Mountview Estates P.L.C.

Annual report and accounts 2012

75th Anniversary
1937 – 2012

75th Anniversary

75th Anniversary 1937 – 2012

Mountview Estates P.L.C. was established in 1937 as a small family business based in North London by two brothers, Frank and Irving Sinclair.

This year the Company celebrates the 75th Anniversary of its foundation.

Mountview Estates P.L.C. is a Residential Property Trading Company. The Company owns and acquires tenanted residential property throughout the UK and sells such property when it becomes vacant.

Contents

Our Performance

£42.9m
Turnover (£m) -10.1%
(2011: £47.7m)

£27.2m
Gross profit (£m) -6.5%
(2011: £29.1m)

£22.8m
Profit before tax (£m) -3.4%
(2011: £23.6m)

£19.6m
Profit before tax excluding investment properties revaluation (£m) -7.1%
(2011: £21.1m)

£227.2m
Equity holders' funds (£m) +5.7%
(2011: £214.9m)

447.7p
Earnings per share (pence) +2.8%
(2011: 435.3p)

58.3
Net assets per share +5.4%
(2011: 55.1)

165p
Dividend per share (pence) no change
(2011: 165p)

Mountview Estates P.L.C. advises its shareholders that, following the issue of the final results, the relevant dates in respect of the proposed final dividend payment of 115p per share are as follows:

Ex-dividend date	18 July 2012
Record date	20 July 2012
Payment date	20 August 2012

Where we Operate

London (North)

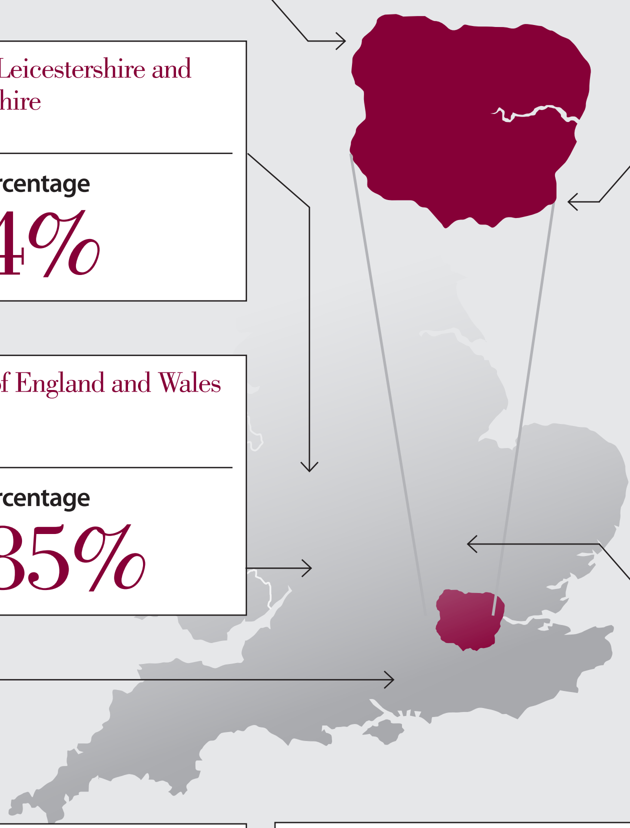
Portfolio percentage

22.63%

London (South)

Portfolio percentage

28.52%



Derbyshire, Leicestershire and Nottinghamshire

Portfolio percentage

5.54%

Remainder of England and Wales

Portfolio percentage

14.85%

Kent, Surrey, Sussex, Dorset, Hampshire, I.O.W.

Portfolio percentage

10.37%

Bedfordshire, Berkshire, Essex, Buckinghamshire, Cambridgeshire, Hertfordshire, Oxfordshire, Norfolk, Suffolk, Middlesex, Northamptonshire

Portfolio percentage

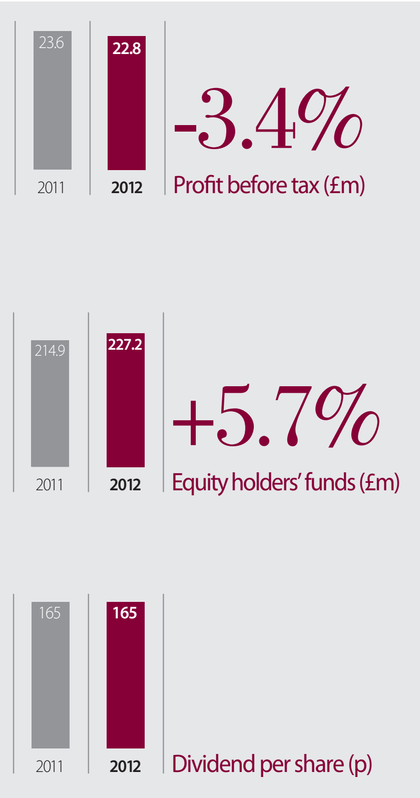
18.09%

Chairman's Statement

D. M. Sinclair FCA

Introduction

As we celebrate our 75th anniversary, I am pleased to report that the last 12 months have seen Mountview continue to record good financial performance, against the backdrop of a very challenging economic climate.



Results

Although turnover and profit before tax declined compared to 2011, equity holders' funds, earnings per share and net assets all showed an improvement and we have therefore been able to maintain dividends at the same level as the previous year.

The final dividend of 115p per share in respect of the year ended 31 March 2012 recommended by your Board is payable on 20 August 2012 to shareholders on the Register of Members as at 20 July 2012. This will make a total dividend for the year ended 31 March 2012 of 165p per share which is 2.7 times covered by the earnings per share.

Building on 75 years of achievement

Our key strength is a sound business model executed by a team of skilled professionals, and this has again been at the heart of our performance, just as it has since Mountview Estates Ltd was incorporated on 21 May 1937. In those days, barely two and a half years before the onset of the Second World War, mere survival was an achievement, but the Company gradually grew and has indeed flourished since the millennium.

In 1960, the Company obtained a full quote on the London Stock Exchange when shares of five shillings nominal value were sold for eleven shillings (25p and 55p respectively). Subsequent split and scrip issues mean that today's shares have a nominal value of 5p. In 1982, the Company re-registered as Mountview Estates P.L.C. and the 5p shares now change hands at around £43.75.

These last 75 years have been characterised by steady growth and solid achievement. During the year under review, and despite economic uncertainties, we have continued to use our resources wisely investing in properties where we see good value and potential profits. We made a number of such purchases during the year, investing some £47 million in new properties, complementing the geographical reach of our portfolio as well as buying properties in London locations which, for so long, has been our core market.

I am proud of our track record and privileged to work alongside a fine team that shares my determination to continue to maintain our momentum. We may not be the most adventurous of listed companies, but by means of our patient and conservative policies we have been consistently profitable and pay good dividends. By any measure, a dividend yield of 3.9% at the current share price is an excellent performance in the present economic climate.

I am concerned that our senior personnel should be sufficiently incentivised to continue producing good profits. Our earnings per share have risen by nearly 3% and it is important that the Company retains excellent people. To that end we need to pay attractive salaries to our executives and thus in due course to facilitate the recruitment of their successors.

Looking ahead

The UK economy has faced many challenges since 1937 and will doubtless do so again in the future. Our Company has ridden the peaks and troughs of the last 75 years, and overcome the barriers that have from time to time threatened our progress. Although we have increased our borrowings to take advantage of opportunities that have been presented to us, they remain relatively low compared to other companies and the Board is comfortable with the current debt levels. We consider we are well placed in the current difficult environment to make further advances when conditions improve.

D.M. SINCLAIR
Chairman

Review of Operations

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

Our 75th Anniversary saw another successful year, as we again enhanced the portfolio through a number of strategic sales and purchases.

Our portfolio

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 2012

	No of units	Cost £m
Regulated tenancies	**2,591**	**273.6**
Ground rents	**1,109**	**1.8**
Life tenancies	**351**	**25.6**

Analysis of the Group Trading portfolio at the lower of cost and estimated net realisable value by geographical location as at 31 March 2012

	Regulated £m	Ground rents £m	Life tenancies £m	Portfolio %
London (North)	**67.20**	**0.70**	**0.20**	**22.63**
London (South)	**82.04**	**0.85**	**2.95**	**28.52**
Kent, Surrey, Sussex, Dorset Hampshire, I.O.W	**25.29**	**0.03**	**5.90**	**10.37**
Bedfordshire, Berkshire, Essex, Buckinghamshire, Cambridgeshire, Hertfordshire, Oxfordshire, Norfolk, Suffolk, Middlesex, Northamptonshire	**48.01**	**0.10**	**6.34**	**18.09**
Derbyshire, Leicestershire and Nottinghamshire	**15.44**	**0.10**	**1.14**	**5.54**
Remainder of England and Wales	**35.68**	**0.0**	**9.10**	**14.85**

Review of Operations
continued

2,591 regulated tenancies

Revenue

£42.9m

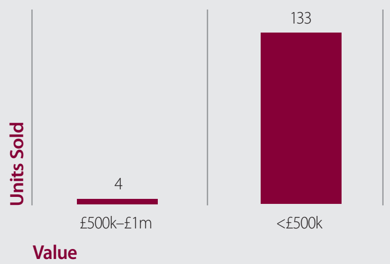
(2011: £47.7m)

Gross profit

£27.2m

(2011: £29.1m)

Analysis of value



Sales

At Mountview, we have a relatively straightforward yet proven way of working: we buy tenanted residential property and sell it when it becomes vacant. We buy both regulated tenancy and life tenancy property. The former, which are characterised by rental returns below market value balanced by earlier settlement are becoming increasingly short in supply. Due to the Housing Act 1988 no new such tenancies have been created for over 20 years.

Life tenancy stock has nominal rental income, is bought at a greater discount to vacant possession value and has a higher margin on sale. A key attraction of this sector to Mountview is the fact that property maintenance is usually the responsibility of the life tenant and this leads to lower ongoing costs to ourselves. We carry out regular checks to ensure that all properties are maintained in good condition.

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

Sales Price (£)	No of units	Location
500,000–1 million	4	London
below 500,000	133	London and other
	137	

Based on sales achieved during the financial year, the Directors considered it prudent to reverse the provision for the Magdalen Portfolio by £1.2 million. Trading conditions in the early part of this financial year were not easy, but we achieved sales of £27.8 million (2011: £34 million) demonstrating the liquidity of the Portfolio. The average sales price achieved was £203,000 (2011: £222,110).

Review of Operations
continued

1,109 ground rents

Review of Operations

continued

Analysis of acquisitions

1	Regulated tenancies	(450)
2	Life tenancies	(2)
3	Ground rents	(26)

Purchases

The majority of our residential properties that are subject to a regulated tenancy are concentrated in London and the South East. Returns from the regulated portfolios are derived from a combination of below market rental income and trading profits on the sale of property, when the property falls vacant and the reversionary gain is crystallised.

Most properties acquired are unimproved and therefore of low average value. One of the core Mountview capabilities is to actively manage these properties: we identify opportunities to add value by carrying out refurbishments prior to their sale. The greatest gains are available at the upper end of the market and this is where we concentrate our refurbishment activities. These properties are sold by private treaty.

Analysis of acquisitions

	No of units	Year ended 31.03.2012 Cost £m
Regulated tenancies	450	**47.20**
Life tenancies	2	**0.40**
Ground rents (or created)	26	**0.01**
	478	**47.61**

The above analysis does not include legal and commission expenses directly related to the acquisition of properties or any repairs of a capital nature.

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 the sale of property with the vacant possession value.

During the year to 31 March 2012, the Company benefited from good market conditions in certain areas. The last 12 months have seen us achieve premium prices for a number of properties, especially in sought-after areas such as Belsize Park and the West End of London.

Rental income

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

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

Where possible we still target those properties where the rent is capped and where our team has identified opportunities to make key improvements. For example, a relatively modest investment can ensure that a property benefits from services and amenities that have been lacking in the past. In many cases, this leads directly to a substantial increase in rental income.

The operating contribution from the core business (comprising profits on sale of trading properties and rental income) is analysed in Note 4 on page 34.

Review of Operations
continued

Louise Goodwin Limited
38 units (2011: 45)

A.L.G Properties Limited
5 units (2011: 10)

Investment Companies

The analysis of the investment portfolio as at 31 March 2012 is as follows:

	2012	2011
Louise Goodwin Limited	**38 units**	45 units
A.L.G. Properties Limited	**5 units**	10 units

All the properties are located in Belsize Park, London NW3, one of the capital's most prestigious addresses.

The only significant departures from the Company's normal activities, these investment companies were purchased in 1999 when we seized the opportunity to build a presence in one of the best locations in London. Although rental returns have proven to be less significant than we anticipated, the investment portfolio has nevertheless generated consistently strong cash flow.

When the properties become vacant, we refurbish and sell them. During the financial year, we disposed of 7 units for a total of £4.8 million in Louise Goodwin Limited and 5 units for £4.09 million in A.L.G. Properties Limited (2011: disposed of 6 units for £6.6 million).

Outlook
We will continue to maintain our strategy for the investment portfolio, deriving rental income in the short to medium term and capital through sales when 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 area.

As Belsize Park is an extremely desirable area with high levels of demand the outlook remains positive.

Valuation(s)
Valuations increased during the year by some £3.2 million. 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 any adjustment resulting from changes in market circumstances.

Details of the valuation of the investment portfolio are disclosed in Note 13 to the Consolidated Financial Statement on pages 38 to 39.

Summary prospects for the Group

The professional knowledge and skills of our compact team overcame difficult market conditions during the year, ensuring that we were able to purchase properties for a total of £47 million.

Looking ahead, we believe that we will identify similar opportunities in the coming months. Our strength is based on a tight focus on our core business of regulated tenancies together with a prudent approach. We have kept gearing low and borrowing under control.

Since the end of the financial year we have continued to sell and purchase properties and we are pleased with the results achieved. Given our financial strength we believe that we are in a strong position to take advantage of any prime purchasing opportunities which may arise in the near future.

Review of Operations
continued

£8.9m total disposals

Louise Goodwin Limited

A.L.G Properties Limited

Directors and Advisers

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. Fellow 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.

Mrs. M.M. Bray FCCA

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

Non-Executive Directors

J.B. Fulton FCA*

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

*J.B. Fulton is considered to be independent for the purposes of the UK Corporate Governance Code 2010.

J.A.N. Laing FRICS

Joined the Company as a Non-Executive Director on 1 January 2009. Fellow 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. Resigned on 31 March 2012.

A.J. Sinclair FCA

Joined the Company as a Non-Executive Director on 1 November 2010. Fellow of Institute of Chartered Accountants in England and Wales. Son of the late Frank Sinclair co-founder of the Company. Retired as Head of Correspondent Banking for National Bank of Canada but remains as an Adviser on International Banking.

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 WC1H 9BQ

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

Financial Advisers

SPARK Advisory Partners Limited
33 Glasshouse Street
London W1B 5DG

Directors' Report

The Directors have pleasure in presenting to the Members their Seventy-Fifth Annual Report together with the Financial Statements for the year ended 31 March 2012.

1. Results and dividends

The results for the year are set out in the Income Statement on page 23.

The Directors recommend the payment of a final dividend of 115p per share. The dividend will be paid on 20 August 2012, subject to approval at the Annual General Meeting on 15 August 2012, to Shareholders on the register at the close of business on 20 July 2012.

2. Activities

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

Parent Company

Mountview Estates P.L.C.	Property Trading

Subsidiary undertakings (wholly-owned)

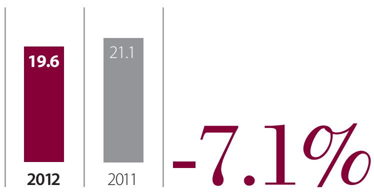
Hurstway Investment Company Limited	Property Trading
Louise Goodwin Limited	Property Investment
A.L.G. Properties Limited	Property Investment

3. Review of business and principal risks

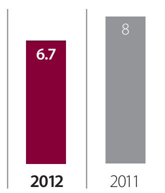
Details of the Group's performance during the year and expected future developments are contained in the Chairman's Statement and the Review of Operations on pages 2 to 9. In addition the Group has established the following Financial Key Performance Indicators:

Financial Key Performance Indicators

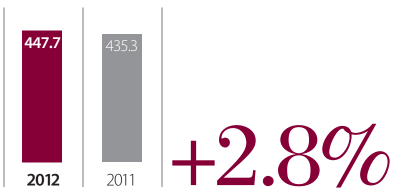
Turnover (£m)



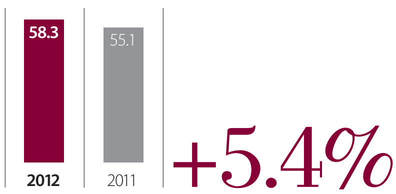
Profit before tax excluding investment properties revaluations (£m)



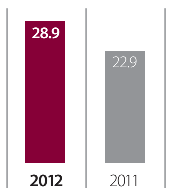
Interest cover in relation to profit before interest and taxation



Earnings per share (p)



Net assets per share (£)



Gearing ratio (%)

Non-financial

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

Directors' Report
continued

3. Review of business and principal risks continued

Risk review

The key risks to the Group's business are:

Market and Strategic Risk

- **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.
- **long-term worldwide recession**
  The shrinking of the UK economy combined with the worsening economic outlook and higher unemployment may affect the prices obtained from the sale of properties. Please see Note 3 to the Consolidated Financial Statements on pages 32 and 33.

Financial Risk

- **significant fluctuations in interest rates**
  The Company has entered into an Interest Rate Swap Agreement from 2008, for a period of 5 years on £40 million of its loan in order to reduce its exposure to interest rate fluctuations.
- **a lack of availability of finance**
  The Company has negotiated its long-term loan facilities with Barclays Bank until November 2014 and HSBC Bank until January 2015.

  The Company also demonstrated in the past that it is able to generate strong cash flows even in difficult market conditions.

Other non-financial risks

The Directors consider that the following are potentially material non-financial risks.

Risks	Impact	Action taken to mitigate
Reputation	Destabilisation of the Company, adverse effect on share price	Act honourably, communicate
People related issues	Loss of key employees/ low morale/inadequate skills	Maintain market level remuneration packages, training. Succession planning and recruitment
Computer failure	Loss of data	External IT consultants, backup, off-site copies
Acquisitions	Low returns liquidity	Draw on wealth of experience to ensure continued selective geographical spread of desirable selective properties

4. Rotation of Directors

In accordance with the Company's Articles of Association, Mr. K. Langrish-Smith retires from the Board by rotation and being eligible, offer himself for reappointment. Resolution for his reappointment will be proposed at the Annual General Meeting.

Mr J.A.N. Laing who has served as a Non-Executive Director since January 2009 resigned from the Board on 31 March 2012.

The Board would like to thank James for his contribution to the Company over the last three years. We are saddened to learn he has died recently from an illness which he fought with dignity.

5. Share capital

The authorised share capital of the Company as at 31 March 2012 was £250,000 divided into 5,000,000 Ordinary Shares of 5p of which 3,899,014 were in issue (2011: 3,899,014).

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.

Directors' Report
continued

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 2012	1 April 2011
Ordinary Shares of 5p each		
Mr. D.M. Sinclair including the following holding of Sinclair Estates Limited – 54,165 Mr. D.M. Sinclair is a Director of the above company	**538,383**	535,883
Mr. K. Langrish-Smith	**307,000**	307,000
Mrs. M.M. Bray	**12,302**	12,302
Mr. A. Sinclair	**119,724**	119,724

All the above interests are beneficial.

There has been no changes in the interest of the Directors in the share capital of the Company between 31 March 2012 and 11 July 2012.

7. Notifiable interests in share capital

As at 11 July 2012, 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 Wheater, Mrs. Daphne Sinclair and Mr. Alistair Sinclair, Trustees of the Frank and Daphne Sinclair Grandchildren Settlement*	393,193	10.08
Mr. Geoffrey Wilfred Bew Todd and Ms. Helen Clark Trustees of W.D.I. Sinclair Grandchildren Settlement*	179,400	4.60
Doris Sinclair Will Trust *	118,100	3.03
Mrs. M.A. Murphy**	596,745	15.31
Mrs. A. Williams**	145,650	3.73
Mrs. S. Simkins**	190,580	4.89

*denotes indirect holding
** denotes combined direct and indirect holding

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 relating to the use of computer software and the general professional development of the staff concerned. A great number of our employees have worked for the Company for many years and there is very little turnover of staff.

Directors' Report
continued

10. Significant agreements

Certain banking agreements to which the Company is a party (described in Note 18 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.

The Company's Articles of Association at Article 163 permit the provision of indemnities to the Directors (at the discretion of the Board), which constitute qualifying third party indemnity and qualifying pension scheme indemnity provisions under the Companies Act 2006.

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 2012 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 (2011: 21 days).

14. Financial risk management objectives and policies

Financial risk management objectives and policies are set out in Note 3 to the Consolidated Financial Statements on pages 32 to 33. Details regarding the Company's use of financial instruments are set out in Note 20 to the Consolidated Financial Statements on pages 42 and 43.

15. 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 15 August 2012 and accordingly, a resolution will be proposed at the Annual General Meeting.

16. Corporate governance

The Directors' statement on corporate governance is set out on pages 17 to 19.

17. 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. The gas supply and appliances within all of the Group's relevant residential properties are independently inspected under the Gas Safety (Installation and Use) Amended Regulations 1996 and certificates of compliance issued.

Directors' Report
continued

18. Donations

During the year the Group made charitable donations of £48,350 (2011: £26.800).

The main beneficiaries of such charitable donations are: Williow Foundation, Cancer Research UK and Cystic Fibrosis.

There were no political donations made during the year (2011: £nil).

19. Going concern basis

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

The financial position of the Group including key financial ratios is set out in the Review of Business and Prospects.

The Group is historically profitable, has considerable liquidity and recently reviewed its long-term borrowing facilities with the banks. As a result, the Directors believe the Group is very well placed to manage its business risks successfully and have a good expectation that both the Company and the Group have adequate resources to continue their operations. Further detailed information is set out on page 31.

20. Post balance sheet events

There are no material events that have occurred subsequent to the end of the financial year that require disclosure.

21. 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
Company Secretary

19 July 2012

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group 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 accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. 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.

Each of the Directors, whose names and functions are listed on page 10 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the business review on pages 2 to 41 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces;
- 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 the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The maintenance and integrity of the Mountview Estates P.L.C. website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

By Order of the Board

M.M. BRAY
Company Secretary

19 July 2012

Corporate Governance

Mountview Estates P.L.C. is a family controlled company. There is a concert party in existence, whose net aggregate shareholdings amount to approximately 53% of the issued share capital of the Company.

The Company has applied the principles and provisions set out in the UK Corporate Governance Code, including both the main principles and the supporting principles throughout the accounting period except as detailed under Corporate Governance.

The UK Corporate Governance Code requires that there should be a clear division of responsibilities at the head of the Company between the running of the Board and the executives responsibility for running the Company's business. In addition, the UK Corporate Governance Code requires (for smaller Companies) these to be at least two independent Non-Executive Directors between Board members and that the Company should have at least three Non-Executive Directors. In this regard the Board has carefully considered the division of the responsibilities of the Chairman and Chief Executive (this dual role is not compliant with the UK Corporate Governance Code), together with the number of independent Non-Executive Directors and has concluded, given the size of the Company and Group, that the present arrangements are appropriate.

Each Board member has responsibility to ensure that the Group's strategies lead to increased shareholder value.

The Board

As at the year ended 31 March 2012 the Board comprised the Chairman, Mr. D.M. Sinclair, two Executive Directors and three Non-Executive Directors (of which one is considered to be independent for the purpose of the UK Corporate Governance Code). 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	Mrs. M. M Bray	Mr. A. Sinclair	Mr. J.B. Fulton	Mr. J.A.N. Laing
Full Board	6	6	6	6	6	6
Audit Committee	1	–	1	2	2	2
Remuneration Committee	1	–	–	3	3	3
Nomination Committee	–	–	–	–	–	–

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 of Association 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 reappointment are set out in the Directors' Report on page 12.

The Articles of Association of the Company contain the following provisions relating to the appointment and replacement of Directors:

- The Company may, by ordinary resolution, appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board.
- The Board has the power to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board. Any Director appointed by the Board is required to retire at the first AGM of the Company following his or her appointment.
- The total number of Directors (other than any alternate Directors) must not be more than 12 or less than two.
- In addition to any power to remove a Director conferred by Section 168 of the Companies Act 2006, the Company may, by ordinary resolution remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which he or she may have for breach of any contract of service between him or her and the Company. The Company may then appoint another person who is willing to act, to be a Director in his or her place in accordance with the Articles of Association.

Corporate Governance

continued

Going concern

After making diligent enquiries, including the review of future anticipated cash flows and compliance with banking covenants, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Directors – performance evaluation

The performance of the Board, its Committees and individual Directors are not subject to specific evaluation. The Directors consider that the small size of the Group and Board does not warrant a formal evaluation process. Based on the close working relationships of Board and the Committees, the Directors are satisfied with both the performance of the Board and its Committees. In making decisions throughout the year, the Board is strongly aware of its responsibilities to the Company's Shareholders.

Any areas of concern are addressed during regular management or Board meetings.

Remuneration Committee

The Remuneration Committee comprises Mr. J.B. Fulton (Non-Executive Director), Mr. A.J. Sinclair (Non-Executive Director) and Mr.J.A.N. Laing (resigned on 31 March 2012). The Committee, which is chaired by Mr. J.B. Fulton, 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 20 to 22.

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 were no meetings during the year.

Audit Committee

The Audit Committee comprises Mr. J. B. Fulton (Non-Executive Director), Mr. A. J. Sinclair (Non-Executive Director) and Mr. J.A.N. Laing (resigned on 31 March 2012). 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 are overseen by partners and staff who are excluded from the audit procedure.

Mr D.M. Sinclair and Mrs M.M. Bray attended one 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 Fellow of the 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.

Corporate Governance
continued

Communications with Shareholders

The Board as a whole acknowledges its responsibility for ensuring satisfactory dialogue with Shareholders and the Chairman is available to meet Shareholders on request to discuss specific concerns they may have. The Company principally communicates with and updates its Shareholders as to its progress by way of the Annual Report and Accounts and half yearly interim reports which are posted on the Company's website www.mountviewplc.co.uk. Investors may use the Company's Annual General Meeting to communicate with the Board. The entire Board will be available at the Annual General Meeting for Shareholders to ask questions. The Board including the Non-Executive Directors, is available throughout the year to listen to the views of Shareholders.

Risk management

Details of the Company's risk management profile are included in paragraph 9 in the Report of the Directors on page 14 and in Note 3 to the Consolidated Financial Statements on pages 32 to 33.

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 2011 to the date of approval of the Annual Report and Accounts. This process is reviewed annually by the Board.

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.

By Order of the Board

M.M. BRAY
Company Secretary

19 July 2012

Remuneration Report

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 advisers were not used in the financial year under review.

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 reviewed the remuneration policy for the financial year and for the financial year ahead, and 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, private medical health insurance and life insurance.

Directors have the choice of the use of a company car or a cash alternative. All members of staff benefit from health and life insurances. 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 and other similar sized companies.

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.

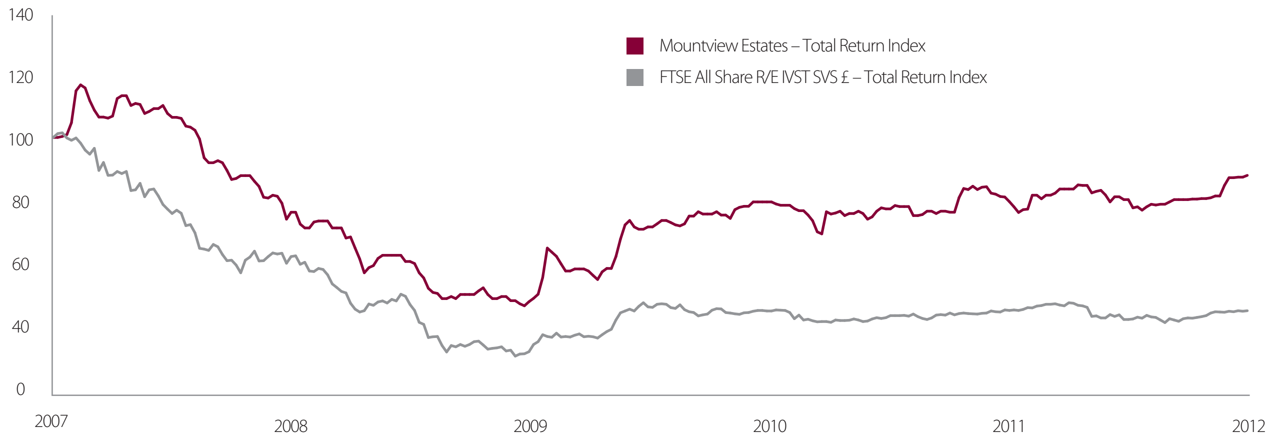
Pensions

The Company contributes 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.

Remuneration Report
continued

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.

Details of the Directors' service contracts and letters of appointment with the Company, and the unexpired terms thereunder are as follows:

	Contract date	Unexpired term	Notice period
D. M. Sinclair	8 August 2002	No fixed term	12 months
K. Langrish-Smith	8 August 2002	No fixed term	12 months
M. M. Bray	1 April 2004	No fixed term	12 months
J. B. Fulton	1 January 2010	5 months	none
J. A.Laing (resigned 31.03.2012)	1 January 2009	none	none
A. J. Sinclair	1 November 2010	16 months	none

The Executive Directors are entitled to a compensation payment after a change in control of the Company. Such compensation payment (subject to deduction of income tax as required by law and any other sums owed by the Executive Director to the Company) is equal to the Executive Director's gross remuneration as reported in the Company's last audited accounts as announced to the London Stock Exchange.

Non-Executive Directors are entitled to accrued fees only due to them as at the date of termination of their appointment.

Remuneration Report
continued

AUDITED INFORMATION

2012	Salary £000	Bonus £000	Benefits in kind £000	Pensions contributions £000	Total £000
Executive					
D. M. Sinclair	**275**	**160**	**63**	**22**	**520**
K. Langrish-Smith	**150**	**40**	**24**	**10**	**224**
Mrs M.M. Bray	**235**	**120**	**–**	**18**	**373**
Non-Executive					
J. B. Fulton	**24**	**–**	**–**	**–**	**24**
J. A.N. Laing (resigned 31.03.12)	**24**	**–**	**–**	**–**	**24**
A. J. Sinclair	**24**	**–**	**–**	**–**	**24**
	732	**320**	**87**	**50**	**1,189**

2011	Salary £000	Bonus £000	Benefits in kind £000	Pensions contributions £000	Total £000
Executive					
D. M. Sinclair	250	210	40	23	523
K. Langrish-Smith	150	60	23	10	243
Mrs M. M. Bray	215	150	–	18	383
Miss J. L. Murphy (resigned 31.08.10)	75	–	5	4	84
Non-Executive					
J. B. Fulton	24	–	–	–	24
J. A.N. Laing	24	–	–	–	24
A. J. Sinclair	10	–	–	–	10
	748	420	68	55	1,291

- The Committee this year considered the information provided by IDS and other public information for their Executive Compensation Review.
- The Committee had regard to the personal bonus paid in previous years as a percentage of profit before tax.

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 19 July 2012.

J. B. FULTON
Chairman of the Remuneration Committee

Consolidated Income Statement

for the year ended 31 March 2012

	Notes	Year ended 31.03.2012 £000	Year ended 31.03.2011 £000
Revenue	4	**42,931**	47,655
Cost of sales	4	**(15,741)**	(18,548)
Gross profit		**27,190**	29,107
Administrative expenses		**(3,773)**	(4,454)
Gain on sale of investment properties	13	**484**	149
Operating profit before changes in fair value of investment properties		**23,901**	24,802
Increase in fair value of investment properties	13	**3,208**	2,454
Profit from operations		**27,109**	27,256
Change in fair value of derivatives	20	**(271)**	(292)
Net finance costs	8	**(4,033)**	(3,404)
Profit before taxation		**22,805**	23,560
Taxation – current		**(6,648)**	(7,425)
Taxation – deferred	19	**1,298**	836
Taxation	9	**(5,350)**	(6,589)
Profit attributable to equity Shareholders		**17,455**	16,971
Basic and diluted earnings per share (pence)	11	**447.7p**	435.3p

The notes on pages 27 to 45 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

for the year ended 31 March 2012

	Notes	As at 31.03.2012 £000	As at 31.03.2011 £000
Assets			
Non-current assets			
Property, plant and equipment	12	**2,441**	2,461
Investment properties	13	**26,537**	30,314
		28,978	32,775
Current assets			
Inventories of trading properties	15	**301,072**	259,462
Trade and other receivables	16	**1,371**	1,192
Cash at bank		**987**	116
		303,430	260,770
Total assets		**332,408**	293,545
Equity and liabilities			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	**195**	195
Capital redemption reserve	22	**55**	55
Capital reserve	22	**25**	25
Other reserves	22	**56**	56
Cash flow hedge reserve	20	**(1,040)**	(2,340)
Retained earnings	23	**227,928**	216,905
		227,219	214,896
Non-current liabilities			
Long-term borrowings	18	**90,000**	50,000
Deferred tax	19	**6,023**	7,321
		96,023	57,321
Current liabilities			
Bank overdrafts and loans	18	**3,364**	13,940
Trade and other payables	17	**1,385**	1,485
Current tax payable		**2,814**	3,271
Derivative financial instruments	20	**1,603**	2,632
		9,166	21,328
Total liabilities		**105,189**	78,649
Total equity and liabilities		**332,408**	293,545

Approved by the Board on 19 July 2012.

D.M. SINCLAIR
Chairman

K. LANGRISH-SMITH
Director

The notes on pages 27 to 45 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2012

	Notes	Share capital £000	Capital reserve £000	Capital redemption reserve £000	Cash flow hedge reserve £000	Other reserves £000	Retained earnings £000	Total £000
Changes in equity for year ended 31 March 2011								
Balance as at 1 April 2010		195	25	55	(3,640)	56	206,366	203,057
Reduction in reserve	20				1,300			1,300
Profit for the year							16,971	16,971
Dividends	10						(6,432)	(6,432)
Balance at 31 March 2011	22	195	25	55	(2,340)	56	216,905	214,896
Changes in equity for year ended 31 March 2012								
Balance as at 1 April 2011		**195**	**25**	**55**	**(2,340)**	**56**	**216,905**	**214,896**
Reduction in reserve	20				**1,300**			**1,300**
Profit for the year							**17,455**	**17,455**
Dividends	10						**(6,432)**	**(6,432)**
Balance at 31 March 2012	22	**195**	**25**	**55**	**(1,040)**	**56**	**227,928**	**227,219**

The notes on pages 27 to 45 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2012

	Notes	Year ended 31.03.2012 £000	Year ended 31.03.2011 £000
Cash flows from operating activities			
Profit from operations		27,109	27,256
Adjustment for:			
Depreciation		166	174
Loss on disposal of property, plant and equipment		10	11
Gain on disposal of investment properties		(484)	–
(Increase) in fair value of investment properties		(3,208)	(2,454)
Operating cash flows before movement in working capital		23,593	24,987
(Increase) in inventories		(41,610)	(2,498)
(Increase)/decrease in receivables		(179)	5
(Decrease)/increase in payables		(100)	125
Cash generated from operations		(18,296)	22,619
Interest paid		(4,033)	(3,404)
Income taxes paid		(7,106)	(8,027)
Net cash (outflow)/inflow from operating activities		(29,435)	11,188
Investing activities			
Proceeds from disposal of investment properties	13	8,895	6,600
Capital expenditure on investment properties	13	(1,426)	(1,438)
Purchase of property, plant and equipment	12	(160)	(309)
Proceeds from disposal of property, plant and equipment		4	–
Net cash inflow from investing activities		7,313	4,853
Cash flows from financing activities			
Increase in borrowings		40,000	–
Repayment of borrowings		(200)	(14,700)
Equity dividend paid		(6,432)	(6,432)
Net cash inflow/(outflow) from financing activities		33,368	(21,132)
Net increase/(decrease) in cash and cash equivalents		11,246	(5,091)
Opening cash and cash equivalents		(13,349)	(8,258)
Cash and cash equivalents at end of year	18(a)	(2,103)	(13,349)

The notes on pages 27 to 45 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2012

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 website is: www.mountviewplc.co.uk

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

These consolidated financial statements have been approved for issue by the Board of Directors on 19 July 2012.

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 Group's financial statements 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, (IFRS) as adopted by the EU.

The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP. These are presented on pages 48 to 55.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 2(s) "Estimates and Judgements".

(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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

2. Accounting policies (continued)

(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.

The Group has identified two such segments as follows:

- core portfolio
- residential investments.

Above segments are UK based. More details are given in Note 5.

(d) 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.

(e) 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.

(f) Dividend distribution

Dividend distribution to the Company's Shareholders is recognised as an expense in the Group's financial statements in the period in which the dividends are approved.

(g) 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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

2. Accounting policies (continued)

(h) 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.

(i) 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.

(j) 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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

2. Accounting policies (continued)

(k) Inventories – trading properties

These comprise residential properties all of which are held for resale, and are shown in the financial statements at the lower of cost and estimated net realisable value. Cost 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 with vacant possession. Where residential properties are sold tenanted, net realised value is the current market value net of associated selling costs. There were no such sales during the financial year. The analysis of the Group revenue as at 31 March 2012 is on page 34.

(l) 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.

(m) 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.

(n) Bank borrowings

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

(o) 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.

(p) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight-line basis.

(q) Leasing

Rentals payable under operating leases are charged to profit and loss on a straight- line basis over the term of the relevant lease.

(r) 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.

The Group has not hedge accounted during the year.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

2. Accounting policies (continued)

(s) New and revised international financial reporting standards

New and amended standards adopted by the Group

None of the new standards, interpretations and amendments, effective for the first time from 1 January 2011, have had a material effect on the financial statements of the Group or the Company.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group or Company's accounting period beginning on or after 1 January 2012 or later periods and have not been early adopted. It is anticipated that these new standards, interpretations and amendments currently in issue at the time of preparing the financial statements (April 2012) will have a material affect on the consolidated financial statement of the Group, however the extent of this has not yet been assessed.

- IFRS 9 – Financial instruments* (effective 1 January 2015)
- IFRS 10 – Consolidated Financial Statements* (effective 1 January 2013)
- IFRS 13 – Fair Value Measurement* (effective 1 January 2013)
- IRS 19 – Employee Benefits* (effective 1 January 2013)
- Presentation of items of Other Comprehensive Income – amendment to IRS1 (effective 1 July 2012)

*Not yet endorsed by the EU

The Parent Company and subsidiaries have not adopted IFRS in their individual accounts.

(t) Critical accounting judgements and key areas of estimation uncertainty

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 than are usual.

The two main considerations were as follows:

1. Refinancing of banking facilities

The Group has successfully renegotiated its £20 million revolving loan facility with HSBC Bank. The new termination date of this facility is January 2015.

The Group has successfully renegotiated its £75 million revolving loan facility with Barclays Bank. The new termination date of this facility is November 2014.

2. Covenant compliance

The core facility has two covenants, both unchanged by the new facilities, covering loan to value ("LTV") ratio and interest cover. The Group has remained well within both of these covenants during the year.

On the basis of the above, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

2. Accounting policies (continued)

(s) Critical accounting judgements and key areas of estimation uncertainty (continued)

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 rental 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.

The valuation of the portfolios were made in accordance with the requirements of the RICS Valuation Standards Manual, Sixth Edition and International Valuation Standard 40.

Carrying value of trading stock

The Group's residential trading stock is carried in the balance sheet at the lower of cost and net realisable value.

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

Inventory expected to be settled in more than 12 months

The Board estimate that inventory of £12.3 million will be settled within the next 12 months, with the remaining inventory value expected to be settled in more than 12 months. This estimation is based on the average cost of sales of inventory over the last three year period. Mountview's business, historic and current has involved the purchase for sale of residential properties subject to regulated tenancies, such properties being sold when vacant possession is obtained.

Regulated tenancies by their nature are not for any specific period of time and in most cases they do not become vacant until the death of the tenant.

It is difficult to predict with any certainty the time at which Mountview's inventory properties might become vacant.

3. Financial risk management objectives and policies

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 Group's policies on financial risk management are to minimise the risk of adverse effect on performance and to ensure the ability of the Group to continue as a going concern.

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

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

3. Financial risk management objectives and policies (continued)

(a) Market risk
The Group is exposed to market risk through interest rates and availability of credit.

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 constantly 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.

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 the interim stage.

(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. Regulated tenants are incentivised through the benefit of their tenancy agreement to avoid default on their rent.

Lifetime tenancies are generally at low or zero rent and hence suffer minimal credit risk.

(c) Liquidity risk
The Group's liquidity position is monitored daily by management and is reviewed quarterly by the Board of Directors. The Group ensures that it maintains sufficient cash for operational requirements at all times. The nature of its business is very cash generative from its gross rents and sales of trading properties.

In adverse trading conditions, new acquisitions can be minimised, and as a consequence reduce the gearing level and improve the liquidity. A summary table with majority of financial liabilities is presented in Note 18.

(d) 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.

	2012 £000	2011 £000
Total borrowings	**93,364**	63,940
Less cash	**(987)**	(116)
Net borrowings	**92,377**	63,824
Total equity	**227,219**	214,896
Total borrowings plus equity	**319,596**	278,720
Gearing ratio	**28.9 %**	22.9%

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

4. Analysis of revenue and cost of sales

All revenue arises in the United Kingdom.

1. Rental income from tenancies of occupied properties. The income is recognised on an accruals basis.

2. Sale of stock properties. This is recognised on the date of legal completion.

	2012 £000	2011 £000
Revenue		
Gross sales of properties	**27,800**	34,205
Gross rental income	**15,131**	13,450
	42,931	47,655
Cost of sales		
Cost of properties sold	**9,251**	13,180
Property expenses	**6,490**	5,368
	15,741	18,548
Gross profit		
Sales of properties	**18,549**	21,025
Net rental income	**8,641**	8,082
	27,190	29,107

Cost of properties sold includes £1.2 million credit in respect of the reversed provision for the Magdalen Portfolio.

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:

	2012			2011		
	Property trading £000	Property investment £000	Group £000	Property trading £000	Property investment £000	Group £000
Revenue	**42,488**	**443**	**42,931**	47,107	548	47,655
Operating profit before changes in fair value of investment properties	**23,666**	**235**	**23,901**	24,955	(153)	24,802
Finance costs	**(4,033)**		**(4,033)**	(3,404)		(3,404)
Profit after tax			**17,455**			16,971
Assets	**303,321**	**29,087**	**332,408**	263,065	30,480	293,545
Liabilities	**104,779**	**410**	**105,189**	68,013	46	68,059
Fixed assets						
Capital expenditure	**160**	**1,426**	**1,586**	182	1,563	1,745
Depreciation	**125**	**41**	**166**	136	38	174

Head office costs have been allocated and included within the Group's two operating segments. The Group's two main business segments operate within the United Kingdom.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

6. Profit from operations

	2012 £000	2011 £000
The operating profit is stated after charging:		
Depreciation of tangible fixed assets	**166**	174
Loss on disposal of fixed assets	**10**	11
Auditors' remuneration		
– the audit of the Parent Company and Consolidated Financial Statements	**38**	38
– the audit of the Company's subsidiaries pursuant to legislation	**12**	12
– tax compliance work	**9**	9
Operating expenses for investment properties	**454**	701
And after crediting:		
– net rental income	**8,641**	8,082
– administrative charges to related companies (Note 25)	**37**	35

The details of Directors' remuneration are shown in the audited section of the Remuneration Report on page 22.

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

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

	2012	2011
Office and management	**24**	24

7. Staff costs (including Directors)

	2012 £000	2011 £000
Wages and salaries	**1,865**	2,078
Social security costs	**234**	225
Pension costs	**85**	87
	2,184	2,390
Directors' remuneration		
Total Directors' Remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to:	**1,189**	1,291

8. Finance costs

	2012 £000	2011 £000
Interest on bank overdrafts, and loans	**4,033**	3,404

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

9. Income tax expense

	2012 £000	2011 £000
(a) Analysis of charge in the year		
Current tax:		
UK Corporation Tax 26% (2011: 28%)	6,648	7,425
Deferred tax:		
Current year 26% (2011: 28%)	(1,298)	(836)
Taxation attributable to the Company and its subsidiaries	5,350	6,589
(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	22,805	23,560
Profit on ordinary activities multiplied by rate of tax 26% (2011: 28%)	5,930	6,596
Expenses not deductible for tax	110	164
Income not taxable	(126)	(41)
Depreciation in excess of capital allowances	(10)	(21)
Taxation on capital gains	1,574	1,428
Revaluation surplus in subsidiaries not taxed	(830)	(688)
Deferred tax	(1,298)	(836)
Under provision in prior years	–	(12)
Taxation attributable to the Company and its subsidiaries	5,350	6,589

10. Dividends

On 15 August 2011 a dividend of 115p per share (2010: 105p per share) was paid to the Shareholders. On 26 March 2012 a dividend of 50p per share (2011: 50p per share) was paid to the Shareholders. This resulted in total dividends paid in the year of £6.43 million (2011: £6.43 million).

In respect of the current year, the Directors propose that a final dividend of 115p per share will be paid to the Shareholders on 20 August. 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 2012 is payable to all Shareholders on the Register of Members on 20 July 2012. The total estimated final dividend to be paid is £4.48 million.

Notes to the Consolidated Financial Statements continued

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11. Earnings per share

	2012 £000	2011 £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)	**17,455**	16,971
Weighted average number of Ordinary Shares for basic and fully diluted earnings per share	**3,899,014**	3,899,014
Basic and diluted earnings per share	**447.7p**	435.3p

The Company has no dilutive potential Ordinary Shares.

12. Property, plant and equipment

	Freehold property £000	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost					
At 1 April 2011	2,671	208	315	152	3,346
Additions	–	160	–	–	160
Disposals	–	(35)	(44)	(131)	(210)
At 31 March 2012	**2,671**	**333**	**271**	**21**	**3,296**
Depreciation					
At 1 April 2011	542	84	123	136	885
Charge for the year	53	73	35	5	166
On disposals	–	(35)	(30)	(131)	(196)
At 31 March 2012	**595**	**122**	**128**	**10**	**855**
Net book value					
At 31 March 2011	2,129	124	192	16	2,461
At 31 March 2012	**2,076**	**211**	**143**	**11**	**2,441**

Property, plant and equipment are located within United Kingdom.

Hire purchase agreement

Included within the net book value of £2,441,000 is £28,660 relating to assets held under hire purchase agreement. The depreciation charged to the financial statements in the year in respect of such assets amounted to £7,540 (2011: £9,420).

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

12. Property, plant and equipment (continued)

	Freehold property £000	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost					
At 1 April 2010	2,671	82	353	131	3,237
Additions		132	156	21	309
Disposals	–	(6)	(194)	–	(200)
At 31 March 2011	**2,671**	**208**	**315**	**152**	**3,346**
Depreciation					
At 1 April 2010	489	46	181	99	815
Charge for the year	53	44	40	37	174
On disposals	–	(6)	(98)	–	(104)
At 31 March 2011	**542**	**84**	**123**	**136**	**885**
Net book value					
At 31 March 2010	2,235	52	215	65	2,567
At 31 March 2011	**2,129**	**124**	**192**	**16**	**2,461**

Property, plant and equipment are located within United Kingdom.

13. Investment properties

	2012 £000	2011 £000
Fair value at 1 April 2012/(2011)	**30,314**	32,872
Subsequent expenditure	**1,426**	1,438
Disposals	**(8,411)**	(6,450)
Increase in Fair Value during the year	**3,208**	2,454
At 31 March 2012/(2011)	**26,537**	30,314

The sales of investments properties are not included in the Group Revenue.

During the financial year we disposed of 12 units for a total of £8.89 million.

The difference between the sales price £8.89 million (2011: £6.60 million) and the market fair value £8.41 million (2011: £6.45 million) of £484,000 (2011: £149,000) is shown in the Consolidated Income Statement as a separate item.

The realised gains on sales are transferred to Reserves in the Group accounts.

Louise Goodwin Limited and ALG Properties Limited

The companies' freehold and long leasehold properties were valued on 31 March 2012 by an external valuer Martin Angel, FRICS of Allsop LLP. The valuations are in accordance with the requirements of the RICS Valuation – Professional Standards – Global and UK Edition, 2012. The properties are all held for investment and Market Values are on the basis that the properties would be sold subject to any existing leases and tenancies. The valuer's opinion of Market Value was primarily derived using comparable recent market transactions on arm's-length terms.

Martin Angel has resumed valuing the properties for accounts purposes this year having last valued them in March 2009. Allsop LLP has undertaken work for Mountview Estates P.L.C. for in excess of 20 years including acquisitions, disposals and valuations.

In relation to Allsop LLP's preceding financial year, the proportion of the total fees payable by Mountview Estates P.L.C. to the total fee income of Allsop LLP was less than 5% which is regarded by the RICS as negligible.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

13. Investment properties (continued)

The aggregate Fair Value of the Company's interests in its investment portfolios was:

Louise Goodwin Limited

£23,893,000 (twenty-three million, eight hundred and ninety-three thousand pounds), split as follows:

- Freehold: £23,583,000 (twenty-three million, five hundred and eighty-three thousand pounds).
- Long Leasehold: £310,000 (three hundred and ten thousand pounds).

ALG Properties Limited

£2,644,000 (two million, six hundred and forty-four thousand pounds).

Information relating to the basis of valuation of investment properties and the judgements and assumption adopted by management is set out in Note 2(u) "Estimates and Judgements".

A revaluation surplus of £3.208 million has arisen on valuation of investment properties to Market Value as at 31 March 2012 (2011: surplus of £2.454 million) and this has been taken to the income statement.

The Directors are of the opinion that the fair value equates to the Market Value.

14. 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 2011 2012 £000
Hurstway Investment Company Limited	Property trading	**1**
Louise Goodwin Limited	Property investment	**15,351**
A.L.G. Properties Limited	Property investment	**2,924**
		18,276

15. Inventories

	2012 £000	2011 £000
Residential properties	**301,072**	259,462

16. Trade and other receivables

	2012 £000	2011 £000
Trade receivables	**378**	218
Prepayments and accrued income	**993**	974
	1,371	1,192

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

There are no bad or doubtful debts at the year end. There are no material debts past due, and there are no financial assets that are impaired.

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17. Trade and other payables

	2012 £000	2011 £000
Trade creditors	383	535
Other taxes and social security costs	143	144
Other creditors	859	806
	1,385	1,485

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

17(a) Commitments under hire purchase agreement

Future commitments under hire purchase agreements are as follows:

	2012 £000	2011 £000
Amounts payable within 1 year	28	35

18. Bank overdrafts and loans

	2012 £000	2011 £000
Bank overdrafts	3,089	13,465
Bank loans	90,000	50,000
Other loans	275	475
	93,364	63,940

18(a) Cash and cash equivalents

	2012 £000	2011 £000
Bank overdrafts	(3,089)	(13,465)
Cash	986	116
Cash and cash equivalents as at 31 March	(2,103)	(13,349)

Maturity profile of financial liabilities at 31 March 2012 was as follows:

	2012 £000	2011 £000
Amounts repayable:		
In one year or less	3,364	13,940
Between one and two years	–	–
Between two and five years	90,000	50,000
	93,364	63,940
Less: amount due for settlement within 12 months (shown under current liabilities)	(3,364)	(13,940)
Amount due for settlement after 12 months	90,000	50,000

The average interest rates paid were as follows:

	2012	2011
Bank overdrafts and money market loan	2.51%	3.62%
Bank loans	4.40%	4.91%
Other loans	1.0.%	1.0%

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

18(a) Cash and cash equivalents (continued)

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 Group has short term borrowing facilities of £15 million with Barclays Bank. This facility expires at November 2012 and the rate of interest payable is:

- 1.9% over LIBOR on £7 million
- 2.1% over Base rate on £8 million.

Headroom of this facility at 31 March 2012 amounted to £11.9 million (2011: £16.9 million).

2. The Group has a £75 million long-term borrowing facility with Barclays Bank. This is a five year revolving loan and the termination date of this facility is November 2014. The rate of interest payable on the loan is 1.90% 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. Headroom of this facility at 31 March 2012 amounted to £15 million (2011: £45 million).
3. The Group has successfully renegotiated its £10 million short-term borrowing facilities with HSBC Bank. This is a new three year revolving loan facility and the termination date of this facility is December 2014. The rate of interest payable is 2.5% above LIBOR. Headroom of this facility at 31 March 2012 amounted to £783,000 (2011: 6.6 million). The loan is secured by letter of Negative Pledge. The loan is not repayable by instalments.
4. The Group has a £20 million long-term borrowing facility with HSBC Bank. This is a five year revolving loan and the termination date of this facility is January 2015. The rate of interest payable on the loan is 2.5% above LIBOR. The loan is secured by Letter of Negative Pledge. The loan is not repayable by instalments. Headroom of this facility at 31 March 2012 amounted to £nil (2011: £nil).
5. Other loans consist of loans from connected persons, and companies of which Mr. D.M. Sinclair is a Director. Loans of £275,000 (2011: £475,000) are repayable within one year. Interest payable on these loans is at 0.5% above Barclays Bank Plc base rate.

19. Deferred Tax

Analysis for financial reporting purposes

	2012 £000	2011 £000
Deferred tax liabilities	**6,023**	7,321
Net position at 31 March	**6,023**	7,321

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

	2012 £000	2011 £000
At 1 April	**7,321**	8,157
(Credit) to income for the year	**(1,298)**	(836)
At 31 March	**6,023**	7,321

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

Revaluation of properties

	2012 £000	2011 £000
At 1 April	**7,321**	8,157
(Credit) to income for the year	**(1,298)**	(836)
At 31 March	**6,023**	7,321

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2012

20. 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 (2011: £1.3 million)

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

The trade receivables amounted to £1.3 million (2011: £1.2 million).

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

Fair value of borrowings

	2012 £000	2011 £000
Bank overdrafts	**3,089**	13,465
Secured bank loans	**90,000**	50,000
Unsecured loans	**275**	475
	93,364	63,940

Interest charged in the Income Statement for the above borrowings amounted to £4.03 million (2011: £3.4 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 2012 it is estimated that general increase of 1 point in interest rates would decrease the Group's profit before tax by approximately £500,000 (2011: £100,000).

Derivative financial instruments

The Group 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 2012 the fixed interest rate was 4.98% (31 March 2011: 4.98%).

As at 31 March 2012 the fair value of the interest rate swap represents a liability of £1.6 million (2011: £2.6 million). During the year ended 31 March 2011 the Directors decided to revoke the decision to hedge account. The balance on the cash flow hedge reserve will be released to the income statement on straight line basis over the remaining term of the interest rate swap agreement.

In the Income Statement there is a charge of £271,000 relating to "change in fair value of derivatives".

This figure is the net effect of:

- A reduction (credit) in the fair value of a financial instrument by £1.029 million = £2,632 million (2011) – £1,603 million (2012).
- Debit of £1.3 million which relates to the change in value of the cash flow hedge reserve which is being written off on straight-line basis over remaining term of the agreement.

The interest rate swap was valued by Barclays Capital.

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20. Financial instruments (continued)

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.

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

At 31 March 2012	Less than 1 year £000	Between 1 and 5 years £000	Total £000
Interest bearing loans and borrowings	3,559	102,121	105,680
Cash flow hedge	1,603	–	1,603
Trade and other payables	1,385	–	1,385

At 31 March 2011	Less than 1 year £000	Between 1 and 5 years £000	Total £000
Interest bearing loans and borrowings	14,175	61,550	75,725
Cash flow hedges	2,632	–	2,632
Trade and other payables	1,485	–	1,485

Reconciliation of maturity analysis

At 31 March 2012	Less than 1 year £000	Between 1 and 5 years £000	Total £000
Interest bearing loans and borrowings per accounts	3,364	90,000	93,364
Interest	195	12,121	12,316
Financial liability cash flows as above	3,559	102,121	105,680

At 31 March 2011	Less than 1 year £000	Between 1 and 5 years £000	Total £000
Interest bearing loans and borrowings per accounts	13,940	50,000	63,940
Interest	235	11,550	11,785
Financial liability cash flows as above	14,175	61,550	75,725

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21. Called up share capital

	2012 £000	2011 £000
Authorised:		
5,000,000 Ordinary Shares of 5p each	**250**	250
Allotted, issued and fully paid:		
3,899,014 Ordinary Shares of 5p each	**195**	195

22. Other reserves

	2012 £000	2011 £000
Capital redemption reserve	**55**	55
Capital reserve	**25**	25
Other reserves	**56**	56
	136	136

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 2012 stood at £56,000 (2011: £56,000).

23. Retained earnings

	£000
Balance at 1 April 2011	216,905
Net profit for the year	17,455
Dividends paid	(6,432)
Balance at 31 March 2012	**227,928**

Notes to the Consolidated Financial Statements continued

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24. Related party transactions

1. During the financial year there were no key management personnel emoluments, other than remuneration.
2. (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 £37,325 (2011: £35,189) were charged for these services.
   (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 £100,000 (2011: £125,000). Interest was payable on the loan at a rate of 0.5 % above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £780 (2011: £980).
   (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 £nil (2011: £nil). Interest was payable on the loan at a rate of 0.5 % above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £744 (2011: £1,258).
   (d) 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 (2011: £175,000). Interest was payable on the loan at a rate of 0.5 % above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £1,750 (2011: £1,750).
   (e) All of the above loans are unsecured.
   (f) Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed in this note.
3. Compensation paid to the ex-Executive Director:

	2012 £000	2011 £000
Salary and bonus	**–**	292
Termination benefit	**–**	30
Post-employment benefit	**–**	41

Miss J.L. Murphy resigned as an Executive Director on 31 August 2010. Pursuant to the terms of compromise agreement between Miss J.L. Murphy and the Company relating to her resignation as a Director the Company has made an aggregate payment to Miss J.L. Murphy of £363,645.

25. Operating lease commitments

The future aggregate minimum lease payments payable by the group under non-cancellable operating leases are as follows:

	2012 £000	2011 £000
Operating lease payments due:		
Not later than one year	**–**	–
Later than one year and not later than five years	**10**	–
Later than five years	**–**	–
	10	–

Independent Auditors' Report

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 2012, which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Statement of Consolidated Cash Flows and the related Notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2012 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Separate opinion in relation to IFRS as issued by the IASB

As explained in Note 2 to the Consolidated Financial Statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB). In our opinion the Consolidated Financial Statements comply with IFRSs as issued by IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.
- the information given in the Corporate Governance statement on pages 17 to 19 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Independent Auditors' Report continued

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following. Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company: or
- The Parent Company Financial Statements and the part of the Director's Remuneration Report to be audited are not in agreement with accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

Under the Listing Rules we are required to review:

- the Directors' statement in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.
- certain elements of the Report to the shareholders by the Board on Directors' Remuneration

Other matters

We have reported separately on the Parent Company financial statements of Mountview Estates P.L.C. for the year ended 31 March 2012 and on the information in the Report of the Remuneration Committee and Directors' Remuneration Report that is described as having been audited.

Norman Strong (Senior Statutory Auditor)
for and on behalf of BSG Valentine

Chartered Accountants and Statutory Auditors
London, United Kingdom

19 July 2012

Company Balance Sheet under UK GAAP

as at 31 March 2012

	Notes	As at 31.03.2012 £000	As at 31.03.2011 £000
Fixed assets			
Tangible assets	3	**2,346**	2,343
Investments	4	**18,276**	18,276
		20,622	20,619
Current assets			
Stocks	5	**285,868**	243,990
Debtors	6	**1,278**	1,140
Cash at bank and in hand		**899**	86
		288,045	245,216
Creditors: amounts falling due within one year	7	**(8,651)**	(20,364)
Net current assets		**279,394**	224,852
Total assets less current liabilities		**300,016**	245,471
Creditors: amounts falling due after more than one year	8	**(93,461)**	(77,847)
		206,555	167,624
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	**(1,040)**	(2,340)
Profit and loss account	12	**207,281**	169,650
		206,555	167,624

Approved by the Board on 19 July 2012.

D.M. SINCLAIR
Chairman

K. LANGRISH-SMITH
Director

Notes to the Financial Statements under UK GAAP

for the year ended 31 March 2012

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 cost 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 with vacant possession in its current condition. The analysis of the Group revenue as at 31 March 2012 is on page 34.

(h) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight-line basis.

(i) Leasing

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the term of the relevant lease.

(j) 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.

Notes to the Financial Statements under UK GAAP continued

for the year ended 31 March 2012

2. Staff costs (including Directors)

	2012 £000	2011 £000
Wages and salaries	**1,865**	2,078
Social security costs	**234**	225
Pension costs	**85**	87
	2,184	2,390

Directors' remuneration

	2012 £000	2011 £000
Total Directors' remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to:	**1,189**	1,291

The details of Directors' remuneration are shown in the audited section of the Remuneration Report on page 22.

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

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

	2012 £000	2011 £000
Office and management	**24**	27

3. Tangible assets

	Freehold property £000	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost					
At 1 April 2011	2,671	22	315	152	3,160
Additions	–	141	–	–	141
Disposals	–	–	(44)	(131)	(175)
At 31 March 2012	**2,671**	**163**	**271**	**21**	**3,126**
Depreciation					
At 1 April 2011	542	16	123	136	817
Charge for the year	53	31	35	5	124
On disposals	–	–	(30)	(131)	(161)
At 31 March 2012	**595**	**47**	**128**	**10**	**780**
Net book value					
At 31 March 2011	2,129	6	192	16	2,343
At 31 March 2012	**2,076**	**116**	**143**	**11**	**2,346**

Hire Purchase Agreement

Included within the net book value of £2,346,000 is £28,660 relating to assets held under hire purchase agreement. The depreciation charged to the financial statements in the year in respect of such assets amounted to £7,540 (2011: £9,420).

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

Notes to the Financial Statements under UK GAAP continued

for the year ended 31 March 2012

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.

	2012 £000	2011 £000
Hurstway Investment Company Limited	**1**	1
Louise Goodwin Limited	**15,351**	15,351
A.L.G. Properties Limited	**2,924**	2,924
	18,276	18,276

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 trading
Louise Goodwin Limited	UK	Property investment
A.L.G. Properties Limited	UK	Property investment

5. Stocks

	2012 £000	2011 £000
Residential properties	**285,868**	243,990

6. Debtors: due within one year

	2012 £000	2011 £000
Trade debtors	**362**	203
Prepayments and accrued income	**916**	937
	1,278	1,140

7. Creditors: amounts falling due within one year

	2012 £000	2011 £000
Bank loans and overdrafts	**3,089**	13,465
Trade creditors	**339**	316
Corporation Tax	**2,342**	2,364
Other taxes and social security costs	**154**	143
Other creditors	**849**	969
Other loans	**275**	475
Derivative financial instruments	**1,603**	2,632
	8,651	20,364

Other loans consist of loans from connected persons. Interest payable on these loans was at 0.5% above Barclays Bank Plc base rate.

Notes to the Financial Statements under UK GAAP continued

for the year ended 31 March 2012

7.(a) Commitments under hire purchase agreement

Future commitments under hire purchase agreements are as follows:

	2012 £000	2011 £000
Amounts payable within one year	**28**	35

8. Creditors: Amounts falling due after more than one year

	2012 £000	2011 £000
Bank loans	**90,000**	50,000
Amounts owed to subsidiary undertakings	**3,461**	27,847
Other loans	**–**	–
	93,461	77,847

Maturity profile of financial liabilities at 31 March 2012 was as follows:

	2012 £000	2011 £000
Amounts repayable:		
In one year or less	**3,364**	13,940
Between one and two years	**–**	–
Between two and five years	**90,000**	50,000
More than five years	**3,461**	27,847
	96,825	91,787
Less: amount due for settlement within 12 months (shown under current liabilities)	**(3,364)**	(13,940)
Amount due for settlement after 12 months	**93,461**	77,847

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

Notes to the Financial Statements under UK GAAP continued

for the year ended 31 March 2012

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

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

1. The Group has short term borrowing facilities of £15 million with Barclays Bank. This facility expires at November 2012 and the rate of interest payable is:

- 1.9% over LIBOR on £7 million
- 2.1% over Base rate on £8 million.

Headroom of this facility at 31 March 2012 amounted to £11.9 million (2011: £16.9 million).

2. The Group has a £75 million long-term borrowing facility with Barclays Bank. This is a five year revolving loan and the termination date of this facility is November 2014. The rate of interest payable on the loan is 1.9% 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. Headroom of this facility at 31 March 2012 amounted to £15 million (2011: £45 million).

3. The Group has successfully renegotiated its £10 million short-term borrowing facilities with HSBC Bank. This is a new short term three year revolving loan facility and the termination date of this facility is December 2014. The rate of interest payable on the loan is 2.5% above LIBOR . The loan is secured by Letter of Negative Pledge. The loan is not repayable by instalments. Headroom of this facility at 31 March 2012 amounted to £783,000 (2011: £6.6 million).

4. The Group has a £20 million long-term borrowing facility with HSBC Bank. This is a five year revolving loan and the termination date of this facility is January 2015. The rate of interest payable on the loan is 2.5% above LIBOR. The loan is secured by Letter of Negative Pledge. The loan is not repayable by instalments. Headroom of this facility at 31 March 2012 amounted to £nil (2011: £nil).

5. Other loans consist of loans from connected persons, and companies of which Mr. D.M. Sinclair is a Director. Loans of £275,000 (2011: £475,000) 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

	2012 £000	2011 £000
Authorised:		
5,000,000 Ordinary Shares of 5p each	**250**	250
Allotted, issued and fully paid:		
3,899,014 Ordinary Shares of 5p each	**195**	195

10. Other reserves

	2012 £000	2011 £000
Capital redemption reserve	**55**	55
Capital reserve	**25**	25
Other reserves	**39**	39
Balance at 31 March	**119**	119

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 2012 stood at £39,000 (2011: £39,000).

Notes to the Financial Statements under UK GAAP continued

for the year ended 31 March 2012

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 interest rate swap matures in March 2013 and is based on £40 million non-amortising notional amount. As at 31 March 2012 the fixed interest rate was 4.98% (March 2011: 4.98%).

12. Profit and loss account

	2012 £000	2011 £000
Balance at 1 April	**169,650**	161,996
Net profit for the year (including dividends received)	**44,063**	14,086
Dividends paid	**(6,432)**	(6,432)
Balance at 31 March	**207,281**	169,650

Dividends from investments

During the year the Company received dividends totalling £30,765 million from subsidiary companies. This transaction does not appear in the Group accounts as it is eliminated on consolidation.

13. Related party transactions

1. During the financial year there were no key management personnel emoluments, other than remuneration.
2. (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 £37,325 (2011: £35,819) were charged for these services.

   (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 £100,000 (2011: £125,000). Interest was payable on the loan at a rate of 0.5% above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £780 (2011: £980).

   (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 £nil (2011: £nil). Interest was payable on the loan at a rate of 0.5% above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £744 (2011: £1,258).

   (d) 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 (2011: £175,000). Interest was payable on the loan at a rate of 0.5% above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £1,750 (2011: £1,750).

   (e) All of the above loans are unsecured.

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

Notes to the Financial Statements under UK GAAP continued

for the year ended 31 March 2012

13. Related party transactions (continued)

3. Compensation paid to the ex-Executive Director:

	2012 £000	2011 £000
Salary and bonus	–	292
Termination benefit	–	30
Post-employment benefit	–	41

Miss J. L. Murphy resigned as an Executive Director on 31 August 2010. Pursuant to the terms of compromise agreement between Miss J. L. Murphy and the Company relating to her resignation as a Director the Company has made an aggregate payment to Miss J. L. Murphy of £363,645.

14. Operating lease commitments

The future aggregate minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	2012 £000	2011 £000
Operating lease payments due:		
Not later than one year	–	–
Later than one year and not later than five years	10	–
Later than five years	–	–
	10	–

Independent Auditors' Report

to the Members of Mountview Estates P.L.C. on the Parent Company Financial Statements

We have audited the Parent Company Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2012 which comprise the Parent Company balance sheet and the related notes 1 to 14 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Parent Company Financial Statements:

- Give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its profit for the year when ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- The part of the report of the Remuneration Committee and Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- The information given in the Directors' Report for the financial year for which the Parent Company Financial Statements are prepared is consistent with the Parent Company Financial Statements.

Independent Auditors' Report

to the Members of Mountview Estates P.L.C. on the Parent Company Financial Statements

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' Remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2012.

Norman Strong (Senior Statutory Auditor)
for and on behalf of BSG Valentine

Chartered Accountants and Statutory Auditors
London

19 July 2012

Table of Comparative Figures

as at 31 March 2012

	IFRS 2007 £000	IFRS 2008 £000	IFRS 2009 £000	IFRS 2010 £000	IFRS 2011 £000	**IFRS 2012 £000**
Revenue	68,168	54,338	53,599	56,697	47,655	**42,931**
Profit before taxation	50,227	29,529	13,062	29,255	23,560	**22,805**
Taxation	15,167	8,861	3,673	7,620	6,589	**5,350**
Profit after taxation	35,060	20,668	9,389	21,635	16,971	**17,455**
Earnings per share	899.2p	530.1p	241.0p	554.8p	435.3	**447.7**
Rate of dividend	150p	155p	155p	165p	165p	**165p**
Cover	5.99	3.42	1.55	3.36	2.64	**2.71**
Cost of dividend	5,848	6,042	6,042	6,432	6,432	**6,432***
Total remuneration (including Directors)	3,377	2,846	2,528	2,759	2,390	**2,184**
Executive Directors' remuneration	2,021	1,498	1,436	1,569	1,233	**1,117**
Total remuneration (including Directors) as percentage of dividend	57.75	47.10	41.84	42.89	37.15	**33.95**
Cost of Executive Directors remuneration as percentage of total remuneration	59.85	52.64	56.80	56.87	51.59	**51.14**
Cost of Executive Directors' remuneration as percentage of dividend	34.5	24.7	23.7	24.3	19.1	**17.3**

*The £6.43 million dividend in relation to 2012 is made up of the interim dividend of £1.95 million and the final dividend of £4.48 million, which will be paid on 20 August 2012, subject to approval at the AGM on 15 August 2012.

Notice of Meeting

Notice is hereby given that the Seventy-Fifth 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 15 August 2012 at 11.30 a.m. for the following purposes:

As ordinary business:

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 2012.
2. To declare a final dividend of 115p per share payable on 20 August 2012 to Shareholders on the register at 20 July 2012.
3. To re-appoint Mr.K. Langrish-Smith as a Director of the Company.
4. To approve the Directors' Remuneration Report set out in the Annual Report and Accounts for the year ended 31 March 2012.
5. 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.
6. To authorise the Directors to determine the Auditors' remuneration for the ensuing year.

By Order of the Board

M.M. BRAY
Company Secretary

Mountview House
151 High Street
Southgate
London N14 6EW

19 July 2012

Notice of Meeting continued

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 (PXS), 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 (PXS), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 48 hours before the time of the Meeting or any adjournment thereof. Amended instructions must also be received by the Company's Registrars by the deadline for receipt of Forms of Proxy.

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 (as amended) and for the purposes of Section 360B of the Companies Act 2006, 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 6.00 pm on 13 August 2012 (the "Specified Time") or adjourned Meeting. If the Meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of Members to attend and vote and for the purpose of determining the number of votes they may cast at the adjourned Meeting. Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

Notice of Meeting continued

6. Any corporation which is a Member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Member, provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

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. Under Section 527 of the Companies Act 2006, Members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

   (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or

   (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.

   The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 Companies Act 2006 to publish on a website.

9. Any Member attending the Meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the Meeting put by a Member attending the Meeting. However, Members should note that no answer need be given in the following circumstances:

   (a) if to do so would interfere unduly with the preparation of the Meeting or would involve a disclosure of confidential information;

   (b) if the answer has already been given on a website in the form of an answer to a question; or

   (c) if it is undesirable in the interests in the Company or the good order of the meeting that the question be answered.

10. This Notice, together with information about the total numbers of shares in the Company in respect of which Members are entitled to exercise voting rights at the Meeting as at 19 July 2012 being the last business day prior to the printing of this Notice and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice, will be available on the Company's website www.mountviewplc.co.uk.

11. Any electronic address provided either in this Notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.

12. As at 19 July 2012, 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 19 July 2012 are 3,899,014.

13. Copies of the Directors' service contracts and letters of appointment with the Company 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.

Shareholders' Information

Financial calendar 2012

Final dividend record date	20 July
Annual Report posted to Shareholders	20 July
Annual General Meeting	15 August
Final dividend payment	20 August
Interim results	29 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
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Shareholders' Notes

Shareholders' Notes continued

Mountview Estates P.L.C.

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