
MOUNTVIEW ESTATES P.L.C.

REPORT AND ACCOUNTS

2009

This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document or the action you should take, you should consult a stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Mountview Estates P.L.C., you should at once forward this document and the accompanying Form of Proxy to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice of the Annual General Meeting of the Company to be held at the offices of Norton Rose LLP, 3 More London Riverside, London SE1 2AQ is set out on pages 54 to 56 of this document. To be valid for use at the Meeting, the enclosed Form of Proxy should be completed and returned, in accordance with the instructions thereon, to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive no later than 48 hours before the time of the Meeting.

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	2009 £	2008 £	(Decrease) %
Turnover (millions)	53.6	54.3	(1.2)
Gross Profit (millions)	25.9	36.0	(28.0)
Profit Before Tax (millions)	13.1	29.5	(55.6)
Profit Before Tax excluding investment properties revaluation (millions)	16.3	27.7	(41.2)
Equity Holders' Funds (millions)	187.5	187.7	(0.1)
Earnings per share (pence)	241.0	530.1	(54.5)
Net assets per share	48.1	48.2	(0.2)
Dividend per share (pence)	155	155	–

First the good news, this company is still making profits. Next more good news, this company is proposing to maintain its dividends at the record levels reached last year. At the Annual General Meeting on 12 August 2009, shareholder approval will be sought for a final dividend of 105 pence per share.

In the worst financial climate in living memory, I consider the achievements highlighted in the first paragraph to be true success and I congratulate all my staff and colleagues on their hard work which has happily produced this level of success. Because of their continuing diligence I am confident that I will again be able to report profits in twelve months' time although we may yet see an even more difficult economic climate. The financial highlights opposite show that despite the various difficulties in the marketplace we have very nearly maintained the same level of turnover as in the previous year. This has been achieved by selling about twenty five per cent more properties which explains why the cost of sales has risen but nevertheless, in such difficult circumstances, maintaining turnover is a considerable achievement.

In the fifteen months up to the end of June 2008 we had made very substantial purchases and our borrowings had reached their highest level ever. In normal circumstances it would be necessary to place an emphasis on the repayment of those borrowings but in present circumstances it is even more vital. Although interest rates are presently extraordinarily low, in twelve months' time I believe they will be significantly higher and the reduction of our borrowings in the meantime will be prudent. During the twelve months under review our long term borrowings have decreased by £7 million and have continued to decrease since 31 March 2009 and must continue to decrease in the coming months.

During recent months we have been introducing a new computer system from which we are already gaining some benefits and this has helped to reduce the administrative costs of the company. As we continue to integrate the new systems and take advantage of their full capabilities it should be possible to contain costs further. Unfortunately a company such as this is ever further burdened by the increasing bureaucracy which is inflicted upon us and this may sometimes obscure the greater efficiency with which the core activities are being administered.

At the Annual General Meeting on 12 August 2009 John Hall will be retiring from the position of Non-Executive Director which he has occupied with distinction since December 2000. He was Chief Executive of Brewin Dolphin Holdings PLC from 1987 to September 2007 and we have been fortunate to have the skill and advice of such an experienced man. He has seen the company grow quite significantly and we are grateful for all his contributions during this time.

As at 1 January 2009 we welcomed James Laing to the Board as a Non-Executive Director and he will stand for election at the Annual General Meeting on 12 August 2009. He has been a Senior Partner at Strutt & Parker for many years and as a Chartered Surveyor I am confident that he will bring a wealth of relevant experience to the Board.

The company continues on a sound financial basis with tight internal controls and although we may yet experience greater economic perils I am confident that in the fullness of time we will reap the benefits of the purchases made in recent years. My staff and colleagues are ready for the challenges ahead and I look forward to the day when their efforts will again produce greater profits and when they can enjoy the financial benefits of those profits and dividends can once again be increased.

The final dividend of 105 pence per share in respect of the year ended 31 March 2009 recommended by your Board is payable on 17 August 2009 to shareholders on the Register of Members as at 17 July 2009. This will make a total dividend for the year ended 31 March 2009 of 155 pence per share which is more than one and a half times covered by the earnings per share.



D.M. SINCLAIR
Chairman

16 July 2009

1. RESIDENTIAL PROPERTIES

The Group's business model is simple. We are a property trading company buying tenanted properties at a discount to notional vacant possession value and selling them when they become vacant.

Categories of Property held as trading stock

The Group trades in the following categories:

Regulated tenanted (residential) units

Ground rent units

Life tenancy units

A unit is a property, however large or small, whether freehold or leasehold, which is held subject to one tenancy.

Analysis of the Group Trading portfolio by type as at 31 March 2009

	No of units	Cost £m
Regulated Tenancies	2,411	242.8
Ground Rents	1,076	1.3
Life Tenancies	377	24.7

Analysis of the Group Trading portfolio at the lower of cost and estimated net realisable value by geographical location as at 31 March 2009

	Regulated £m	Ground Rents £m	Life Tenancies £m	Portfolio %
London (North)	62.4	0.6	0.2	23.5
London (South)	88.4	0.6	0.7	33.3
Kent, Surrey, Sussex, Dorset Hampshire, I.O.W	24.2	0.04	6.0	11.3
Herts, Essex, Beds, Bucks, Oxon, Camb, Norfolk, Suffolk, Berks, Middx, Northants	42.1	0.1	7.1	18.3
Remainder of England and Wales	25.8	0.03	10.7	13.6

The Company's modus operandi is to buy tenanted residential property and sell it when it becomes vacant. Regulated investments that are characterised by early possession with rental returns below market value and high margin on sale are becoming increasingly short in supply. Life tenancy stock has nominal rental income, is bought at a greater discount to vacant possession value and has a higher margin on sale. In addition, the maintenance of the property is usually the responsibility of the life tenant.

1. RESIDENTIAL PROPERTIES *(continued)*

During the financial year the Group has sold the following number of units:

Sales Price (£)	No of units Year ended 31.03.2009	Location
2 million+	1	London
500,000-1 million	6	London
below 500,000	237	London and other
	<u>244</u>	

Analysis of acquisitions

	No of units	Year ended 31.03.2009 Costs £'000
Regulated tenancies	61	15,147
Life tenancies	2	277
Ground rents (or created)	59	272
	<u>122</u>	<u>15,696</u>

The above analysis does not include legal and commission expenses directly related to the acquisition of properties nor any repairs of a capital nature.

"Magdalen Park Estate" – Portfolio

The Group residential trading properties are carried in the balance sheet at the lower of cost and net realisable value. In assessing the net realisable value the Group compares the net sales proceeds which the Group expects on sale of property with the vacant possession value. A net realisable value provision of £3 million has been made at 30 September 2008 against this Portfolio to write down properties expected to be sold ultimately at vacant possession value.

The Directors are of the opinion that the property market as at 31 March 2009 has improved to an extent that in their opinion it is not necessary to make further write downs in respect of this estate.

We have significantly reduced acquisitions in the latter part of the year.

Based on sales made during the financial year, the Directors do not consider that any stock write down is necessary in respect of the other properties.

Rental Income

The Company's rental income is derived from five different sources:

- Regulated tenancies
- Assured tenancies
- Assured shorthold tenancies
- Life tenancies
- Ground rents

We continue to target those properties where the rent is capped such that expenditure on improvements and the provision of missing amenities leads to substantial increases in rental income.

2. INVESTMENT PROPERTIES

The analysis of the investment portfolio as at 31 March 2009 is as follows:

Louise Goodwin Limited	53 units
A.L.G. Properties Limited	11 units

All the properties are located in Belsize Park, London NW3.

Mountview Estates P.L.C. purchased the investment companies in 1999. They are the only significant departures from the Company's normal activities.

During the financial year, we disposed of one unit for £1.05 million.

Outlook

Where units become vacant we are prepared to refurbish the properties and sell them by private treaty to discerning purchasers who actively seek new homes in this prestigious area.

Valuation

The properties comprised within the investment portfolio have been revalued externally for the purpose of these accounts. The value attributed to each individual property reflects the change in its condition where appropriate and the adjustment resulting from changes in market circumstances.

Details of the valuation of the investment portfolio are disclosed on page 35.

Executive Directors**D.M. Sinclair FCA (Chairman)**

Joined the Company as Company Secretary in 1977, became a Director on 1 January 1982 and succeeded his late father as Chairman on 5 June 1990. Member of the Institute of Chartered Accountants in England and Wales.

K. Langrish-Smith

Joined the Company in 1974 and became a Director on 1 January 1982.

Miss J.L. Murphy

Joined the Company in 1990 as an assistant to the late Frank Sinclair and became a Director on 1 September 1995.

Mrs. M.M. Bray FCCA

Joined the Company in 1996 and became Company Secretary. Became a Director on 1 April 2004. Member of the Association of Chartered Certified Accountants.

Non-Executive Directors**J.P. Hall**

Joined the Company as a Non-Executive Director on 1 December 2000. He is Chairman of APCIMS and a member of the Takeover Panel. He was the Chief Executive of Brewin Dolphin Holdings PLC from 1987 to September 2007. Mr. J.P. Hall is to retire from the Board at the Annual General Meeting 2009.

J.B. Fulton FCA

Joined the Company as a Non-Executive Director on 1 January 2007. Member of the Institute of Chartered Accountants in England and Wales. He has held senior financial roles in multinational companies.

J.A.N. Laing FRICS

Joined the Company as a Non-Executive Director on 1 January 2009. Member of the Royal Institution of Chartered Surveyors. Retired as a partner from Strutt and Parker Property Consultants and Estate Agents in April 2009 but remains as a consultant.

Secretary and Registered Office

Mrs. M.M. Bray FCCA

Mountview House, 151 High Street, Southgate, London N14 6EW

Bankers

HSBC Bank Plc, 60 Queen Victoria Street, London EC4N 4TR

Barclays Bank Plc, One Churchill Place, London E14 5HP

Auditors

BSG Valentine

Lynton House, 7-12 Tavistock Square, London WC1 H9B

Solicitors

Norton Rose LLP

3 More London Riverside, London SE1 2AQ

Registrars and Transfer Office

Capita Registrars

The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Brokers

Brewin Dolphin Securities Ltd

12 Smithfield Street, London EC1A 9BD

The Directors have pleasure in presenting their Seventy-Second Annual Report to the Members together with the Financial Statements for the year ended 31 March 2009.

1. RESULTS AND DIVIDENDS

The Results for the year are set out in the Income Statement on page 19.

The Directors recommend the payment of a final dividend of 105 pence per share. The dividend will be paid on 17 August 2009 subject to approval at the A.G.M. on 12 August 2009 to Shareholders on the register at the close of business on 17 July 2009.

2. ACTIVITIES

The principal activities of the Company and its Subsidiary undertakings are as follows:

Parent Company

Mountview Estates P.L.C.	Property Dealing
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Subsidiary undertakings (wholly owned)

Hurstway Investment Company Limited	Property Dealing
Louise Goodwin Limited	Property Investment
A.L.G. Properties Limited	Property Investment

3. REVIEW OF BUSINESS AND PROSPECTS

Details of the Group's performance during the year and expected future developments are contained in the Chairman's Statement and the Review of Operations on pages 5 to 7. In addition the Group has established the following Financial and Internal Performance Indicators:

Financial Key Performance Indicators

	2009 growth %	2008 growth %
Turnover	(1.2)	(20.3)
Profit before tax excluding investment properties revaluations	(41.2)	(23.0)
Earning per share	(54.5)	(41.1)
Net assets per share	(0.2)	8.8

The Directors consider that there are no significant non-financial indicators in existence.

Internal Performance Measures

	2009 £'000	2008 £'000
Administrative expenses as percentage of revenue	7.0%	7.8%
Administrative expenses per member of staff	140	150
Profit before tax per member of staff	484	1,054

In the current economic climate, the impact of the credit crunch has caused a slowdown in the rate of house price growth and a strong decline in levels of mortgage approvals.

3. REVIEW OF BUSINESS AND PROSPECTS *(continued)*

Risk review

The key risks to the Group's business are:

- long-term downturn in the UK housing market
Our residential portfolio consists mainly of low value units spread over high demand areas of London and the South East. The majority of our properties are of relatively low value, which are still affordable even during a market slowdown. Our investment portfolio is located in the highly desirable area of Belsize Park.
- significant fluctuations in interest rates
The Company has entered into an Interest Rate Swap Agreement, for a period of 5 years in 2008 on its £40 million loan in order to reduce its exposure to interest rate fluctuations.
- a lack of availability of finance
We are reducing our still modest level of gearing and improving liquidity by cutting back on purchases and repaying loans.
- long term worldwide recession
The shrinking of UK economy combined with worsening economic outlook and higher unemployment will affect the prices obtained from the sale of properties.

4. ROTATION OF DIRECTORS

In accordance with the Company's Articles of Association, Mrs. M.M. Bray and Mr. J.B. Fulton retire from the Board by rotation and being eligible, offer themselves for re-appointment. Resolutions for their re-appointment will be proposed at the Annual General Meeting.

5. SHARE CAPITAL

The authorised share capital of the Company as at 31 March 2009 was £250,000 divided into 5,000,000 Ordinary Shares of 5 pence of which 3,899,014 were in issue.

The rights and obligations attaching to the Company's shares, as well as the powers of the Company's directors, are set out in the Company's Articles of Association, a copy of which can be viewed on the Company's website at www.mountviewplc.co.uk

The Company's Articles of Association can only be amended by special resolution of the shareholders.

6. DIRECTORS' INTERESTS IN SHARE CAPITAL

The number of Ordinary Shares in the Company in which the Directors and their families were interested is as follows:

	31 March 2009	1 April 2008
	<i>Ordinary Shares of 5p each</i>	
Mr. D.M. Sinclair including the following holding of Sinclair Estates Limited – 54,165 beneficial	535,883	534,883
Mr. D.M. Sinclair is a Director of the above company		
Mr. K. Langrish-Smith	304,225	227,250
Miss J.L. Murphy	1,500	1,500
Mrs. M.M. Bray	11,477	10,187
Mr. J.P. Hall	2,000	2,000

All the above interests are beneficial except where otherwise stated.

There have been the following changes in the interests of Directors in the share capital of the Company between 31 March 2009 and 12 July 2009:

Mr. K. Langrish-Smith has increased his beneficial holdings by 400 Ordinary Shares on 6 April 2009. Mrs. E. Langrish-Smith (wife of the director) has increased her beneficial shareholdings by 375 Ordinary Shares on 6 April 2009.

7. NOTIFIABLE INTERESTS IN SHARE CAPITAL

As at 12 July 2009, the following disclosures of major holdings of voting rights have been made (and have not been amended or withdrawn) to the Company pursuant to the requirements of Disclosure and Transparency Rule 5:

	Ordinary Shares of 5p each	% of Issued Share Capital
Mr. Phillip Trevor Wheater FDSGS Acct and Mrs. Daphne Sinclair and Mr. Alistair James Sinclair Mr. Richard Michael Moyse and Mr. Stephen Robin Oldfield Trustees of W.D.I. Sinclair Grandchildren Settlement	633,780	16.25
Estate of Mrs. Doris Sinclair	179,400	4.60
Mrs. M.A. Murphy	118,100	3.03
Mrs. A. Williams	596,745	15.31
Mrs. S. Simpkins	145,450	3.73
	138,750	3.56

8. ENVIRONMENTAL MATTERS AND SOCIAL/COMMUNITY ISSUES

Given the size of the Company and the nature of its business as a property trading company, the Company does not currently have any policies in place in relation to environmental, social or community issues.

9. EMPLOYEES

The Company provides regular training for its employees relating to the software used in the day to day running of the business, in order to ensure the ongoing development of each employee's skills and knowledge.

10. SIGNIFICANT AGREEMENTS

Certain banking agreements to which the Company is a party (described in Note 19 to the Consolidated Financial Statements) alter or terminate upon a change of control of the Company following a takeover bid.

There are no other significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

There are no contractual or other agreements or arrangements in place between the Company and third parties which, in the opinion of the Directors, are essential to the business of the Company.

11. DIRECTORS' INTERESTS IN CONTRACTS

There was no Contract in existence during or at the end of the financial year in which a Director of the Company is, or was, materially interested, and which is or was significant in relation to the Company's business.

12. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company purchases liability insurance covering the Directors and Officers of the Company and its Subsidiary undertakings.

13. POLICY ON THE PAYMENT OF CREDITORS

The Company's policy in respect of all its suppliers is to settle the terms of payment when agreeing the terms of each transaction. The Company also ensures that the suppliers are made aware of the terms of payment and abide by them.

Trade creditors existing at 31 March 2009 relating to purchases of property stock generally complete 28 days after exchange of contracts. Other trade creditors were settled, on average, 21 days after incurring the liability (2008: 14 days).

14. REMUNERATION POLICY

The Company's Shareholders will be asked to approve the Remuneration Report contained in the Annual Report and Accounts at the Annual General Meeting to be held on 12 August 2009 and a resolution is drafted accordingly.

15. CORPORATE GOVERNANCE

The Directors' statement on corporate governance is set out on pages 14 to 16.

16. HEALTH AND SAFETY

The Group is committed to achieving a high standard of health and safety. The Group regularly reviews its health and safety policies and practices to ensure that appropriate standards are maintained.

17. DONATIONS

During the year the Group made charitable donations of £19,065 (2008: £27,343). There were no political donations (2008: £nil).

18. GOING CONCERN BASIS

The Directors continue to adopt the going concern basis in preparing the accounts.

They are of the opinion that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

19. AUDITORS

Messrs. BSG Valentine have indicated their willingness to continue in office and a resolution for the reappointment of BSG Valentine as auditors for the ensuing year will be proposed at the Annual General Meeting.

By Order of the Board
M.M. BRAY
Secretary

Mountview House
151 High Street
Southgate
London N14 6EW
16 July 2009

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with the applicable law and International Financial Reporting Standards as adopted by the European Union. In addition the Directors are responsible for preparing the Parent Company accounts in accordance with UK GAAP.

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors confirm to the best of their knowledge:

- the consolidated financial statements, which have been prepared in accordance with United Kingdom law and the International Financial Reporting Standards (IFRSs) and in accordance with rule 4.1.12(3)(a) of the Disclosure and Transparency Rules, have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities and financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the Management Report represented by the Directors' Report has been prepared in accordance with rule 4.1.12(3)(b) of the Disclosure and Transparency Rules, and includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties the Group faces.

By Order of the Board
M.M. BRAY
Secretary

Mountview House
151 High Street
Southgate
London N14 6EW
16 July 2009

The Financial Reporting Council (FRC) published a new version of the Combined Code in June 2006 following publication of the Higgs report earlier that year. This is applicable to the Company for the reporting year commencing 1 April 2008. The Board is satisfied that as a “small company” outside the FTSE 350 it would currently meet most of the requirements.

Mountview Estates P.L.C. is a family controlled Company. There is a concert party in existence, of which members of the Sinclair family, Sinclair Estates Limited, Viewthorpe (Holdings) Limited, directors of the Company and various long standing supporters of the Company are currently members. As a result of a reorganisation of certain of the Sinclair family’s interests which took place in April 2005, shares in the Company which had previously been held by certain former members of the concert party are no longer being treated as held by the concert party. Due to this reorganisation and the addition also of certain other shareholdings, the net aggregate shareholdings of the concert party now amount to approximately 53 percent of the issued share capital of the company.

Throughout the year ended 31 March 2009 the Company has been in compliance with the Code provisions set out in Section 1 of the June 2006 FRC Combined Code on Corporate Governance with certain exceptions noted below:

- A2.1 requires justification for combining the posts of Chairman and Chief Executive Officer. There is no formal division of responsibilities but neither the Chairman nor any other member of the Board has unfettered powers of decision.

Given the size of the Company, there is no formal nomination of a senior independent director.

- A3.2 The majority of non-executive Directors should be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement. Mr. J.P. Hall, a non-executive Director and a former Chief Executive of Brewin Dolphin Holdings PLC is to retire from the Board at this year’s AGM.

In view of this we continue to believe that all our non-executive Directors are independent.

The Board

As at the year ended 31 March 2009 the Board comprised the Chairman, Mr. D.M. Sinclair, three executive Directors and three non-executive Directors. All Directors have access to independent professional advice at the expense of the Company and to the services of the Company Secretary who is responsible to the Board for ensuring the correct procedures are followed.

In addition to ad-hoc meetings arranged to discuss particular transactions and events, the full Board meets at least four times a year and retains full and effective control over the Group’s activities.

Meetings	Mr. D.M. Sinclair	Mr. K. Langrish-Smith	Miss J.L. Murphy	Mrs. M.M. Bray	Mr. J.P. Hall	Mr. J.B. Fulton	Mr. J.A.N. Laing
Full Board	4	4	4	4	4	4	2
Audit Committee	2	–	–	2	3	3	3
Remuneration Committee	1	–	–	–	2	2	2
Nomination Committee	1	1	1	1	1	1	–

Day to day management is delegated to the Executive Board which focuses on major transactions, business growth, strategy, cash management and control.

There is regular communication with the Non-Executive Directors in order to keep them informed on the Company’s operations.

All members of the Board are subject to the re-election provisions of the Articles which require them to offer themselves for re-election at least once every three years and, on appointment, at the first Annual General Meeting (AGM) after appointment. Details of those directors offering themselves for re-appointment are set out in the Directors' Report on page 10.

Going concern

The Board is confident that the Company have adequate resources to continue in existence for the foreseeable future. For this reason the Group continue to adopt the going concern basis in preparing the accounts.

Directors – performance evaluation

The Board is of the opinion that the Directors' performance is continuously evaluated throughout the year.

Any areas of concern are addressed during our regular management or Board meetings. Each of the Directors is responsible for his/her self-appraisal process in respect of their individual performance during the year. This is in turn discussed with the members of the Remuneration Committee who also review the performance of the Board as a whole.

Remuneration Committee

The Remuneration Committee comprises Mr. J. Hall (non-executive Director), Mr. J.B. Fulton (non-executive Director) and Mr. J.A.N. Laing (non-executive Director). The Committee, which is chaired by Mr. J. Hall, monitors, reviews and makes recommendations to the Board on all elements of the remuneration of the executive Directors. The Committee meets twice a year.

Mr D.M. Sinclair, the Chairman of the Company, is invited by the Remuneration Committee members to attend one meeting or part of any meeting as and when appropriate.

No Director is involved in deciding his/her own remuneration and the remuneration of the non-executive Directors is determined by the full Board.

The report of Directors' Remuneration is set out on pages 17 to 18.

Nomination Committee

The Nomination Committee is responsible for the selection and approval of appointments to the Board. Given the small size of the Company the Chairman of the Nomination Committee is Mr. D.M. Sinclair and all the Directors of the Company are members. There was one meeting during the year.

Audit Committee

The Audit Committee comprises Mr. J. Hall (non-executive Director), Mr. J.B. Fulton (non-executive Director) and Mr. J.A.N. Laing (non-executive Director). The Committee, which is chaired by Mr. J.B. Fulton, has clear terms of reference agreed by the Board and is responsible for ensuring that the Group's system of financial control is adequate. It also keeps under review the cost effectiveness of the audit and the independence and objectivity of the auditors.

This includes the approval of any non-audit service fees above a relatively normal level.

The Committee is satisfied that the taxation services provided by BSG Valentine is overseen by partners and staff who are excluded from the audit procedure.

Mr D.M. Sinclair and Mrs M.M. Bray attended two of the meetings held by the Audit Committee.

The Committee meets three times a year and one of these meetings is with the external auditors without an executive director in attendance. The Chairman of the Audit Committee reports to the Board on matters discussed with external auditors. The Audit Committee monitors the integrity of the financial statements and reviews the interim and annual financial statements before submission to the Board. Further the Committee seeks to ensure that the external auditors are independent.

Mr. J.B. Fulton is a member of Institute of Chartered Accountants in England and Wales.

The Audit Committee has satisfied itself that the Company complies with the principles set out in the Smith Report.

Communications with Shareholders

The Company communicates with its shareholders by way of the Annual Reports and Accounts and half yearly interim reports. Investors may use the Company's Annual General Meeting to communicate with the Board. The Board including the non-executive Directors is available throughout the year to listen to the views of Shareholders.

Risk Management

Details of this are included in Note 3 in the Report of the Directors on page 10.

Internal Financial Control

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group was in place throughout the period from 1 April 2008 to the date of approval of the Annual Report and Accounts. This process is regularly reviewed by the Board and accords with the Internal Control Guidance for Directors in the Combined Code.

The Directors are responsible for establishing and maintaining the Group's system of internal financial control. Internal control systems in any group are designed to meet the particular needs of that group and the risks to which it is exposed, and by their nature can provide reasonable but not absolute protection against material misstatement or loss. Due to its size, the Group does not have an internal audit function. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

Identification of Business Risks – The Board is responsible for identifying the major business risks faced by the Group, such as fluctuations in interest rates, inflation rates, fluctuations in consumer spending, employment levels and for determining the appropriate course of action to manage those risks.

Management Structure – The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board.

Corporate Accounting – Responsibility levels are communicated throughout the Group as part of the corporate accounting procedures. These procedures set out authorisation levels, segregation of duties and other control procedures.

Quality and Integrity of Personnel – The integrity and competence of personnel is ensured through high recruitment standards and close Board supervision.

Monitoring – Internal financial control procedures are reviewed by the Board as a whole. These reviews embrace the provision of regular information to management, and monitoring of performance and key performance indicators.

UNAUDITED INFORMATION

Remuneration Committee

The Remuneration Committee, as constituted by the Board is responsible for the determination of the remuneration of the executive Directors of Mountview Estates P.L.C. The Board as a whole considers the remuneration of the non-executive Directors. External advisors were not used in the year under review. Mr J.A.N. Laing (non-Executive Director) joined the Remuneration Committee as from 1 January 2009.

Remuneration Policy

The Group operates in a competitive environment. In forming its policy on remuneration the Group aims to set reward packages which enable the Group to attract, retain and motivate executives with the appropriate skills and experience.

The Remuneration Committee has developed the following specific remuneration package consisting of two elements.

- Basic salary and benefits – the fixed part of the package
- Annual discretionary bonuses

Basic salaries and benefits in kind for each executive Director are reviewed on an annual basis by the Remuneration Committee, which takes into account individual responsibilities, experience and performance as well as competitive market practice. Benefits include the provision of a car and private medical health insurance.

Directors have the choice of the use of a company car or a cash alternative.

The Group does not operate any share option scheme.

Bonuses are recommended by the Committee and approved by the Board having regard to the performance of the Group and the executive Directors during the year. In assessing corporate performance the Remuneration Committee takes into account the Group’s corporate performance within the property sector.

Non-Executive Directors

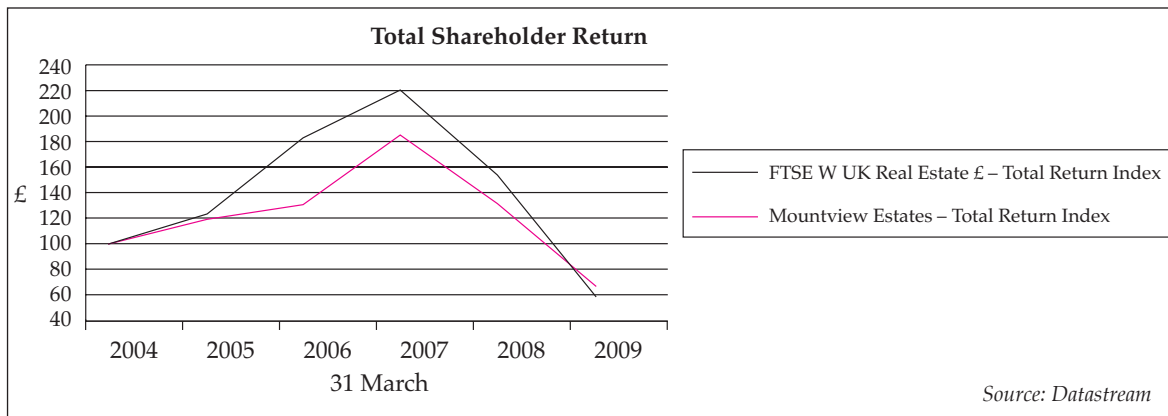
Each non-executive Director receives fees of £24,000 per annum. The non-executive Directors are not entitled to bonuses, benefits or pension contributions.

Pensions

The Company contributes from 1 July 2008 5% of the total of the executive Directors’ gross annual salaries and bonuses to a Stakeholder Pension Scheme. This scheme is available to all employees of the Company.

Performance Graph

The graph below is prepared in accordance with The Directors’ Remuneration Report Regulations 2002 and illustrates the Company’s performance compared to a broad equity market index over the past five years. As the Company is a constituent of the FTSE All-Share Real Estate Index, that index is considered the most appropriate form of broad equity market index against which the Company’s performance should be plotted. Performance is measured by Total Shareholder Return as represented by share price performance and dividend.



The graph looks at the value of £100 invested in Mountview Estates P.L.C. on 31 March each year compared to the value of £100 invested in the FTSE All-Share Real Estate Index.

AUDITED INFORMATION

	Salary £000	Bonus £000	Benefits in kind £000	Pensions Contri- butions £000	Total £000
2009					
Executive					
D.M. Sinclair	250	200	39	21	510
K. Langrish-Smith	150	65	24	10	249
Miss J.L. Murphy	180	120	13	14	327
Mrs M.M. Bray	200	135	–	15	350
Non-Executive					
J.P. Hall	24	–	–	–	24
J.B. Fulton	24	–	–	–	24
J.A.N. Laing	6	–	–	–	6
	<u>834</u>	<u>520</u>	<u>76</u>	<u>60</u>	<u>1,490</u>

	Salary £000	Bonus £000	Benefits in kind £000	Pensions Contri- butions £000	Total £000
2008					
Executive					
D.M. Sinclair	243	240	33	14	530
K. Langrish-Smith	148	80	15	7	250
Miss J.L. Murphy	176	150	15	10	351
Mrs M.M. Bray	191	165	–	11	367
Non-Executive					
J.P. Hall	24	–	–	–	24
J.B. Fulton	24	–	–	–	24
	<u>806</u>	<u>635</u>	<u>63</u>	<u>42</u>	<u>1,546</u>

Service Contracts

Each of the executive Directors who served during the year has a service agreement, which can be terminated on one year's notice by either party.

Approval

An Ordinary Resolution to approve this report will be proposed at the Annual General Meeting of the Company.

This report was approved by the Board on 16 July 2009.



John Hall
Chairman of the Remuneration Committee

CONSOLIDATED INCOME STATEMENT

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for the year ended 31 March 2009

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	Notes	Year ended 31.03.2009 £000	Year ended 31.03.2008 £000
REVENUE	4	53,599	54,338
Cost of sales	4	(27,657)	(18,347)
GROSS PROFIT		25,942	35,991
Administrative Expenses		(3,767)	(4,207)
Operating profit before changes in fair value of investment properties		22,175	31,784
(Decrease)/Increase in fair value of investments		(3,210)	1,784
PROFIT FROM OPERATIONS		18,965	33,568
Finance costs	8	(5,906)	(4,043)
Income from investments	9	3	4
PROFIT BEFORE TAXATION		13,062	29,529
Taxation – current		(4,864)	(8,358)
Taxation – deferred		1,191	(503)
Taxation	10	(3,673)	(8,861)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS		9,389	20,668
Basic and diluted earnings per share (pence)	12	241.0	530.1

The notes on pages 24-41 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 March 2009

	Notes	As at 31.03.2009 £000	As at 31.03.2008 £000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,567	2,719
Investment properties	14	32,195	36,203
		34,762	38,922
CURRENT ASSETS			
Inventories of trading properties	16	268,806	271,361
Trade and other receivables	17	660	1,118
Cash and cash equivalents		840	802
		270,306	273,281
TOTAL ASSETS		305,068	312,203
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the company			
Share capital	22	195	195
Capital redemption reserve	23	55	55
Capital reserve	23	25	25
Other reserves	23	56	56
Cash flow hedge reserve	21	(3,614)	–
Retained earnings	24	190,773	187,426
		187,490	187,757
NON-CURRENT LIABILITIES			
Long-term borrowings	19	88,000	95,000
Deferred tax	20	8,506	9,697
		96,506	104,697
CURRENT LIABILITIES			
Bank overdrafts and loans	19	13,026	12,685
Trade and other payables	18	2,055	3,081
Current tax payable		2,377	3,983
Derivative financial instruments	21	3,614	–
		21,072	19,749
TOTAL LIABILITIES		117,578	124,446
TOTAL EQUITY AND LIABILITIES		305,068	312,203

Approved by the Board on 16 July 2009.

D. M. SINCLAIR Chairman

K. LANGRISH-SMITH Director

The notes on pages 24-41 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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for the year ended 31 March 2009

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Notes	Share capital £000	Capital reserve £000	Capital redemp- tion reserve £000	Cash flow hedge reserve £000	Other reserves £000	Retained earnings £000	Total £000
Changes in equity for year ended 31 March 2008							
Balance as at 1 April 2007	195	25	55	–	56	172,606	172,937
Profit for the year						20,668	20,668
Dividends	11					(5,848)	(5,848)
Balance at 31 March 2008	<u>195</u>	<u>25</u>	<u>55</u>	<u>–</u>	<u>56</u>	<u>187,426</u>	<u>187,757</u>
Changes in equity for year ended 31 March 2009							
Balance as at 1 April 2008	195	25	55	–	56	187,426	187,757
Profit for the year						9,389	9,389
Cash flow hedge	21			(3,614)			(3,614)
Dividends	11					(6,042)	(6,042)
Balance at 31 March 2009	<u>195</u>	<u>25</u>	<u>55</u>	<u>(3,614)</u>	<u>56</u>	<u>190,773</u>	<u>187,490</u>

The fair value movements on those derivative financial investments qualifying for hedge accounting under IAS39 are taken to this reserve.

The notes on pages 24-41 are an integral part of these consolidated financial statements.

for the year ended 31 March 2009

	Notes	Year ended 31.03.2009 £000	Year ended 31.03.2008 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operations		18,965	33,568
Adjustments for:			
Depreciation		192	190
Loss on disposal of property, plant and equipment		145	21
Decrease/(Increase) in fair value of investment properties		3,210	(1,784)
Operating cash flows before movement in working capital		22,512	31,995
Decrease/(Increase) in inventories		2,555	(87,472)
Decrease/(Increase) in receivables		459	(57)
(Decrease)/Increase in payables		(1,053)	128
Cash generated from operations		24,473	(55,406)
Interest paid		(5,906)	(4,043)
Income taxes paid		(6,443)	(10,901)
Net cash inflow/(outflow) from operating activities		12,124	(70,350)
Investing activities			
Interest received		3	4
Proceeds from disposal of investment properties		1,005	–
Proceeds from disposal of property, plant and equipment		15	60
Purchase of property, plant and equipment	13	(58)	(382)
Capital expenditure on investment properties	14	(350)	(339)
Net cash inflow/(outflow) from investing activities		615	(657)
Cash flows from financing activities			
Increase in borrowings		–	67,411
Repayment of borrowings		(9,110)	–
Equity dividend paid		(6,042)	(5,848)
Net cash (outflow)/inflow from financing activities		(15,152)	61,563
Net (decrease)/increase in cash and cash equivalents		(2,413)	(9,444)
Cash and cash equivalents at beginning of the period		(8,798)	646
Cash and cash equivalents at end of year	19	(11,211)	(8,798)

The notes on pages 24-41 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE**23***for the year ended 31 March 2009*

	Notes	Year ended 31.03.2009 £000	Year ended 31.03.2008 £000
Profit for the year		9,389	20,668
Net (expense) recognised directly in equity	21	(3,614)	–
Total recognised income		<u>5,775</u>	<u>20,668</u>
The total recognised income in the year is attributable to: Equity shareholders of the parent		<u><u>5,775</u></u>	<u><u>20,668</u></u>

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The notes on pages 24-41 are an integral part of these consolidated financial statements.

for the year ended 31 March 2009

1. GENERAL INFORMATION

Mountview Estates P.L.C. (the Company) and its Subsidiaries (the Group) is a property trading company with a portfolio in England and Wales.

The Company is a public limited liability company incorporated, domiciled and registered in England.

The address of its registered office is: 151 High Street, Southgate, London N14 6EW.

The Company's website is: www.mountviewplc.co.uk

The Company has its primary listing on the London Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 16 July 2009.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The Accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable International Financial Reporting Standards as adopted by the EU.

(b) Basis of Consolidation

The Group's financial statements incorporate the results of Mountview Estates P.L.C. and all of its Subsidiary undertakings made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The Group exercises control through voting rights. 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 fully consolidated from the date on which control is transferred to the Group.

On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The purchase method has been used in consolidating the subsidiary financial statements.

All significant inter company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation within the consolidated accounts.

Consistent accounting policies have been used across the Group.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

(d) Investment Properties

Properties that are held for long term rentals or for the capital appreciation are classified as investment properties.

Investment properties initially are measured at cost, including related transaction costs, and thereafter are stated at their fair value in the balance sheet. Expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement.

Gains or losses arising from changes in the fair value of investment properties are recorded in the income statement.

for the year ended 31 March 2009

2. ACCOUNTING POLICIES (continued)

(e) Income Tax

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in Subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(f) Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

(g) Revenue

Revenue includes proceeds of sales of properties, rents from properties, which are held as trading stock, investment and other sundry items of revenue before charging expenses.

Rental income is recognised over the rental period.

Sales of properties are recognised on legal completion as in the Directors' opinion this is the point at which the substantial risks and rewards of ownership have been transferred.

(h) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

(i) Interest Expense

Interest expense for borrowings are recognised within "finance costs" in the income statement using the effective interest rate method. The effective interest method is a method of calculating the financial liability and of allocating the interest expense over the relevant period.

for the year ended 31 March 2009

2. ACCOUNTING POLICIES (continued)

(j) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset using the straight-line method as follows:

Freehold property	–	2%
Fixtures and fittings and office equipment	–	20%
Computer equipment	–	25%
Motor Vehicles – reducing balance method	–	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(k) Impairment of Assets

Assets that have an indefinite useful life 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 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Any impairment is recognised in the Income Statement in the year in which it occurs.

(l) Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property is measured initially at its cost including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specified asset. If this information is not available the Group uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections.

Subsequent expenditure is included in the carrying amount of the property when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Gains or losses arising from changes in the fair value of the Group's investment properties are included in the income statement of the period in which they arise.

for the year ended 31 March 2009

2. ACCOUNTING POLICIES (continued)

(m) Inventories

These comprise residential properties all of which are held for resale, and are valued at the lower of cost and estimated net realisable value. Cost to the Group includes legal fees and commission charges incurred during acquisition together with improvement costs. Net realisable value is the net sale proceeds which the Group expects on sale of a property in its current condition. A net realisable value provision of £3 million has been made at 30 September 2008 against the Magdalen Park Estate portfolio to write down properties expected to be sold ultimately at vacant possession value. The analysis of the Group trading portfolio as at 31 March 2009 is on page 30.

(n) Pension Costs

The Group operates a stakeholder contribution pension scheme for employees. The annual contributions payable are charged to the Income Statement. The Group has no further payment obligations once the contributions have been paid.

(o) Financial Instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument. Trade and other receivables and trade and other payables and cash and cash equivalents are measured at their net realisable value.

(p) Bank Borrowings

Loans are recorded at fair value at initial recognition and thereafter at amortised costs under the effective interest method.

(r) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(s) Derivatives

The Group uses derivative instruments to help manage its interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivatives for trading purposes.

The derivatives are recognised initially at fair value. Subsequently, the gain or loss on remeasurement to fair value is recognised immediately in the income statement, unless the derivatives qualify for cash flow hedge accounting in which case any gain or loss is taken to equity in a cash flow hedge reserve.

In order to qualify for hedge accounting, the Group is required to document in advance the relationship between the item being hedged and the hedging instrument. The Group is also required to demonstrate that the hedge will be highly effective on an ongoing basis. The effectiveness testing is reperformed at each period end to ensure that the hedge remains highly effective.

(t) Impact of standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements there are a number of standards, amendments and interpretations to existing standards that have been published but which are not yet effective and which have not been early adopted by the Group. These are as follows:

- IFRS 8 'Operating Segments' (effective from 1 January 2009). IFRS 8 amends the current segmental reporting requirements of IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131. It requires a 'management approach' to be adopted so that segment information is presented on the same basis as that used for internal reporting purposes. This standard will apply to the Group from 1 April 2009 and is expected to impact upon the Group by requiring additional disclosures in the annual financial statements;

for the year ended 31 March 2009

2. ACCOUNTING POLICIES (continued)

(t) Impact of standards and interpretations in issue but not yet effective (continued)

- Amendments to IFRS 3 'Business Combinations' (effective from 1 July 2009) and IAS 27 'Consolidated and Separate Financial Statements' (effective from 1 January 2009). The amendment to both of these standards is still subject to endorsement by the European Union. Some of the key changes are: i) the requirement to measure all consideration at fair value at acquisition date, with any subsequent changes (e.g. contingent consideration) remeasured at fair value through income, ii) the expensing of all transaction costs; and iii) stepped acquisitions to be accounted for as a disposal of existing interests and an acquisition of an enlarged interest, giving rise to potential profits or losses on disposal of the existing interest.

(u) Estimates and Judgements

Going concern

The Directors are required to make an assessment of the Group's ability to continue to trade as a going concern. Because of the difficult market conditions prevailing this assessment has been subject to more uncertainties that are usual. The Directors have given this matter due consideration and have concluded that it is appropriate to prepare the Group financial statements on a going concern basis.

Further, the Directors are confident that the Group has adequate resources to continue in existence for the foreseeable future.

Distinction between investment and trading property

The Group considers the intention at the outset when each property is acquired in order to classify the property as either an investment or a trading property. Where the intention is to either trade the property or where the property is held for immediate sale upon receiving vacant possession within the ordinary course of business, the property is classified as trading property. Where the intention is to hold the property for its long-term retail yield and/or capital appreciation, the property is classified as an investment property.

Investment properties

In considering the values attributable to the investment portfolio, the following factors are taken into consideration:

- sales of properties within the Group's portfolio during the preceding 12 months
- sales of properties in the same district whenever the information is available
- published market research concerning the performance of the property market in this region and district
- factors affecting individual properties and units in relation to value, and factors in the district which might affect the values of individual properties and units.

Carrying value of trading stock

The average length of time a unit of stock is held by the Group is 15 years and historically, the value of properties has increased steadily due to favourable market conditions. In addition it is the Company's policy to ensure that each unit of stock is kept in a good state of repair, in order that the value of trading stock will be maintained.

As the Group's business model is to sell trading stock on recovery net realisable value is the net sales proceeds which the Group expects on the sale of a property with vacant possession.

A net realisable value provision of £3 million has been made at 30 September 2008 against the 'Magdalen Park Estate' portfolio to allow for some further decline in property prices. This is based on our review of recent sales and information concerning the performance of the property market in this district.

for the year ended 31 March 2009

3. FINANCIAL RISK MANAGEMENT

1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk and cash flow risk) credit risk and liquidity risk.

The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

(a) Market risk

Price risk

– the Group is exposed to property price and property rental risk.

Cash flow and fair value interest rate risk

– as the Group has no significant interest bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

Long Term Borrowings

– borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's management. The Group uses derivative instruments to help manage its interest rate risk.

The Board is confident that based on the historical performance of the Group, the finance costs are sufficiently covered by profits from operations.

During the year we decreased our long term borrowings by £7 million to £88 million (2008: £90 million).

The Group has two covenants covering loan to value ratio and interest cover. These covenants were complied with during the financial year and we are confident to meet them at 30 September 2009.

(b) Credit risk

Exposure to credit risk and interest risk arises in normal course of the Group's business.

The Group has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers, including outstanding receivables. The Directors are of the opinion that credit risk is minimal due to the low level of trade receivables relative to the Balance Sheet totals. The receivables are reviewed on a regular basis to ensure that they are recoverable.

(c) Liquidity risk

The Group's liquidity position is monitored daily by management and is reviewed quarterly by the Board of Directors. A summary table with maturity of financial liabilities are presented in the note 19.

for the year ended 31 March 2009

3. FINANCIAL RISK MANAGEMENT (continued)

2. Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total debt and equity.

	2009 £000	2008 £000
Total borrowings	101,026	107,685
Less cash and cash equivalents	(840)	(802)
Net borrowings	<u>100,186</u>	<u>106,883</u>
Total equity	<u>187,490</u>	<u>187,757</u>
Total borrowings plus equity	287,767	294,640
Gearing ratio	35%	36%

4. ANALYSIS OF REVENUE AND COST OF SALES

	2009 £000	2008 £000
Revenue		
Gross sales of properties	39,372	41,755
Gross rental income	14,227	12,583
	<u>53,599</u>	<u>54,338</u>
Cost of Sales		
Cost of properties sold	22,344	12,117
Property expenses	5,313	6,230
	<u>27,657</u>	<u>18,347</u>
Gross Profit		
Sales of properties	17,028	29,638
Net rental income	8,914	6,353
	<u>25,942</u>	<u>35,991</u>

for the year ended 31 March 2009

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5. SEGMENTAL INFORMATION

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group monitors its operations in the following segments:

	2009			2008		
	Property Trading £'000	Property Investment £'000	Group £'000	Property Trading £'000	Property Investment £'000	Group £'000
Revenue	52,829	770	53,599	53,548	790	54,338
Operating profit before changes in fair value of investment properties	21,859	316	22,175	31,382	402	31,784
Finance costs	(5,903)		(5,903)	(4,039)		(4,039)
Profit after tax			9,389			20,668
Assets	272,725	32,343	305,068	275,822	36,381	312,203
Liabilities	106,636	59	106,695	110,711	56	110,766
Fixed assets capital expenditure	58	350	408	382	339	721
Depreciation	164	28	192	159	31	190

The Group's two main business segments operate within the United Kingdom.

6. PROFIT FROM OPERATIONS

	2009 £000	2008 £000
The operating profit is stated after charging:		
Depreciation of tangible fixed assets	192	190
Loss on disposal of fixed assets	2	21
Auditors' remuneration		
– the audit of the parent company and consolidated financial statements	33	33
– the audit of the company's subsidiaries pursuant to legislation	12	12
– for other services	9	9
operating expenses for investment properties	283	386
And after crediting:		
– net rental income	8,914	6,353
– administrative charges to related companies (Note 25)	63	61

for the year ended 31 March 2009

7. STAFF COSTS (including Directors)		
	2009	2008
	£000	£000
Wages and salaries	2,171	2,461
Social security costs	272	312
Pension costs	85	73
	<u>2,528</u>	<u>2,846</u>
Directors' Remuneration	2009	2008
	£000	£000
Total Directors' Remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to:	<u>1,490</u>	<u>1,546</u>
<p>The details of Directors' Remuneration are shown in the audited section of the Remuneration Report on page 18.</p> <p>The Company contributes 3% of the total annual gross salaries and bonuses of each employee to a Stakeholder Pension Scheme.</p> <p>The average weekly number of employees during the year was as follows:</p>		
	2009	2008
Office and management	<u>27</u>	<u>28</u>
8. FINANCE COSTS		
	2009	2008
	£000	£000
Interest on bank overdrafts, and loans	<u>5,906</u>	<u>4,043</u>
9. INCOME FROM INVESTMENTS		
	2009	2008
	£000	£000
Interest on bank deposits	<u>3</u>	<u>4</u>

for the year ended 31 March 2009

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10. INCOME TAX EXPENSE

	2009 £000	2008 £000
(a) Analysis of charge in the year		
Current tax:		
UK Corporation Tax 28% (2008: 30%)	<u>4,864</u>	<u>8,358</u>
Deferred tax:		
Current year 28% (2008: 30%)	<u>(1,191)</u>	<u>503</u>
Taxation attributable to the Company and its Subsidiaries	<u>3,673</u>	<u>8,861</u>

(b) Factors affecting income tax expense

The charge for the year can be reconciled to the profit per the income statement as follows:

Profit on ordinary activities before taxation	<u>13,062</u>	<u>29,529</u>
Profit on ordinary activities multiplied by rate of tax 28% (2008: 30%)	3,657	8,859
Expenses not deductible for tax	73	20
Depreciation in excess of capital allowances	31	7
Taxation on capital gains	189	–
Marginal relief	(5)	–
Revaluation surplus in subsidiaries not taxed	899	(535)
Deferred tax	(1,191)	503
Sundry adjusting items	<u>20</u>	<u>7</u>
Taxation attributable to the Company and its Subsidiaries	3,673	8,861

11. DIVIDENDS

On 18 August 2008 a dividend of 105p per share (2007: 100p per share) was paid to the shareholders. On 30 March 2009 a dividend of 50p per share (2008: 50p per share) was paid to the shareholders. This resulted in total dividends paid in the year of £6.042 million (2008: £5.848 million).

In respect of the current year, the Directors propose that a final dividend of 105p per share will be paid to the shareholders on 17 August 2009. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The proposed final dividend for 2009 is payable to all shareholders on the Register of Members on 17 July 2009. The total estimated final dividend to be paid is £6.042 million.

for the year ended 31 March 2009

12. EARNINGS PER SHARE

	2009 £000	2008 £000
The calculations of earnings per share are based on the following profits and number of shares.		
Net profit for financial year (basic and fully diluted)	<u>9,389</u>	<u>20,668</u>
Weighted average number of ordinary shares for basic and fully diluted earnings per share	<u>3,899,014</u>	<u>3,899,014</u>
Basic and Diluted Earnings per share	<u>241.0p</u>	<u>530.1p</u>

The Company has no dilutive potential ordinary shares.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Property £000	Fixtures & Fittings £000	Motor Vehicles £000	Computer Equipment £ 000	Total £000
COST					
At 1 April 2007	2,671	237	280	43	3,231
Additions	–	35	217	130	382
Disposals	–	–	(150)	–	(150)
At 31 March 2008	<u>2,671</u>	<u>272</u>	<u>347</u>	<u>173</u>	<u>3,463</u>
DEPRECIATION					
At 1 April 2007	330	148	110	36	624
Charge for the year	53	41	61	35	190
On disposals	–	–	(70)	–	(70)
At 31 March 2008	<u>383</u>	<u>189</u>	<u>101</u>	<u>71</u>	<u>744</u>
NET BOOK VALUE					
At 31 March 2007	<u>2,341</u>	<u>89</u>	<u>170</u>	<u>7</u>	<u>2,607</u>
At 31 March 2008	<u>2,288</u>	<u>83</u>	<u>246</u>	<u>102</u>	<u>2,719</u>

Property, Plant and Equipment are located within United Kingdom.

for the year ended 31 March 2009

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Property £000	Fixtures & Fittings £000	Motor Vehicles £000	Computer Equipment £ 000	Total £000
COST					
At 1 April 2008	2,671	272	347	173	3,463
Additions	–	17	41	–	58
Disposals	–	–	(35)	–	(35)
At 31 March 2009	2,671	289	353	173	3,486
DEPRECIATION					
At 1 April 2008	383	189	101	71	744
Charge for the year	53	48	54	37	192
On disposals	–	–	(17)	–	(17)
At 31 March 2009	436	237	138	108	919
NET BOOK VALUE					
At 31 March 2008	2,288	83	246	102	2,719
At 31 March 2009	2,235	52	215	65	2,567

Property, Plant and Equipment are located within United Kingdom.

14. INVESTMENT PROPERTIES

	2009 £000	2008 £000
Fair Value at 1 April 2008 (2007)	36,203	34,080
Additions:		
Subsequent expenditure	350	339
Disposals	(1,148)	–
(Decrease)/Increase in Fair Value during the year	(3,210)	1,784
At 31 March	32,195	36,203

Louise Goodwin Limited and ALG Properties Limited

The Companies' investment properties were valued on a Fair Value basis as at 31 March 2009 by External Valuers, Mr S.W. Philp FRICS and Mr J.A. Rollings MRICS of Castles Surveyors Limited. The valuations were in accordance with the requirements of the RICS Valuation Standards and IAS 40. The valuation of each investment property assumed that the property would be sold subject to any existing leases, regulated and assured tenancies, but otherwise, with vacant possession. On this basis, the aggregate Fair Value of the Company's interests in its investment properties was:

Louise Goodwin Limited
£26,350,000 (twenty six million, three hundred and fifty thousand pounds)

ALGL Properties Limited
£5,845,000 (five million, eight hundred and forty five thousand pounds)

for the year ended 31 March 2009

15. INVESTMENTS

Fixed Asset Investments

These represent the cost of shares in the following wholly owned Subsidiary undertakings, which are incorporated and operate in England and Wales. Their results are consolidated in the accounts of the Group, for the period during which they are Subsidiary undertakings.

	Principal Activity	Cost 2008 2009 £000
Hurstway Investment Company Limited	Property Dealing	1
Louise Goodwin Limited	Property Investment	15,351
A.L.G. Properties Limited	Property Investment	2,924
		<u>18,276</u>

16. INVENTORIES

	2009 £000	2008 £000
Residential properties	<u>268,806</u>	<u>271,361</u>

17. TRADE AND OTHER RECEIVABLES

	2009 £000	2008 £000
Trade receivables	283	504
Prepayments and accrued income	377	614
	<u>660</u>	<u>1,118</u>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

18. TRADE AND OTHER PAYABLES

	2009 £000	2008 £000
Trade creditors	949	854
Other taxes and social security costs	145	191
Other creditors	961	2,036
	<u>2,055</u>	<u>3,081</u>

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

for the year ended 31 March 2009

19. BANK OVERDRAFTS AND LOANS

	2009 £000	2008 £000
Bank overdrafts	12,051	9,600
Bank loans	88,000	95,000
Other loans	975	3,085
	<u>101,026</u>	<u>107,685</u>
(a) Cash and cash equivalents		
	2009 £000	2008 £000
Bank overdrafts	(12,051)	(9,600)
Cash	840	802
Cash and cash equivalents as at 31 March	<u>(11,211)</u>	<u>(8,798)</u>

Maturity profile of financial liabilities at 31 March 2009 was as follows:

	2009 £000	2008 £000
Amounts repayable:		
In one year or less	13,026	12,685
Between one and two years	–	–
Between two and five years	88,000	95,000
	<u>101,026</u>	<u>107,685</u>
Less: amount due for settlement within 12 months (shown under current liabilities)	<u>13,026</u>	<u>12,685</u>
Amount due for settlement after 12 months	<u>88,000</u>	<u>95,000</u>

The average interest rates paid were as follows:

	2009	2008
Bank overdrafts	5.04%	6.74%
Bank loans	5.07%	6.80%
Other loans	4.11%	6.04%

The Directors consider that the carrying amount of bank overdrafts and loans approximates their fair value.

The other principal features of the Group's borrowings are as follows.

1. The bank overdrafts are repayable on demand. The bank overdrafts are secured by a Letter of Negative Pledge by Mountview Estates P.L.C.
2. The Group has a £75 million long term borrowing facility with Barclays Bank. The amount outstanding at 31 March 2009 is £68 million. This is a revolving loan and the termination date of this facility is November 2012. The rate of interest payable on the loan is 0.9% above Libor. The loan is secured by a cross guarantee between Mountview Estates P.L.C. and its Subsidiaries. The loan is not repayable by instalments.

for the year ended 31 March 2009

19. BANK OVERDRAFTS AND LOANS (continued)

3. The Group has a £20 million long term borrowing facility with HSBC Bank. The amount outstanding at 31 March 2009 is £20 million. This is a revolving loan and the termination date of this facility is September 2011. The rate of interest payable on the loan is 1.05% above Libor. The loan is secured by Letter of Negative Pledge.
4. Other loans consist of loans from connected persons, and companies of which Mr. D.M. Sinclair is a Director. Loans of £975,000 (2008: £3.08 million) are repayable within one year. Interest payable on these loans is at 0.5% above Barclays Bank Plc base rate.

20. DEFERRED TAX

Analysis for financial reporting purposes

	2009 £000	2008 £000
Deferred tax liabilities	8,506	9,697
Net position at 31 March	<u>8,506</u>	<u>9,697</u>

The movement for the year in the Group's net deferred tax position was as follows.

	2009 £000	2008 £000
At 1 April	9,697	9,194
(Credit)/charge to income for the year	<u>(1,191)</u>	<u>503</u>
At 31 March	<u>8,506</u>	<u>9,697</u>

The following are in deferred tax liabilities recognised by the Group and movements thereon during the period.

	Revaluation of properties	
	2009 £000	2008 £000
At 1 April	9,697	9,194
(Credit)/charge to income for the year	<u>(1,191)</u>	<u>503</u>
At 31 March	<u>8,506</u>	<u>9,697</u>

21. FINANCIAL INSTRUMENTS

Fair value of financial assets

The Group's financial assets at the year end consist of trade receivables and cash at bank and in hand of £1.5 million (2008: £1.920 million)

The Directors consider that the carrying amount of cash at bank and in hand approximates their fair value.

The trade receivables amounted to £660,000 (2008: £1.118 million).

The Directors consider that the carrying amount of trade receivables approximates their fair value.

for the year ended 31 March 2009

21. FINANCIAL INSTRUMENTS (continued)

Fair value of borrowings

	2009 £000	2008 £000
Bank overdrafts	12,051	9,600
Secured bank loans	88,000	95,000
Unsecured loans	975	3,085
	<u>101,026</u>	<u>107,685</u>

Interest charged in the income statement for the above borrowings amounted to £5.906 million (2008: £4.043 million).

The Directors consider that the carrying amount of borrowings approximates their fair value. The details of the terms of the borrowings together with the average interest rates can be seen in Note 19.

As at 31 March 2009 it is estimated that general increase of 1 point in interest rates would decrease the Group's profit before tax by approximately £480,000 (2008: £550,000).

Derivative financial instruments

The Group has entered into an Interest Rate Swap Agreement in January 2008 in order to help manage its interest rate risk.

The interest rate swap matures in March 2013 and is based on £40 million non-amortising notional amount. As at 31 March 2009 the fixed interest rate was 4.98% (31 March 2008: 4.98%).

The financial derivative was valued by an external consultant, using discounted cash flow model and quoted market information.

As at 31 March 2009 the market value of derivatives under IAS 39 is a charge of £3.6 million (2008: charge £139,000).

In accordance with IAS 39 when the cash flow hedges have been viewed as being effective, any gains or losses have been taken through the cash flow hedge reserve.

Undiscounted maturity profile of financial liabilities

The following table analyses the Group's financial liabilities and derivative financial liabilities at the balance sheet date into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not always equal the amounts disclosed on the balance sheet for borrowings, derivative financial instruments, and trade and other payables. A reconciliation to the balance sheet amounts is given on page 44.

Trade and other payables due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year £000	Between 1 & 2 years £000	Between 2 & 5 years £ 000	Total £000
At 31 March 2009				
Interest bearing loans and borrowings	13,903	–	103,684	117,587
Cash flow hedges	3,614	–	–	3,614
Trade and other payables	2,055	–	–	2,055
	Less than 1 year £000	Between 1 & 2 years £000	Between 2 & 5 years £ 000	Total £000
At 31 March 2008				
Interest bearing loans and borrowings	13,323	–	123,825	137,148
Cash flow hedges	–	–	–	–
Trade and other payables	3,081	–	–	3,081

for the year ended 31 March 2009

21. FINANCIAL INSTRUMENTS (continued)

Reconciliation of maturity analysis

	Less than 1 year £000	Between 1 & 2 years £000	Between 2 & 5years £ 000	Total £000
At 31 March 2009				
Interest bearing loans and borrowings per accounts	13,026	–	88,000	101,026
Interest	877	–	15,684	16,561
	<u>13,903</u>	–	<u>103,684</u>	<u>117,587</u>
Financial liability cash flows as above	<u>13,903</u>	–	<u>103,684</u>	<u>117,587</u>
	Less than 1 year £000	Between 1 & 2 years £000	Between 2 & 5years £ 000	Total £000
At 31 March 2008				
Interest bearing loans and borrowings per accounts	12,685	–	95,000	107,685
Interest	638	–	28,825	29,463
	<u>13,323</u>	–	<u>123,825</u>	<u>137,148</u>
Financial liability cash flows as above	<u>13,323</u>	–	<u>123,825</u>	<u>137,148</u>

22. CALLED UP SHARE CAPITAL

	2009 £000	2008 £000
Authorised: 5,000,000 ordinary shares of 5p each	<u>250</u>	<u>250</u>
Allotted, issued and fully paid: 3,899,014 ordinary shares of 5p each	<u>195</u>	<u>195</u>

23. OTHER RESERVES

	2009 £000	2008 £000
Capital redemption reserve	55	55
Capital reserve	25	25
Other reserves	56	56
	<u>136</u>	<u>136</u>

Capital redemption reserve relates to buy-back of the Company's own shares.

The Group does not maintain insurance cover against other risks except where several properties are located in close physical vicinity. A reserve is maintained to deal with such non-insured risks and at 31 March 2009 stood at £56,000 (2008: £56,000).

for the year ended 31 March 2009

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24. RETAINED EARNINGS

	£000
Balance at 1 April 2008	187,426
Net profit for the year	9,389
Dividends paid	(6,042)
Balance at 31 March 2009	<u>190,773</u>

25. RELATED PARTY TRANSACTIONS

(a) Mountview Estates P.L.C. provides general management and administration services to Ossian Investors Limited and Sinclair Estates Limited, companies of which Mr. D.M. Sinclair is a Director. Fees of £45,130 (2008: £46,186) were charged for these services.

The same services were also provided to Viewthorpe Limited, fees of £18,136 (2008: £15,649) were charged for these services.

All directors of Viewthorpe Limited are significant shareholders of the Company, one director of Viewthorpe Limited is also the wife of a Director of the Company.

(b) Included within other loans repayable in less than one year and on demand is a loan from Sinclair Estates Limited. The balance outstanding at the balance sheet date was £700,000 (2008: £1,450,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £22,605 (2008: £36,849).

(c) Included within other loans repayable in less than one year and on demand is a loan from Ossian Investors Limited. The balance outstanding at the balance sheet date was £100,000 (2008: £110,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £5,466 (2008: £9,498).

(d) Included within other loans repayable in less than one year and on demand is a loan from Viewthorpe Limited. The balance outstanding at the balance sheet date was £nil (2008: £1,350,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £71,456 (2008: £85,786).

(e) Included within other loans, repayable in less than one year and on demand is a loan from Mrs. D. Sinclair, a shareholder of the Company. The balance outstanding at the balance sheet date was £175,000 (2008: £175,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £8,256 (2008: £10,600).

(f) All of the above loans are unsecured.

(g) Transactions between the Group and its Subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed in this note.

to the Members of Mountview Estates P.L.C.

We have audited the Group financial statements of Mountview Estates P.L.C. for the year ended 31 March 2009 which comprise the principal accounting policies, the Group income statement, the Group balance sheet, the Group cash flow statement, the Group statement of changes in shareholders equity and notes on pages 24-41. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Mountview Estates P.L.C. for the year ended 31 March 2009 and the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view, and whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulations and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Boards statement on internal control covers all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements.

The other information comprises only the Directors' Report, the Chairman's Statement, the unaudited part of the Remuneration Report, the Operational Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements.

Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements.

to the Members of Mountview Estates P.L.C.

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OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2009.

BSG Valentine
Registered Auditors
Chartered Accountants
London
16 July 2009

as at 31 March 2009

	Notes	As at 31.03.2009 £000	As at 31.03.2008 £000
FIXED ASSETS			
Tangible assets	3	2,534	2,672
Investments	4	18,276	18,276
		<u>20,810</u>	<u>20,948</u>
CURRENT ASSETS			
Stocks	5	255,554	258,212
Debtors	6	573	1,024
Cash at bank and in hand		706	685
		<u>256,833</u>	<u>259,921</u>
CREDITORS: Amounts falling due within one year	7	<u>(20,650)</u>	<u>(19,168)</u>
NET CURRENT ASSETS		<u>236,183</u>	<u>240,753</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>256,993</u>	<u>261,701</u>
CREDITORS: Amounts falling due after more than one year	8	<u>(109,221)</u>	<u>(114,074)</u>
		<u>147,772</u>	<u>147,627</u>
CAPITAL AND RESERVES			
Called up share capital	9	195	195
Capital redemption reserve	10	55	55
Capital reserve	10	25	25
Other reserves	10	39	39
Cash flow hedge reserve	11	(3,614)	–
Profit and Loss Account	12	151,072	147,313
		<u>147,772</u>	<u>147,627</u>

Approved by the Board on 16 July 2009.

D.M. SINCLAIR Chairman

K. LANGRISH-SMITH Director

for the year ended 31 March 2009

1. ACCOUNTING POLICIES**(a) Basis of Accounting**

The Accounts have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards.

(b) Investments

Fixed assets investments in Subsidiary undertakings are stated at costs less any provision for impairment.

(c) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

(d) Turnover

Turnover includes proceeds of sales of properties, rents from properties which are held as trading stock, or investment and any other sundry items of revenue before charging expenses. Sales of properties are recognised on completion.

(e) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset using the straight-line method as follows:

Freehold property	–	2%
Fixtures and fittings and office equipment	–	20%
Computer equipment	–	25%
Motor Vehicles – reducing balance method	–	20%

(f) Impairment of Fixed Assets

Fixed Assets are subject to review for impairment in accordance with FRS11 “Impairment of Fixed Assets and Goodwill”. Any impairment is recognised in the Profit and Loss Account in the year in which it occurs.

(g) Stocks

These comprise residential properties all of which are held for resale, and are valued at the lower of cost and estimated net realisable value. Cost to the Group includes legal fees and commission charges incurred during acquisition together with improvement costs. Net realisable value is the net sale proceeds which the Group expects on sale of a property in its current condition. The analysis of the Group trading portfolio as at 31 March 2009 is on page 5.

(h) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluations (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at balance sheet date, there is binding agreement to dispose of these assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

for the year ended 31 March 2009

2. STAFF COSTS (including Directors)

	2009 £000	2008 £000
Wages and salaries	2,171	2,461
Social security costs	272	312
Pension costs	85	73
	<u>2,528</u>	<u>2,846</u>

DIRECTORS' REMUNERATION

	2009 £000	2008 £000
Total Directors' Remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to:	<u>1,490</u>	<u>1,546</u>

The details of Directors' Remuneration are shown in the audited section of the Remuneration Report on page 18.

The Company contributes 3% of the total annual gross salaries and bonuses of each employee to a Stakeholder Pension Scheme.

The average weekly number of employees during the year was as follows:

	2009	2008
Office and management	<u>27</u>	<u>28</u>

3. TANGIBLE ASSETS

	Freehold Property £000	Fixtures & Fittings £000	Motor Vehicles £000	Computer Equipment £ 000	Total £000
COST					
At 1 April 2007	2,671	97	280	43	3,091
Additions	–	1	217	130	348
Disposals	–	–	(150)	–	(150)
At 31 March 2008	<u>2,671</u>	<u>98</u>	<u>347</u>	<u>173</u>	<u>3,289</u>
DEPRECIATION					
At 1 April 2006	330	50	110	36	526
Charge for the year	53	12	61	35	161
On disposals	–	–	(70)	–	(70)
At 31 March 2008	<u>383</u>	<u>62</u>	<u>101</u>	<u>71</u>	<u>617</u>
NET BOOK VALUE					
At 31 March 2007	<u>2,341</u>	<u>47</u>	<u>170</u>	<u>7</u>	<u>2,565</u>
At 31 March 2008	<u>2,288</u>	<u>36</u>	<u>246</u>	<u>102</u>	<u>2,672</u>

All tangible assets of the Company are located within the United Kingdom.

for the year ended 31 March 2009

3. TANGIBLE ASSETS (continued)

	Freehold Property £000	Fixtures & Fittings £000	Motor Vehicles £000	Computer Equipment £ 000	Total £000
COST					
At 1 April 2008	2,671	98	347	173	3,289
Additions	–	3	41	–	44
Disposals	–	–	(35)	–	(35)
At 31 March 2009	2,671	101	353	173	3,298
DEPRECIATION					
At 1 April 2008	383	62	101	71	617
Charge for the year	53	20	54	37	164
On disposals	–	–	(17)	–	(17)
At 31 March 2009	436	82	138	108	764
NET BOOK VALUE					
At 31 March 2008	2,288	36	246	102	2,672
At 31 March 2009	2,235	19	215	65	2,534

All tangible assets of the Company are located within the United Kingdom.

4. INVESTMENTS

Fixed Asset Investments

These represent the cost of shares in the following wholly owned Subsidiary undertakings, which are incorporated and operate in England and Wales. Their results are consolidated in the accounts of the Group, for the period during which they are Subsidiary undertakings.

	Cost 2008 2009 £000
Hurstway Investment Company Limited	1
Louise Goodwin Limited	15,351
A.L.G. Properties Limited	2,924
	<u>18,276</u>

The Company owns 100% of the ordinary share capital of the following companies:

Subsidiary Undertaking	Country of Incorporation	Principal Activity
Hurstway Investment Company Limited	UK	Property Dealing
Louise Goodwin Limited	UK	Property Investment
A.L.G. Properties Limited	UK	Property Investment

for the year ended 31 March 2009

5. STOCKS		
	2009	2008
	£000	£000
Residential properties	<u>255,554</u>	<u>258,212</u>
6. DEBTORS: due within one year		
	2009	2008
	£000	£000
Trade debtors	217	440
Prepayments and accrued income	356	584
	<u>573</u>	<u>1,024</u>
7. CREDITORS: Amounts falling due within one year		
	2009	2008
	£000	£000
Bank loans and overdrafts	12,051	9,600
Trade creditors	949	812
Corporation Tax	2,025	3,490
Other taxes and social security costs	145	191
Other creditors	891	1,990
Other loans	975	3,085
Derivative financial instruments	3,614	–
	<u>20,650</u>	<u>19,168</u>
<p>Other loans consist of loans from connected persons. Interest payable on these loans was at 0.5% above Barclays Bank Plc Base rate.</p>		
8. CREDITORS: Amounts falling due after more than one year		
	2009	2008
	£000	£000
Bank loans	88,000	95,000
Amounts owed to Subsidiary undertakings	21,221	19,074
Other loans	–	–
	<u>109,221</u>	<u>114,074</u>

for the year ended 31 March 2009

8. CREDITORS: Amounts falling due after more than one year (continued)

Maturity profile of financial liabilities at 31 March 2009 was as follows:

	2009 £000	2008 £000
Amounts repayable:		
In one year or less	13,026	12,685
Between one and two years	–	–
Between two and five years	88,000	95,000
More than five years	21,221	19,074
	<u>122,247</u>	<u>126,759</u>
Less: amount due for settlement within 12 months (shown under current liabilities)	<u>13,026</u>	<u>12,685</u>
Amount due for settlement after 12 months	<u>109,221</u>	<u>114,074</u>

The Directors consider that the carrying amount of bank overdrafts and loans approximates their fair value.

The other principal features of the Group's borrowings are as follows.

- The bank overdrafts are repayable on demand. The bank overdrafts are secured by a Letter of Negative Pledge by Mountview Estates P.L.C.
- The Group has a £75 million long term borrowing facility with Barclays Bank. The loan outstanding at 31 March 2009 is £68 million. This is a revolving loan and the termination date of this facility is November 2012. The rate of interest payable on the loan is 0.9% above Libor. The loan is secured by a cross guarantee between Mountview Estates P.L.C. and its Subsidiaries. The loan is not repayable by instalments.
- The Group has a £20 million long term borrowing facility with HSBC Bank. The loan is not repayable by instalments. The loan outstanding at 31 March 2009 is £20 million. This is a revolving loan and the termination date of this facility is September 2011. The rate of interest payable on the loan is 1.05% above Libor. The loan is secured by Letter of Negative Pledge.
- Other loans consist of loans from connected persons, and companies of which Mr. D.M. Sinclair is a Director. Loans of £975,000 (2008: £3.08 million) are repayable within one year. Interest payable on these loans is at 0.5% above Barclays Bank Plc base rate.

9. CALLED UP SHARE CAPITAL

	2009 £000	2008 £000
Authorised:		
5,000,000 ordinary shares of 5p each	<u>250</u>	<u>250</u>
Allotted, issued and fully paid:		
3,899,014 ordinary shares of 5p each	<u>195</u>	<u>195</u>

for the year ended 31 March 2009

10. OTHER RESERVES

	2009 £000	2008 £000
Capital redemption reserve	55	55
Capital reserve	25	25
Other reserves	39	39
Balance at 31 March	<u>119</u>	<u>119</u>

Capital redemption reserve relates to buy-back of the Company's own shares.

The Group does not maintain insurance cover against other risks except where several properties are located in close physical vicinity. A reserve is maintained to deal with such non-insured risks and at 31 March 2009 stood at £39,000 (2008: £39,000).

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Company entered into an Interest Rate Swap Agreement in January 2008 in order to help manage its interest rate risk.

The financial derivative was valued by an external consultant, using discounted cash flow model and quoted market information.

12. PROFIT AND LOSS ACCOUNT

	2009 £000	2008 £000
Balance at 1 April	147,313	136,526
Net profit for the year	9,801	16,635
Dividends paid	(6,042)	(5,848)
Balance at 31 March	<u>151,072</u>	<u>147,313</u>

13. RELATED PARTY TRANSACTIONS

(a) Mountview Estates P.L.C. provides general management and administration services to Ossian Investors Limited and Sinclair Estates Limited, companies of which Mr. D.M. Sinclair is a Director. Fees of £45,130 (2008: £46,186) were charged for these services.

The same services were also provided to Viewthorpe Limited, fees of £18,136 (2008: £15,649) were charged for these services.

All directors of Viewthorpe Limited are significant shareholders of the Company, one director of Viewthorpe Limited is also the wife of a Director of the Company.

(b) Included within other loans repayable in less than one year and on demand is a loan from Sinclair Estates Limited. The balance outstanding at the balance sheet date was £700,000 (2008: £1,450,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £22,605 (2008: £36,849).

for the year ended 31 March 2009

13. RELATED PARTY TRANSACTIONS (continued)

- (c) Included within other loans repayable in less than one year and on demand is a loan from Ossian Investors Limited. The balance outstanding at the balance sheet date was £100,000 (2008: £110,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £5,466 (2008: £9,498).
- (d) Included within other loans repayable in less than one year and on demand is a loan from Viewthorpe Limited. The balance outstanding at the balance sheet date was £nil (2008: £1,350,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £71,456 (2008: £85,786).
- (e) Included within other loans, repayable in less than one year and on demand is a loan from Mrs. D. Sinclair, a shareholder of the Company. The balance outstanding at the balance sheet date was £175,000 (2008: £175,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £8,256 (2008: £10,600).
- (f) All of the above loans are unsecured.
- (g) Transactions between the Group and its Subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed in this note.

to the Members of Mountview Estates P.L.C.

We have audited the parent Company financial statements of Mountview Estates P.L.C. for the year ended 31 March 2009 which comprise the principal accounting policies, the balance sheet and notes from 1 to 13. These parent Company financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the Group's financial statements of Mountview Estates P.L.C. for the year ended 31 March 2009.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the parent Company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent Company financial statements and the part of Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent Company financial statements give a true and fair view, and whether the parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent Company financial statements.

The other information comprises only the Directors' Report, the Chairman's Statement, the unaudited part of the Remuneration Report, the Operational Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent Company and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent Company financial statements and the part of the Directors' Remuneration Report to be audited.

OPINION

In our opinion:

- The parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Company's affairs as at 31 March 2009;
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2009

BSG Valentine
Registered Auditors
Chartered Accountants
London

16 July 2009

TABLE OF COMPARATIVE FIGURES

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	<i>as at 31 March 2009</i>					
	UK GAAP 2004 £000	IFRS 2005 £000	IFRS 2006 £000	IFRS 2007 £000	IFRS 2008 £000	IFRS 2009 £000
Revenue	55,087	48,778	47,456	68,168	54,338	53,599
Profit before taxation	28,593	24,848	22,660	50,227	29,529	13,062
Taxation	8,584	7,482	6,738	15,167	8,861	3,673
Profit after taxation	20,009	17,366	15,922	35,060	20,668	9,389
Dividend in relation to the year	4,757	4,913	5,069	5,848	6.042	6.042*
Earnings per share	513.2p	445.4p	408.4p	899.2p	530.1p	241.0p
Rate of dividend	122p	126p	130p	150p	155p	155p

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*The £6.042 million dividend in relation to 2009 is made up of the interim dividend of £1.949 million and the final dividend of £4.093 million, which will be paid on 17 August 2009, subject to approval at the AGM on 12 August 2009.

Notice is hereby given that the Seventy-Second Annual General Meeting of the Members of Mountview Estates P.L.C. (incorporated in England and Wales with registered number 00328020) will be held at the offices of Norton Rose LLP, 3 More London Riverside, London SE1 2AQ on 12 August 2009 at 11.30a.m., for the following purposes:

1. To receive and consider the Reports of the Directors and the Auditors and the audited Statements of Accounts of the Company for the year ended 31 March 2009.
2. To declare a final dividend of 105p per share payable on 17 August 2009 to Shareholders on the register at 17 July 2009.
3. To re-appoint Mrs. M.M. Bray as a Director of the Company.
4. To re-appoint Mr. J.B. Fulton as a Director of the Company.
5. To appoint Mr. J.A.N. Laing as a Director of the Company.
6. To approve the Directors' Remuneration Report set out in the Annual Report and Accounts for the year ended 31 March 2009.
7. To re-appoint Messrs BSG Valentine as Auditors of the Company to hold office from the conclusion of the Meeting to the conclusion of the next meeting at which the accounts are laid before the meeting.
8. To authorise the Directors to determine the Auditors' remuneration for the ensuing year.
9. To consider and, if thought fit, pass the following Special Resolution:
THAT with effect from 00.01a.m. on 1 October 2009:
 - (i) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
 - (ii) the Articles of Association of the Company produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By Order of the Board
M.M. BRAY
Secretary

Mountview House
151 High Street
Southgate
London N14 6EW
17 July 2009

Notes:-

1. A Member who is entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A proxy need not also be a Member of the Company. If a Member appoints more than one proxy to attend the Meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the Member. If a Member wishes to appoint more than one proxy and so requires additional forms of Proxy, the Member should contact Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
2. A form of Proxy is enclosed with this Report and Accounts and should be completed in accordance with the instructions contained therein. Completion and return of the form of Proxy will not prevent a Member from attending the Meeting and voting in person. To be effective, the form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited at the office of the Company's Registrars, Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 48 hours before the time of the Meeting or any adjournment thereof.
3. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by no later than 48 hours before the time of the Meeting or any adjournment thereof. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your proxy instruction must be received by the company's registrars no later than 48 hours before the time of the Meeting or any adjournment thereof.
4. Any person receiving a copy of this Notice as a person nominated by a Member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the Meeting in place of a Member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the Member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the Member as to the exercise of voting rights at the Meeting.

Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the Member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that Member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the Meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company as at 11.30 a.m. on the day which is two days before the day of the Meeting or adjourned Meeting. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
6. In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that (i) if a corporate shareholder has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

7. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any Member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.

8. As at 16 July 2009, being the last business day prior to the printing of this Notice, the Company's issued capital consisted of 3,899,014 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 16 July 2009 are 3,899,014.

9. Resolution 9, which will be proposed as a special resolution, seeks to delete the provisions of the Company's Memorandum of Association and to amend the Company's existing Articles of Association to remove all references therein to authorised share capital.

Since the adoption of the existing Articles of Association at the 2008 AGM, further provisions of the Companies Act 2006 (CA 2006) will come into force in October 2009. The Company intends to make further changes to the Articles of Association in 2010 to reflect these provisions following the proposed implementation of the Shareholder Rights Directive on 3 August 2009.

However, as a result of the changes in law, the requirement for the Company to have provisions in its Memorandum of Association setting out the objects of the Company will be abolished from 1 October 2009 and from this date any existing provisions in the Company's Memorandum of Association will be deemed to be contained in the Company's Articles of Association. Whilst provisions in the existing Memorandum of Association (including the objects clause and authorised share capital statement) will, by virtue of the Companies Act 2006 (Commencement No., 8, Transitional Provisions and Savings) Order 2008, be deemed to be part of the Company's Articles of Association, these provisions can be removed by special resolution. The removal of these provisions would enable the Company to take advantage of the abolition of the requirements for companies to have an objects clause and an authorised share capital. This would also mean that all the provisions of the Articles of Association are contained in one document. The Company therefore asks shareholders to consent to the deletion of the provisions of the Company's Memorandum of Association and to the adoption of the new Articles of Association by special resolution.

Directors will still be limited as to the number of shares they can allot at any time by virtue of the fact that allotment authority continues to be required under the CA 2006. As such, the allotment of shares by the Board will remain subject to the Board obtaining the requisite authority from shareholders prior to such allotment.

10. Copies of the Directors' service contracts and a copy of the proposed new Articles of Association of the Company together with a copy of the existing Articles of Association are available for inspection at the registered office at Mountview House, 151 High Street, Southgate, London N14 6EW during normal business hours on weekdays (Saturdays, Sundays and English public holidays excepted) from the date of this notice until the conclusion of the Meeting and will also be available for inspection on the date and at the place of the Meeting from 15 minutes prior to the commencement of the Meeting until the conclusion of the Meeting.

FINANCIAL CALENDAR 2009

Final dividend record date	17 July
Annual Report Posted to Shareholders	17 July
Annual General Meeting	12 August
Final dividend payment	17 August
Interim Results	26 November

Copies of this statement are being sent to shareholders. Copies may be obtained from the Company's registered office:

Mountview House
151 High Street
Southgate
London N14 6EW

All administrative enquiries relating to shareholdings should be addressed to the Company's Registrars:

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0GA

