts that the Group may not ultimately win. The Group may face additional competition in the bidding process either from existing competitors or new market entrants.

The Company is seeking to mitigate its exposure to the sectors in which it currently operates by diversifying its client base and in particular expanding into closely aligned areas of activity. It is also seeking to diversify by modest investment in new businesses in the same sector.

Reliance on key customers and clients
The business of the Group is dependent upon the continuing contracts that it has, and relationships that it has developed, with certain customers.

Whilst signed contracts are in place with key customers, the successful completion and timing of contracted projects are not guaranteed and are susceptible to external factors outside of the control of the Group. Similarly, contracted projects may in some circumstances be susceptible to delays or variation by customers or be affected by unforeseen changes in circumstances relating to the market, technology, legislation, economic or other business factors. This may affect the cashflow and subsequent performance of the Group.

Whilst continuing to work with a well established client base, the Group is seeking to diversify through identifying other potential clients for its core Data Centre work. It is also attempting to exploit its core competencies by building links with developers which require contractors with similar skills to work on non Data Centre related projects.

Reliance on Subcontractors
The Group utilises subcontractors on a project-by-project basis to meet contractual obligations. Such projects will rely on the subcontractors performing their duties and obligations, not only in terms of timely delivery but also in terms of their performance obligations. Any such non-performance may result in time and cost over-runs on the Group’s projects and reduce the value of its returns.

Subcontractors are vetted by senior management and normally engaged to work on closely defined and managed aspects of contracts. Most subcontractors have a long standing trading history with the Group.

Health and safety
The Group undertakes Construction activities, often working within difficult conditions and with heavy machinery which if improperly used could result in personal injury or in extreme cases, fatalities.

The Group takes the health and safety of its employees and clients very seriously and employs Health and Safety advisors on all significant contracts. It also has a firm of Health and Safety Advisors with whom it consults on a regular basis.

Key performance indicators
The Directors use a number of performance indicators which are used to manage the business but, as with most businesses the focus in the Statement of Comprehensive Income at the top level is on sales, margins, staff numbers and overheads compared to budget and the prior year. In the Statement of Financial Position the focus is on managing working capital.

Financial instruments
Details of the Group’s financial risk management objectives and policies are included in note 19 to the financial statements.

Directors
The Directors who served during the year were:

P H Jay
G J Read
A J Collins
T Spanner (resigned 1 August 2013)

Charitable Donations
During the year the Group made charitable donations totalling £2,643 (2012: £1,642)

Substantial Shareholdings

So far as the Directors are aware the parties who are directly or indirectly interested in 3% or more of the nominal value of the company's share capital at 13 June 2014 are as follows:

	Number of shares issued	% Ordinary share capital
Peter Jay	23,500,000	9.2%
Graham Read	84,203,031	33.2%
Andy Collins	32,300,000	12.7%
Commerzbank AG	15,964,019	6.28%

Creditor payment policy

The Group's current policy concerning the payment of trade creditors is to:

a) settle the terms of payment with suppliers when agreeing the terms of each transaction;
b) ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
c) pay in accordance with the Group's contractual and other legal obligations.

At the year end trade creditors represented 108 days' expenses.

Going Concern

The Directors have prepared and reviewed financial forecasts and the cash flow requirements to meet the Group and the Company's financial objectives. The Directors are satisfied that, taking into account the current cash resources and facilities available to the business and its future cash requirements, it is appropriate to prepare accounts on a going concern basis.

Disclosure of information to auditors

Each of the Directors who are in office at the date when this report is approved has confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of such information.

Auditors

During the year Adler Shine LLP were appointed as auditors to the company. A resolution proposing the reappointment of Adler Shine LLP as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board

Graham Read
Director
12 June 2014

STATEMENT OF 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. The Directors have chosen to prepare the financial statements for the Group and the Company in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

International Accounting Standards requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOUNTFIELD GROUP PLC

We have audited the financial statements of Mountfield Group plc for the year ended 31 December 2013 which comprise the Group and Parent Company Statement of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2013 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Christopher Taylor FCA (Senior statutory auditor)
for and on behalf of Adler Shine LLP
Chartered Accountants
Statutory Auditor

Aston House, Cornwall Avenue
London N3 1LF
12 June 2014

Mountfield Group Plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Revenue	3	**12,312,140**	13,556,918
Cost of sales	4	**(9,865,759)**	(11,797,502)
Gross profit		**2,446,381**	1,759,416
Administrative expenses	5	**(1,601,869)**	(1,570,199)
Operating profit		**844,512**	189,217
Net finance (costs)/income	5	**(79,173)**	29,288
Profit before income tax		**765,339**	218,505
Income tax expense	6	**(262,579)**	(135,554)
Profit/(loss) for the year and total comprehensive income		**502,760**	82,951
Earnings per share	7		
Basic earnings per share		**0.22p**	0.04p
Diluted earnings per share		**0.18p**	0.03p

There are no recognised gains and losses other than those passing through the Statement of Comprehensive Income.

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Comprehensive Income is presented in respect of Mountfield Group Plc. Its profit for the year ended 31 December 2013 was £313,577 (2012: loss - £ 23,301).

The notes on pages 18 to 38 form part of these financial statements.

Mountfield Group Plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	2013 £	2012 £
ASSETS			
Non-current assets			
Intangible assets	8	**10,788,521**	10,788,521
Property plant and equipment	9	**114,384**	116,432
Deferred income tax assets	16	**428,756**	599,986
		11,331,661	11,504,939
Current assets			
Inventories	10	**80,489**	82,005
Trade and other receivables	11	**3,243,910**	2,228,480
Cash and cash equivalents	12	**313,675**	223,337
		3,638,074	2,533,822
TOTAL ASSETS		**14,969,735**	14,038,761
EQUITY AND LIABILITIES			
Issued share capital	13	**254,244**	216,744
Share premium		**1,490,682**	1,120,432
Share based payments reserve		**329,781**	320,961
Capital redemption reserve		**7,500**	-
Merger reserve		**12,951,180**	12,951,180
Reverse acquisition reserve		**(2,856,756)**	(2,856,756)
Retained earnings		**(6,322,975)**	(6,832,250)
TOTAL EQUITY		**5,853,656**	4,920,311
Current liabilities			
Trade and other payables	14	**4,557,389**	3,442,863
Short-term borrowings	15	**1,087,665**	1,934,147
Finance lease liabilities	15	**6,917**	8,496
Income tax		**91,350**	6,691
		5,743,321	5,392,197
Non-current liabilities			
Loan notes	15	**3,363,029**	3,718,921
Finance lease liabilities	15	**9,729**	7,332
Provision for deferred taxation	16		-
		9,116,079	9,118,450
TOTAL EQUITY AND LIABILITIES		**14,969,735**	14,038,761

The financial statements were approved by the board on 12 June 2014

Graham Read
Director

The notes on pages 18 to 38 form part of these financial statements.

COMPANY REGISTRATION NO. 06374598

Mountfield Group Plc

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Cash flows from operating activities			
Operating profit		**844,512**	189,217
Adjusted for:			
Depreciation		**18,042**	17,916
Loss on disposal of property, plant and equipment		**-**	3,606
Share-based payment charge		**15,335**	26,939
Decrease/(increase) in inventories		**1,517**	(6,438)
(Increase)/decrease in trade and other receivables		**(1,015,430)**	64,144
Increase/(decrease) in trade and other payables		**1,114,529**	(218,465)
Cash generated in operations		**978,505**	76,919
Finance costs		**(86,393)**	25,407
Finance income		**7,220**	3,881
Taxation paid		**(6,692)**	-
Net cash inflow from operating activities		**892,640**	106,207
Cash flows from investing activities			
Purchases of property, plant and equipment		**(15,994)**	(12,864)
Proceeds from sale of fixed assets		**-**	2,500
Net cash used in investing activities		**(15,994)**	(10,364)
Cash flows from financing activities			
Proceeds from issue of shares		**450,000**	-
Costs of shares issued		**(34,750)**	-
Finance lease rentals		**816**	(7,963)
Repayment of non-convertible loan notes		**(351,392)**	(346,892)
Proceeds/(repayment) from short-term loans		**30,904**	(200,000)
Net cash flows generated from/(used in) financing activities		**95,578**	(554,855)
Net cash increase/(decrease) in cash and cash equivalents		**972,224**	(459,012)
Cash and cash equivalents brought forward		**(758,218)**	(299,206)
Cash and cash equivalents carried forward	12	**214,006**	(758,218)

The notes on pages 18 to 38 form part of these financial statements.

Mountfield Group Plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital	Share premium	Share based payment reserve	Capital redemption reserve	Merger reserve	Reverse acquisition reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£
At 1 January 2012	216,744	1,120,432	294,022	-	12,951,180	(2,856,756)	(6,915,201)	4,810,421
Total comprehensive income for the year	-	-	-	-	-	-	82,951	82,951
Movement in year	-	-	26,939	-	-	-	-	26,939
At 31 December 2012	216,744	1,120,432	320,961	-	12,951,180	(2,856,756)	(6,832,250)	4,920,311
Total comprehensive income for the year	-	-	-	-	-	-	502,760	502,760
Shares issued in period	45,000	405,000	-	-	-	-	-	450,000
Cost of shares issued	-	(34,750)	-	-	-	-	-	(34,750)
Shares cancelled in period	(7,500)	-	-	7,500	-	-	-	-
Share based payment charge	-	-	15,335	-	-	-	-	15,335
Cancelled share options	-	-	(6,515)	-	-	-	6,515	-
At 31 December 2013	**254,244**	**1,490,682**	**329,781**	**7,500**	**12,951,180**	**(2,856,756)**	**(6,322,975)**	**5,853,656**

Merger Reserve

The merger reserve exists as a result of the acquisitions of Mountfield Building Group Limited, MBG Construction Limited, Connaught Access Flooring Holdings Limited and Mountfield Land Limited where the consideration included the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006. The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the fair value of those shares at the date of acquisition.

Reverse Acquisition Reserve

The reverse acquisition reserve exists as a result of the method of accounting for the acquisition of Mountfield Building Group Limited and MBG Construction Ltd (note 1.4).

The notes on pages 18 to 38 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

1.1 General information

Mountfield Group plc is a company incorporated in England and Wales. The registered number of the Company is 06374598. The address of its registered office is 3C Sopwith Crescent, Wickford Business Park, Wickford, Essex SS11 8YU.

1.2 IFRS compliance and adoption

Statement of compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRIC Interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The adoption of these standards has not resulted in any changes to the Group’s accounting policies and has not affected amounts reported in prior years.

The financial statements have been prepared under the historical cost.

Sources of estimation uncertainty

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and any revision to estimates or assumptions are recognised in the period in which they are revised and in future periods affected.

Significant judgements

The material areas in which estimates and judgements are applied are as follows:

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the Company to estimate future cashflows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £10.8 million. Details regarding the goodwill carrying value and assumptions used in carrying out the impairment reviews are provided in note 8.

Receivables

The Group reviews the net recoverable value of its accounts receivables on a periodic basis to provide assurance that recorded accounts receivables are stated net of any required provision for impairment. Factors that could impact recoverability include the financial propriety of customers and related economic trends. Changes in these factors that differ from managements estimates can result in an adjustment to the carrying value and amounts charged to income in specific periods. More details on gross balances and provisions made are included in note 11.

Accounting for construction contracts

In accordance with IAS 11 “Construction Contracts”, management is required to estimate total expected contract costs and the percentage of contract completion in determining the appropriate revenue and profit to recognise in the period. The Group uses the work of expert professional Chartered Surveyors to determine accurately the level of work that has been completed by the year-end. The Group also has appropriate control procedures to ensure that all estimates are determined on a consistent basis and are subject to appropriate review and authorisation.

1 Accounting policies (continued)

1.2 IFRS compliance and adoption (continued)

Significant judgements

Share-based payments
The estimates of share-based payments costs require that management selects an appropriate valuation model and makes decisions on various inputs into the model, including the volatility of its own share price, the probable life of the options before exercise and behavioural consideration of employees.

Deferred taxation
The Group provides for deferred taxation using the liability method. Deferred tax assets are recognised in respect of tax losses where the Directors believe that it is probable that future profits will be relieved by the benefit of tax losses brought forward. The Board considers the likely utilisation of such losses by reviewing budgets and medium term plans for each taxable entity within the Group. If the actual profits earned by the Group's taxable entities differ from the budgets and forecasts used then the value of such deferred tax assets may differ from that shown in these financial statements.

Presentation and functional currency
The financial statements are presented in pounds sterling, which is the Group's functional currency.

1.3 Standards and interpretations

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effective date (period beginning on or after)
IFRS 2,3,8, IAS 16,24,36	Amendments resulting from Annual Improvements 2010-2012 Cycle	1 July 2014
IFRS 3,13, IAS 40	Amendments resulting from Annual Improvements 2011-2013 Cycle	1 July 2014
IFRS 7	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Amendments for investment entities	1 January 2014
IFRS 11	Amendments regarding the accounting of acquisition of an interest in a joint operation	January 2016
IFRS 12	Amendments for investment entities	1 January 2014
IAS 16,36	Amendments regarding the classification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 19	Employee Benefits – Amended to clarify the requirements that relate to how contributions from employees or third parties that re linked to service should be attributed to periods of service	1 July 2014
IAS 27	Amendments for investment entities	1 January 2014
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Amendments arising from recoverable amount disclosures for non-financial assets	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement-Amendments for novation of derivatives	1 January 2014
IFRIC 21	Levies	1 January 2014

1 Accounting policies (continued)

1.3 Standards and interpretations (continued)

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Group's financial statements.

1.4 Basis of consolidation

Subsidiaries
The Group financial statements consolidate the financial statements of the Company and all its subsidiaries. Subsidiaries include all entities over which the Group has the power to govern financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date that control ceases. Intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 2 to the Company's separate financial statements.

Business combinations and goodwill
On 16 October 2008, Mountfield Group plc ("the Company") acquired the entire issued share capital of Mountfield Building Group Limited, which has one wholly owned subsidiary, MBG Construction Limited (the "MBG Group") acquired in August 2008. The consideration of £7,622,000 was satisfied by the issue of 51,220,000 Ordinary Shares of 0.1p each at a price of 10p per share and by the issue of £2,500,000 unsecured non-convertible loan notes.

As a result of these transactions, the former shareholders of MBG Group became the majority shareholders in the Company. Accordingly, the substance of the transaction was that MBG Group acquired the Company in a reverse acquisition.

Under IFRS 3 'Business Combinations', the acquisition of MBG Group has been accounted for as a reverse acquisition.

The acquisitions of Connaught Access Flooring Limited, MBG Construction Limited and Mountfield Land Limited are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus any costs directly attributable to the business combination.

Goodwill
Goodwill on acquisition of subsidiaries represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets and contingent liabilities acquired. Identifiable assets are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but tested annually for impairment or when trigger events occur, and is carried at cost less accumulated impairment losses.

1.5 Revenue recognition

Revenue is stated exclusive of VAT and consists of sales of services to third parties.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Retentions are recognised throughout the life of a contract and are deducted from the sales invoice.

Revenue relating to contracts includes the amount initially agreed in the contract plus any variations in contract work to the extent that it is probable they will result in revenue and can be reliably measured. As soon as the outcome of the contract can be measured reliably, revenue and expense is recognised in the statement of comprehensive income on a stage of completion basis. The stage of completion is determined by reference to a survey of work performed. Any losses are recognised immediately in the statement of comprehensive income as soon as they are foreseen.

1 Accounting policies (continued)

1.6 Contract work in progress

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the percentage of contract costs incurred for work performed to date to the estimated total contract costs or the proportion of the value of work done to the total value of work under the contract, except where these would not be representative of the stage of completion. Full provision is made for all known or expected losses on individual contracts immediately once such losses are foreseen.

1.7 Amounts recoverable on long term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen. Amounts which are recoverable on long-term contracts are shown within debtors under the heading ‘Amounts Recoverable on Contracts’ which have not yet been invoiced and are stated net of discounts allowed.

1.8 Share-based payments

The Group makes equity-settled share-based payments to its employees and directors. The fair value of options and warrants granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options and warrants granted is measured based on the Black-Scholes framework, taking into account the terms and conditions upon which the instruments were granted. At each balance sheet date, the Company revises its estimate of the number of options and warrants that are expected to become exercisable.

1.9 Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

1.10 Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.11 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation.

Property, plant and equipment is depreciated over the estimated useful life of the asset, as follows:

Freehold land	Not depreciated
Freehold buildings	2% per annum straight line
Leasehold improvements	Over the period of the lease
Fixtures, fittings and equipment	10% per annum reducing balance
Plant and equipment	20% - 25% per annum straight line
Motor vehicles	20% - 25% per annum straight line

1 Accounting policies (continued)

1.12 Leasing

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership. All other leases are classified as operating leases. Classification is made at the inception of the lease.

Assets obtained under finance leases are capitalised as property, plant and equipment and depreciated over the shorter of the lease term and their useful lives. Obligations under such arrangements are included in payables net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals paid under operating leases are charged to the statement of comprehensive income as incurred on a straight line basis over the lease term.

1.13 Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items. Cost includes direct materials, direct labour and those overheads that have been incurred in bringing the inventory to its present location and condition.

1.14 Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The financial instruments, which excludes current receivables and payables, comprise cash or overdraft and unsecured non-convertible loan notes. The Directors consider the fair value not to be materially different to the carrying value for the financial instruments. During the years under review, the Group did not enter into derivative transactions and did not undertake trading in any financial instruments.

1.15 Trade and other receivables

Trade receivables are recognised at fair value less any provision for impairment. A provision for impairment is made when collection of the full amount is no longer probable. Bad debts are written off when identified. The fair value of trade and other receivables are equivalent to their book values as set out in the financial information.

1.16 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, demand deposits and other short-term highly liquid investments that is readily convertible to a known amount of cash and is subject to an insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts.

1.17 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1.18 Share capital

The Company has one class of ordinary share, which carries no rights to fixed income. All ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

Ordinary shares issued by the Company are classified as equity and recorded at fair value on initial recognition received, net of direct issue costs.

1 Accounting policies (continued)

1.19 Trade and other payables

Trade payables are initially recognised at fair value and subsequently at amortised cost. The fair value of the trade and other payables are equivalent to their book values as set out in the financial information.

1.20 Taxation

The taxation charge represents the sum of current tax and deferred tax.

The current tax charge is based on the taxable profit/loss for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided using the liability method, in respect of temporary differences between the carrying amount of the assets and liabilities and their tax base. Deferred tax is recognised in the statement of comprehensive income, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

Deferred tax assets are recognised only when it can be regarded as probable that there will be suitable taxable profits in the foreseeable future against which the deductible temporary difference can be utilised. Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

2 Segmental reporting

Segment information is presented in respect of the Group's business segments, which are based on the Group's management and internal reporting structure as at 31 December 2013.

The chief operating decision-maker has been identified as the Board of Directors (the Board). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and on the internal report's structure.

Segment performance is evaluated by the Board based on revenue and profit before tax (PBT). Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, such as centrally managed costs relating to individual segments and costs relating to land used in more than one individual segment.

Given that income taxes and certain corporate costs are managed on a centralized basis, these items are not allocated between operating segments for the purposes of the information presented to the Board and are accordingly omitted from the analysis below.

The Group comprises the following segments:

Construction

Direct contracting and trade contracting services to both main contractors and corporate end users.

Fit-out

Providing raised flooring systems to both main contractors and corporate end users.

Mountfield Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

2 Segmental reporting (continued)

Segmental operating performance

	2013		2012	
	Revenue	**Profit /(loss) before tax**	Revenue	Profit /(loss) before tax
	£'000	**£'000**	£'000	£'000
Construction	**6,681**	**(15)**	9,916	(8)
Fit-out	**5,791**	**365**	3,736	198
	12,472	**350**	13,652	190
Inter-segmental revenue and unallocated	**(160)**	**415**	(95)	29
	12,312	**765**	13,557	219

Business segments assets and liabilities

	2013		2012	
	Assets	**Liabilities**	Assets	Liabilities
	£'000	**£'000**	£'000	£'000
Construction	**2,388**	**4,195**	2,078	4,337
Fit-out	**1,764**	**1,059**	1,072	632
	4,152	**5,254**	3,150	4,969
Goodwill – Construction	**5,914**	**-**	5,914	-
Goodwill – Fit-out	**4,874**	**-**	4,874	-
Other unallocated assets & liabilities	**30**	**3,862**	101	4,149
	14,970	**9,116**	14,039	9,118

Unallocated assets consist of deferred tax, trade and other receivables and cash held by the Parent Company. Unallocated liabilities consist of trade and other payables and interest bearing loans owed by the Parent Company.

Other segment information

	2013	2012
	£'000	£'000
Depreciation included in segment results		
Construction	**8**	10
Fit-out	**10**	8
	18	18

Revenue by geographical destination
Revenue is attributable to the United Kingdom and other EU markets.

Total assets including property, plant and equipment and intangible assets are all held in the United Kingdom.

3 Construction contracts

	2013	2012
	£	£
Contract revenue recognised in relation to construction contracts in the year and retentions	**12,312,140**	13,556,918
For contracts in progress at the balance sheet date:		
Aggregate cost incurred to date	**7,405,951**	4,570,953
Recognised profit to date	**2,397,783**	763,417
Retentions due	**310,427**	165,661

Major customers

Total group revenue to four customers all relating to construction and fit-out, totalled £8,358,158, split as follows:

Construction	**2013**	2012
	£	£
Customer 1	**2,916,021**	5,115,977
Customer 2	**1,140,600**	1,210,000
	4,056,620	6,325,977

Fit-out	**2013**	2012
	£	£
Customer 1	**3,608,997**	2,186,586
Customer 2	**692,541**	151,459
	4,301,538	2,338,045

4 Cost of sales

	2013	2012
	£	£
Direct costs	**9,865,759**	11,797,502
Adjustment to amount receivable on long term contracts	**-**	-
Total cost of sales	**9,865,759**	11,797,502

5 Other income and expenses

	2013	2012
	£	£
Finance income/(expense)		
Loan interest	**(16,000)**	**(114,662)**
Interest on finance leases	**(1,888)**	**(527)**
Loan note interest (interest waived by loan note holders)	**-**	**189,774**
Other interest	**(21,381)**	**(20,598)**
Bank interest	**(47,124)**	**(28,580)**
Interest paid	**(86,393)**	**25,407**
Finance income		
Bank interest received	**-**	**-**
Other interest received	**7,220**	**3,881**
Net finance (costs)/income	**(79,173)**	**29,288**

5 Other income and expenses (continued)

Administrative expenses include:

	2013	2012
	£	£
Depreciation of property, plant and equipment		
- owned by the Group	13,474	11,146
- held under finance leases	4,568	6,770
Operating lease rentals - other	48,997	56,605
Auditors remuneration		
Fees payable to the company's auditor for the audits of the parent company, consolidated financial statements and the subsidiaries	35,000	40,000

Average number of employees
The average number of employees (including executive Directors) was:

	2013	2012
	No.	No.
Administration	8	8
Cost of sales	22	23
Management	11	11
	41	42

Wages and salaries

	2013	2012
	£	£
Wages and salaries	1,561,007	1,661,404
Social security costs	177,666	184,529
Post employment benefits	53,100	53,100
	1,791,773	1,899,033

Key management personnel compensation

	2013	2012
	£	£
Short-term employee benefits	16,437	16,165
Post-employment benefits	53,100	53,100
	69,537	69,265

5 Other income and expenses (continued)

Directors' remuneration

				2013	2012
	Salaries and fees	**Benefits in kind**	**Post employment benefit**	**Total**	Total
	£	£	£	**£**	£
G Read	-	2,233	53,100	**55,333**	55,415
A Collins	6,475	7,729	-	**14,204**	13,850
P Jay	30,500	-	-	**30,500**	24,000
T Spanner	-	-	-	**-**	22,500
	36,975	9,962	53,100	**100,037**	115,765

The remuneration as disclosed for G Read includes £17,400 (2012: £17,400) of pension contributions paid for his wife, J Read. The number of Directors for whom retirement benefits are accruing under money purchase pension schemes was 1 (2012:1)

6 Income tax expense

	2013	2012
	£	£
Current tax		
UK corporation tax	**91,350**	**6,691**
Total current tax	**91,350**	**6,691**
Deferred tax		
Deferred tax debit/(credit) - continuing operations	**171,229**	**128,863**
Income tax expense/(credit)	**262,579**	**135,554**
Factors affecting tax charge		
Profit before income tax –continuing operations	**765,339**	**218,505**
Profit before income tax multiplied by effective rate of UK corporation tax of 23.25% (2012: 24.5%)	**177,963**	**53,533**
Effects of:		
Expenses not deductible for tax purposes	**24,991**	**25,347**
Depreciation for period in excess of capital allowances	**(597)**	**457**
Tax losses not utilised and carried forward	**(111,007)**	**(76,492)**
Other adjustments	**-**	**3,846**
Current tax charge	**91,350**	**6,691**

It has been announced that the UK tax rate will reduce by 1% per annum for each of the next 3 years to 20% for the tax year commencing 1st April 2015. The impact of these reductions will be reflected if the relevant legislation is enacted.

7 Earnings per share

The basic earnings per share is calculated by dividing the earnings attributable to equity shareholders by the weighted average number of shares in issue. The diluted earnings per share is calculated by dividing the earnings attributable to equity shareholders by the weighted average number of shares in issue plus the number of warrants and share options.

	2013	2012
Basic earnings per share	**£**	£
Profit for the financial year	**502,760**	82,951
Weighted average number of shares	**231,169,112**	216,744,454

	2013	2012
Diluted earnings per share	**£**	£
Profit for the financial year	**502,760**	82,951
Number of shares	**272,669,106**	260,694,447

8 Intangible assets

The carrying amount of goodwill relates to the construction and fit-out segments of the business.

	Goodwill
	£
Cost	
At 1 January 2012	10,788,521
Additions	-
At 31 December 2012	10,788,521
Additions	-
At 31 December 2013	**10,788,521**

Impairment of goodwill

Goodwill has been allocated for impairment testing to two groups of cash – generating units (‘CGU’) identified according to operating segments being Construction and Fit-out as disclosed in Note 2.

For the purposes of impairment testing of goodwill the carrying value of the CGUs (including goodwill) are compared to the recoverable amount of the CGUs and any deficits are provided. The carrying value of the CGUs includes only those assets that can be attributed directly, or allocated on a reasonable and consistent basis.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on three year financial budgets approved by management. Cash flows beyond the three year period are extrapolated using the estimated growth rates stated below.

The key assumptions used in the value-in-use calculations for each CGU are as follows:

- Terminal value based on between 2% future growth in cash flows
- Discount rate of 7.37%

Revenue was based upon actual amounts measured in prior periods which were projected forward in accordance with expected trends.

A provision has been made against the Goodwill of Fit-out CGU. Although, the business continues to deliver significant profits, forecast growth has been reduced to reflect current market conditions, thereby reducing projected future cash flows.

9 Property, plant and equipment

	Freehold and leasehold	Fixtures and fittings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2012	183,418	44,540	61,896	90,271	380,125
Additions	-	1,249	6,620	4,995	12,864
Disposals	-	-	(25,056)	(28,999)	(54,055)
At 31 December 2012	183,418	45,789	43,460	66,267	338,934
Additions	-	1,916	468	13,610	15,994
Written back on disposals	-	-	-	(16,312)	(16,312)
At 31 December 2013	**183,418**	**47,705**	**43,928**	**63,565**	**338,616**
Depreciation					
At 1 January 2012	123,356	30,513	36,897	61,769	252,535
Charge for the year	1,657	6,176	2,459	7,624	17,916
Written back on disposals	-	-	(18,950)	(28,999)	(47,949)
At 31 December 2012	125,013	36,689	20,406	40,394	222,502
Charge for the year	1,657	4,984	2,337	9,064	18,042
Written back on disposals	-	-	-	(16,312)	(16,312)
At 31 December 2013	**126,670**	**41,673**	**22,743**	**33,146**	**224,232**
Net book value					
At 31 December 2013	**56,748**	**6,032**	**21,185**	**30,419**	**114,384**
At 31 December 2012	58,406	9,099	23,055	25,872	116,432

The net book value of property, plant and equipment includes an amount of £16,425 (2012: £20,309) in respect of assets held under finance leases.

The net book value of freehold and leasehold property includes an amount of £5,749 (2012: £6,806) in respect of leasehold improvements to a property leased by Connaught Access Flooring Limited.

10 Inventories

	2013	2012
	£	£
Materials and finished goods	**80,489**	**82,005**

The amount of inventories recognised as expense during the year was £82,005 (2012 - £75,567).

11 Trade and other receivables

	2013	2012
	£	£
Trade receivables	**622,159**	**595,993**
Less: Provision for impairment of trade receivable	**(12,000)**	**(12,000)**
	610,159	**583,993**
Contract retentions	**569,235**	**320,589**
Other receivables	**140,464**	**138,947**
Prepayments	**51,064**	**82,655**
Amounts recoverable on long term contracts	**1,872,988**	**1,102,296**
Total trade and other receivables	**3,243,910**	**2,228,480**

Based on prior experience and an assessment of the current economic environment, management believes there is no further credit risk provision required in excess of the normal provision for impairment of trade receivables.

The average credit period taken on sales is 20 days. No interest is charged on overdue receivables. There is no material difference between the fair value of receivables and their book value.

Amounts recoverable on long-term contracts are stated net of discounts allowed of £9,567 (2012: £6,741).

The movement in the provision for impairment of trade receivables is as follows:

	2013	2012
	£	£
Balance at 1 January	**12,000**	**8,000**
Charge/(credit) to the statement of comprehensive income	**-**	**4,000**
Balance at 31 December	**12,000**	**12,000**

11 Trade and other receivables (continued)

The Group's trade and other receivables that were past due date but not impaired relate to a number of individual customers for whom there is no reason to believe that the debt is not recoverable. The ageing of these trade receivables and contract retentions is as follows:

	2013	2012
	£	£
Trade receivables		
Three to six months	**3,870**	582
Six to nine months	**2,443**	-
Nine to twelve months	**330**	-
More than twelve months	**15,582**	15,000
	22,225	15,582
Contract retentions		
Three to six months	**22,726**	10,380
Six to nine months	**4,383**	21,935
Nine to twelve months	**5,046**	28,159
More than twelve months	**94,150**	22,606
	126,305	83,080

12 Cash and cash equivalents

	2013	2012
	£	£
Cash at bank and in hand	**313,675**	223,337

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

At the balance sheet date the Group had a bank overdraft facility of £600,000 with Barclays Bank Plc, secured by a fixed charge over the book debts and property of the Group and a floating charge over all other assets of the Group and directors' limited guarantees for up to £600,000.

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 December 2013:

	2013	2012
	£	£
Cash at bank and in hand	**313,675**	**223,337**
Bank overdraft	**(99,669)**	**(981,555)**
	214,006	**(758,218)**

13 Share capital

	2013		2012	
	Number	**£**	Number	£
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	**254,244,454**	**254,244**	216,744,454	216,744

13 Share capital (continued)

On 29 July 2013 the company issued 45,000,000 ordinary shares of 0.1p each at 1p per share. On 5 July 2013 the company cancelled 7,500,000 ordinary shares at 0.1p.

Warrants
Details of the warrants outstanding during the period are as follows:

	Weighted average remaining contractual life (years)	Number	Weighted average exercise price £
At 1 January 2012		10,000,000	0.07
Granted	-	-	-
Lapsed	-	-	-
At 31 December 2012	2.8	10,000,000	0.07
Granted	-	-	-
Lapsed	-	-	-
At 31 December 2013	**1.8**	**10,000,000**	**0.07**

As at 31 December 2013 the warrants outstanding were exercisable as follows:

Date of grant	Exercise date	Number	Price £
27 October 2008	30 October 2009 and 29 October 2014	4,000,000	0.10
27 October 2008	30 October 2009 and 29 October 2014	6,000,000	0.15
		10,000,000	

At the date of issue, the warrants were valued using the Black–Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation were as follows:

	Exercise price 10p	Exercise price 5p
Expected volatility	50.6%	50.6%
Expected life	3.5 years	3.5 years
Risk free interest rate	2.93%	2.93%
Expected dividend yield	-	-
Possibility of ceasing employment before vesting	-	-
Fair value per option	3.0p	4.0p

The charge to the statement of comprehensive income for share based payments during the year ended 31 December 2013 was £nil (2012: £nil).

13 Share capital (continued)

Share Options

At 31 December 2013, outstanding awards to subscribe for ordinary shares of 0.10p each in the Company granted in accordance with the rules of the Mountfield EMI share option scheme were as follows:

	Number	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)
Brought forward	33,949,993	3.43	2.96
Granted	4,000,000		
Cancelled	(6,449,999)		
Carried forward	31,499,994	2.61	3.00

The fair value of the remaining share options has been calculated using the Black-Scholes model. The assumptions used in the calculation of the fair value of the share options outstanding during the year are as follows:

Grant Date	22 May 2012	11 June 2012	10 Dec 2013	17 Dec 2013
Exercise period	May 2013 - May 2016	June 2013 - June 2016	Dec 2014– Dec 2017	Dec 2014 – Dec 2017
Share price at date of grant	1.5p	1.5p	2.7p	2.5p
Exercise price	3.0p	3.0p	3.0p	3.0p
Shares under option	16,666,663	10,833,331	2,000,000	2,000,000
Expected volatility	57%	57%	70%	70%
Expected life (years)	2.5	2.5	2.5	2.5
Risk free rate	1.02%	1.02%	1.02%	1.02%
Expected dividend yield	0%	0%	0%	0%
Fair value per option	0.13p	0.13p	0.65p	0.56p

Volatility was determined by reference to the standard deviation of expected share price returns based on a statistical analysis of monthly share prices over a 3 year period to grant date. All of the above options are equity settled and the charge for the year is £15,335 (2012: £26,939).

15 Trade and other payables (current)

	2013	2012
	£	£
Trade payables	3,059,705	2,225,176
Other payables	43,704	44,415
Accruals	927,721	523,529
Other taxes and social security costs	526,259	649,743
	4,557,389	3,442,863

The average credit taken for trade purchases is 108 days. The directors consider that the carrying amount of trade payables approximate their fair value.

15 Borrowings

	2013	2012
	£	£
Current		
Bank overdrafts	99,669	981,555
Net obligations under finance leases	6,917	8,496
Short-term unsecured loan	-	175,000
Short-term unsecured loan from Director	636,604	430,700
Unsecured non-convertible loan notes	351,392	346,892
	1,094,582	1,942,643
Non - current		
Unsecured non-convertible loan notes	3,363,029	3,718,921
Net obligations under finance leases	9,729	7,332
	3,372,758	3,726,253
Total borrowings	4,467,340	5,668,896

On 16 October 2008 the Company issued £2,500,000 unsecured non-convertible loan notes to the vendors of Mountfield Building Group Limited and £3,000,000 unsecured non-convertible loan notes to the vendors of Connaught Access Flooring Holdings Limited as part of the consideration for the acquisition of the entire share capital of each company. Repayments of £351,392 (2012: £346,892) were made against the loan notes in the period.

The loan notes are non-transferrable and carry interest at a rate of 2 per cent above the base rate of Barclays Bank plc per annum. The non–current portion of the unsecured loan notes is redeemable on 30 June 2016. The current portion of the unsecured loan notes is due for repayment during 2014.

During the year, interest of £97,010 on the loan notes was waived.

The short-term unsecured loan from a Director accrues interest at 6% pa but all interest to 31 December 2013 was waived.

14 Borrowings (continued)

	2013	2012
	£	£
Non-current borrowings		
Analysis		
Repayable between one and two years	**351,392**	**346,892**
Repayable between two and five years	**3,011,637**	**3,372,029**
	3,363,029	**3,718,921**

	2013	2012
	£	£
Net obligations under finance leases		
Analysis		
Repayable within one year	**6,917**	**8,496**
Repayable between one and five years	**9,729**	**7,332**
	16,646	**15,828**
Included in current liabilities	**(6,917)**	**(8,496)**
	9,729	**7,332**

16 Deferred taxation

	2013	2012
	£	£
Deferred tax analysis:		
Deferred tax losses	**(428,756)**	**(599,986)**
Deferred tax expense relating to origination and reversal of temporary differences	**-**	**-**
	(428,756)	**(599,986)**

	2013	2012
	£	£
Movement in deferred tax during the year		
At 1 January 2012	**(599,986)**	**(728,849)**
Debit for the year	**171,230**	**128,863**
At 31 December 2012	**(428,756)**	**(599,986)**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the tax benefit through future taxable profits is probable.

17 Capital commitments

There were no capital commitments at the year-end date.

18 Operating lease commitments

Commitments under non-cancellable operating leases in respect of property expiring:

	2013	2012
	£	£
Less than one year	4,400	4,400
Between two and five years	36,159	37,568
	40,559	41,968

19 Financial instruments

Capital risk management

The Group manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce cost of capital. The capital structure of the Group comprises equity attributable to equity holders of the Company consisting of issued ordinary share capital, reserves and retained earnings as disclosed in Consolidated Statement of Changes in Equity and cash and cash equivalents as disclosed in Note 12.

The Group maintains or adjusts its capital structure through the payment of dividends to shareholders, issue of new shares and buy-back of existing shares.

Categories of financial instruments

	2013	2012
	£	£
Financial assets		
Loans and receivables at amortised cost including cash and cash equivalents:		
Cash and cash equivalents	313,675	223,337
Trade and other receivables	3,243,910	2,228,480
Total	3,557,585	2,451,817
Financial liabilities		
Trade and other payables	5,285,343	4,055,254
Unsecured non-convertible loan notes	3,714,421	4,065,813
Secured borrowings	116,315	997,383
	9,116,079	9,118,450
Net	(5,558,494)	(6,666,634)

Cash and cash equivalents

This comprises cash and short-term deposits held by the Group. The carrying amount of these assets approximates their fair value.

General risk management principles

The Group's activities expose it to a variety of risks including market risk (interest rate risk), credit risk and liquidity risk. The Group manages these risks through an effective risk management programme and through this programme, the Board seeks to minimise potential adverse effects on the Group's financial performance. The Directors have an overall responsibility for the establishment of the Group's risk management framework. A formal risk assessment and management framework for assessing, monitoring and managing the strategic operational and financial risks of the Group is in place to ensure appropriate risk management of its operations.

19 Financial instruments (continued)

The following represent the key financial risks that the Group faces:

Market risk
The Group's activities expose it primarily to the financial risk of interest rates.

Interest rate risk
The Group's interest rate exposure arises mainly from its interest bearing borrowings. Contractual agreements entered into at floating rates expose the entity to cash flow risk. Interest rate risk also arises on the Group's cash and cash equivalents. The Group does not enter into derivative transactions in order to hedge against its exposure to interest rate fluctuations.

Credit risk
The Group's principal financial assets are trade and other receivables and bank balances and cash.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to trade receivables. The Group has a policy of assessing credit worthiness of potential and existing customers before entering into transactions. There is ongoing credit evaluation on the financial condition of accounts receivable using independent ratings where available or by assessment of the customer's credit quality based on its financial position, past experience and other factors. The Group manages the collection of its receivables through its post completion project monitoring procedures and ongoing contract with customers so as to ensure that any potential issues that could result in non-payment of the amounts due are addressed as soon as identified.

The maximum exposure to credit risk in respect of the above at 31 December 2013 is the carrying value of financial assets recorded in the financial statements.

Liquidity risk
The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the Group as they fall due.

The Board receives regular forecasts which estimate cash flows over the next eighteen months, so that management can ensure that sufficient funding is in place as it is required.

Fair value of financial assets and liabilities
The Directors consider that there is no significant difference between the book value and fair value of the Group's financial assets and liabilities.

20 Pension costs
The Group operates a defined contribution pension scheme in respect of the directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £53,100 (2012: £53,100).

21 Directors' guarantees
Andrew Collins and Graham Read have given a guarantee limited to £100,000 in respect of the overdraft facility for Connaught Access Flooring Limited. Graham Read, Peter Jay and Andrew Collins have given a guarantee limited to £600,000 in respect of the overdraft facility of Mountfield Building Group Limited.

22 Related party transactions
The Company made a loan of £395,227 (2012: £11,969) to Mountfield Building Group Limited, a subsidiary undertaking. The Company made sales of £273,655 (2012: £120,639) to Mountfield Building Group Limited. At 31 December 2013, £1,398,001 (2012: £1,743,655) was owed to Mountfield Building Group Limited in respect of these transactions and expenses of £323,228 (2012; £331,419) paid on behalf of the Company by Mountfield Building

22 Related party transactions (continued)

Group Limited, net of £nil (2012: £nil) in respect of liabilities discharged by the Company on behalf of Mountfield Building Group Ltd.

During the year Connaught Access Flooring Limited, a subsidiary undertaking, paid expenses of £247,841 (2012: £291,001) on behalf of the Company. The Company made sales of £428,988 (2012: £98,705) to Connaught Access Flooring Limited. At 31 December 2013, £1,154,808 (2012: £1,335,955) was owed to Connaught Access Flooring Limited in respect of these transactions.

During the year the Company received advances totalling £450 (2012: £2,100) from MBG Construction Limited, a subsidiary undertaking. At 31 December 2013, the Company owed £34,200 (2012: £33,750) in respect of these transactions

As at 31 December 2013, balances remaining unpaid on the unsecured non-convertible loan notes to Graham Read and Andrew Collins amounted to £2,893,872 (2012: £3,083,372) and £820,549 (2012: £982,441) respectively. Interest for the year of £74,650 and £22,360 respectively has been waived and interest in respect of prior periods has also been waived.

During the year, Zeme Limited invoiced £30,500 (2012: £24,000) for the services of Peter Jay as a director of Mountfield Group Plc. As at 31 December 2013 £12,917, £ (2012: £4,000) was due to Zeme Limited.

During the year, the Group was invoiced £33,276 (2012: £33,275) for accountancy and bookkeeping services by Read & Co, a Chartered accountancy practice controlled by Graham Read's brother. The group made sales of £5,670 (2012: £nil) to them during the year. As at 31 December 2013 the balance owed by Read & Co was £3,678 (2012: £2,412 owed to them).

During the year the Group was advanced £205,904 by Graham Read (2012: £150,000). The balance outstanding at 31 December was £636,604 (2012: £430,700). Interest is chargeable at 6% per annum on this loan but has been waived for 2013.

During the year the Group repaid £175,000 to Seabrook Limited, a company controlled by a shareholder of the Company. Interest charged to the Consolidated Statement of Comprehensive Income was £16,000.

23 Control

In the opinion of the directors, Graham Read, director and shareholder, is the ultimate controlling party.

Mountfield Group Plc

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

Company no. 06374598

	Note	2013 £	2012 £
ASSETS			
Non-current assets			
Investments	2	**13,021,629**	13,021,629
Deferred income tax assets	8	**17,383**	119,075
		13,039,012	13,140,704
Current assets			
Other receivables	3	**13,038**	55,593
Cash and cash equivalents	4	**-**	-
		13,038	55,593
TOTAL ASSETS		**13,052,050**	13,196,297
EQUITY AND LIABILITIES			
Issued share capital	5	**254,244**	216,744
Share premium		**1,490,682**	1,120,432
Share based payments reserve		**329,781**	320,961
Capital redemption reserve		**7,500**	-
Merger reserve		**12,951,180**	12,951,180
Retained losses		**(8,411,299)**	(8,731,391)
TOTAL EQUITY		**6,622,088**	5,877,926
Current liabilities			
Trade and other payables	6	**2,711,966**	3,250,454
Short-term borrowings	7	**3,576**	2,104
Loan notes	7	**351,392**	346,892
Income tax		**-**	-
		3,066,934	3,599,450
Non-current liabilities			
Loan notes	7	**3,363,029**	3,718,921
		6,429,963	7,318,371
TOTAL EQUITY AND LIABILITIES		**13,052,050**	13,196,297

The financial statements were approved by the board on 12 June 2014

Graham Read
Director

Mountfield Group Plc

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
		£	£
Cash flows from operating activities			
Operating profit		**415,269**	28,609
Adjusted for:			
Share-based payment charge		**15,335**	26,939
Decrease in trade and other receivables		**42,553**	50,930
Increase in trade and other payables		**(12,136)**	(146,684)
Net cash inflow/(outflow) from operating activities		**461,021**	(40,206)
Cash flows from financing activities			
Proceeds from issue of shares		**450,000**	-
Cost of shares issued		**(34,750)**	-
Loans (repaid)/received from subsidiary undertakings		**(526,351)**	393,207
Repayment of non-convertible loan notes		**(351,392)**	(346,892)
Net cash flows (used in)/generated from financing activities		**(462,493)**	46,315
Net cash (decrease)/increase in cash and cash equivalents		**(1,472)**	6,109
Cash and cash equivalents brought forward		**(2,104)**	(8,213)
Cash and cash equivalents carried forward	4	**(3,576)**	(2,104)

Mountfield Group Plc

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital	Share premium	Share based payment reserve	Capital redemption reserve	Merger reserve	Retained earnings	Total
	£	£	£	£	£	£	£
At 1 January 2012	216,744	1,120,432	294,022	-	12,951,180	(8,708,090)	5,874,288
Total comprehensive income for the year	-	-	-	-	-	(23,301)	(23,301)
Shares issued in period	-	-	-	-	-	-	-
Cost of shares issued	-	-	26,939	-	-	-	26,939
At 31 December 2012	216,744	1,120,432	320,961	-	12,951,180	(8,731,391)	5,877,926
Total comprehensive income for the year	-	-	-	-	-	313,577	313,577
Shares issued in period	45,000	405,000	-	-	-	-	450,000
Shares cancelled in period	(7,500)	-	-	7,500	-	-	-
Cost of shares issued	-	(34,750)	-	-	-	-	(34,750)
Share based payment charge	-	-	15,335	-	-	-	15,335
Cancelled share options	-	-	(6,515)	-	-	6,515	-
At 31 December 2013	**254,244**	**1,490,682**	**329,781**	**7,500**	**12,951,180**	**(8,411,299)**	**6,622,088**

Merger reserve

The merger reserve exists as a result of the acquisitions of Mountfield Building Group Limited, MBG Construction Limited, Connaught Access Flooring Holdings Limited and Mountfield Land Limited where the consideration included the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006. The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the fair value of those shares at the date of acquisition.

Mountfield Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES

The accounting policies of the Company are shown in the Consolidated Financial Statements on pages 18 to 38.

1.1 Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

2 Investment in subsidiary undertakings

	Shares in subsidiary undertakings
Cost	£
At 1 January 2012	19,365,817
Additions	-
At 31 December 2012	19,365,817
Additions	-
At 31 December 2013	**19,365,817**
Accumulated Impairment provisions	
At 1 January 2012	6,344,188
Impairment provision	-
At 31 December 2012	6,344,188
Impairment provision	-
Balance at 31 December 2013	**6,344,188**
Net book value	
At 31 December 2013	**13,021,629**
At 31 December 2012	13,021,629

The following companies are the principal subsidiary undertakings at 31 December 2013 and are all consolidated:

Subsidiary undertakings	Country of incorporation	Class of share	Percentage of shares held
Mountfield Building Group Limited	England and Wales	Ordinary	100%
MBG Construction Limited *	England and Wales	Ordinary	100%
Connaught Access Flooring Holdings Limited	England and Wales	Ordinary	100%
Connaught Access Flooring Limited **	England and Wales	Ordinary	100%
Mountfield Land Limited	England and Wales	Ordinary	100%

* Interest held indirectly by Mountfield Building Group Limited.
** Interest held indirectly by Connaught Access Flooring Holdings Limited.

The principal activity of these undertakings for the last relevant financial year was as follows:

Subsidiary undertakings	Principal activity
Mountfield Building Group Limited	Refurbishment and fitting out contracting services
MBG Construction Limited	Construction and refurbishment contractors
Connaught Access Flooring Holdings Limited	Intermediate holding company
Connaught Access Flooring Limited	Specialist flooring contractor
Mountfield Land Limited	Dormant

2 Investment in subsidiary undertakings (continued)

The following was an associate of the group at the year end and its results for the year ended 31 May 2013 are shown below.

Associates	Country of incorporation	Class of share	Percentage of shares held
Hub (UK) Limited	England and Wales	Ordinary	20%

The principal activity of Hub (UK) Limited is general construction consultant and contractor.

Associates

	Aggregate of capitalised reserves £	Loss for the Year £
Hub (UK) Limited	(27,086)	(15,377)

3 Trade and other receivables

	2013 £	2012 £
Prepayments	13,088	55,593

4 Cash and cash equivalents

	2013 £	2012 £
Cash at bank	-	-

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is £nil (2012: £nil).

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 December 2013:

	2013 £	2012 £
Bank overdraft	(3,576)	(2,104)

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

5 Share capital

	2013 Number	2013 £	2012 Number	2012 £
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	**254,244,454**	**254,244**	216,744,354	216,744

Details of changes in share capital are included at note 13 to the Consolidated Financial Statements.

6 Trade and other payables

	2013 £	2012 £
Trade payables	**78,400**	**96,260**
Amounts owed to subsidiary undertakings	**2,587,010**	**3,113,360**
Other payables	**48,373**	**39,137**
Other tax and social security costs	**(1,817)**	**1,697**
	2,711,966	**3,250,454**

7 Borrowings

	2013 £	2012 £
Current liabilities		
Bank overdraft	**3,576**	**2,104**
Unsecured non-convertible loan notes	**351,392**	**346,892**
	354,968	**348,996**
Non-current liabilities		
Unsecured non-convertible loan notes	**3,363,029**	**3,718,921**
	3,717,997	**4,067,917**

Details of the loan notes are included at Note 15 to the Consolidated Financial Statements.

8 Deferred taxation

	2013 £	2012 £
Deferred tax analysis:		
Deferred tax losses	**(17,383)**	**(119,075)**
Movement in deferred tax during the year:		
At 1 January 2013	**(119,075)**	**(170,985)**
Charge for the year	**101,692**	**51,910**
At 31 December 2013	**(17,383)**	**(119,075)**

9 Capital Commitments
There were no capital commitments at the year end.

10 Contingent liabilities
Under the terms of the Group's banking facilities, the Company has provided a cross guarantee to the Group's bankers. At the year end, the net balance in the Group's bank accounts in respect of the guarantee was £214,006 (2012: -£758,218).

11 Key management personnel compensation
Key management personnel expenses are disclosed in Note 5 to the Consolidated Financial Statements.

12 Directors' guarantees
Directors' benefits – advances, credits and guarantees are disclosed at Note 21 to the Consolidated Financial Statements.

13 Related party disclosures
Related party disclosures are detailed at Note 22 to the Consolidated Financial Statement.

14 Financial instruments
Details of key risks are included at Note 19 to the Consolidated Financial Statements.

Categories of financial instruments

	2013	2012
	£	£
Financial assets		
Loans and receivables at amortised cost	**13,038**	55,593
	13,038	55,593
Financial liabilities		
Trade and other payables	**2,711,966**	3,250,454
Bank overdraft	**3,576**	2,104
Unsecured non-convertible loan notes	**3,714,421**	4,065,813
	6,429,963	7,318,371
	(6,416,925)	(7,262,778)