Mountview Estates P.L.C.

Annual Report
and Accounts

2013

About Us

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.

Mountview Estates P.L.C. is a 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

£56.6m

Turnover
+31.9%
(2012: £42.9m)

£33.7m

Gross profit
+23.9%
(2012: £27.2m)

£28.9m

Profit before tax
+26.8%
(2012: £22.8m)

£26.3m

Profit before tax excluding investment properties revaluation **+34.2%**
(2012: £19.6m)

£244.0m

Equity holders' funds (£m)
+7.4%
(2012: £227.2m)

568p

Earnings per share (pence)
+26.9%
(2012: 447.7p)

£62.6

Net assets per share
+7.4%
(2012: £58.3)

175p

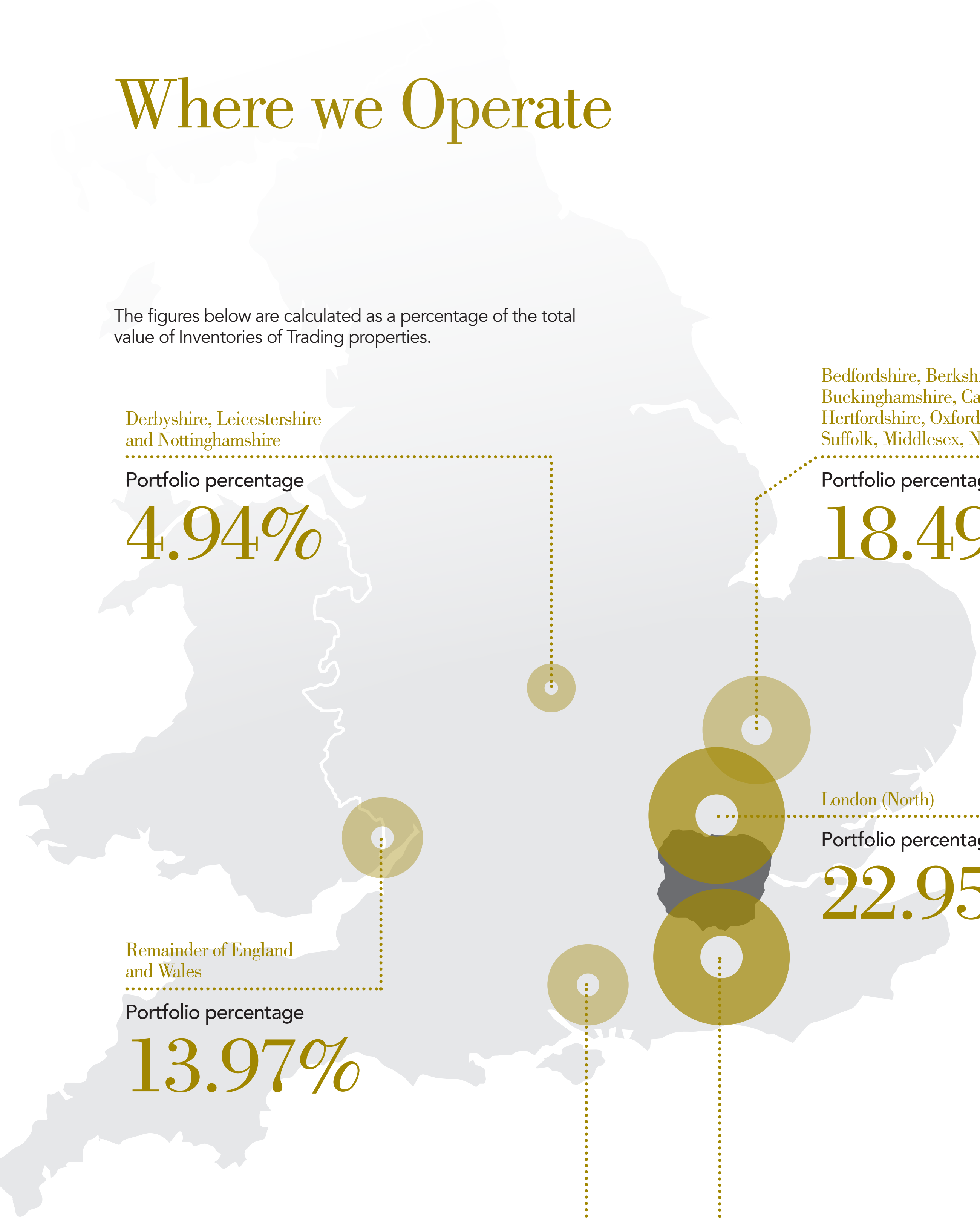
Dividend per share (pence)
+6.1%
(2012: 165p)

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 125p per share are as follows:

Ex-dividend date	17 July 2013
Record date	19 July 2013
Payment date	19 August 2013

Where we Operate

The figures below are calculated as a percentage of the total value of Inventories of Trading properties.



Derbyshire, Leicestershire and Nottinghamshire

Portfolio percentage

4.94%

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

Portfolio percentage

18.49%

London (North)

Portfolio percentage

22.95%

Remainder of England and Wales

Portfolio percentage

13.97%

Kent, Surrey, Sussex, Dorset, Hampshire, Isle of Wight

Portfolio percentage

13.57%

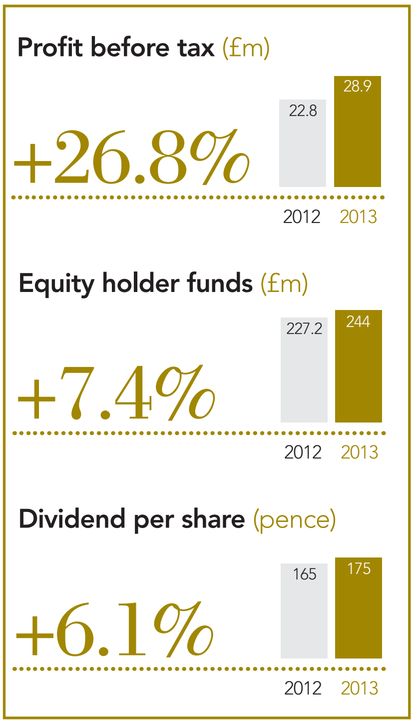
London (South)

Portfolio percentage

26.08%

Chairman's Statement

D. M. Sinclair FCA



I am pleased to report strongly increased profits for the year ended 31 March 2013; profit before tax was £28.9 million (2012: £22.8 million) an increase of £6.1 million.

In my statement last year I reported that Mountview continued to record good financial performance against the backdrop of a very challenging economic climate. The economic climate continues to be far from easy and so an increase in profits in excess of 25% must be considered a substantial achievement.

Your Board is able to recommend an increased final dividend of 125p per share in respect of the year ended 31 March 2013 which is payable on 19 August 2013 to shareholders on the Register of Members as at 19 July 2013. This will make a total dividend for the year ended 31 March 2013 of 175p per share (2012: 165p per share) which is more than three times covered by the earnings per share.

During the year under review we have continued to make good purchases and have enjoyed strong growth in sales. Our financial resources are well managed which keeps us in good position to take advantage of suitable opportunities when they come along. Recently recruited personnel are developing well and I am confident that the future of the Company is in the hands of a good team.

In our second interim management statement we reported the sudden death of Keith Langrish-Smith. Keith had joined the Company in 1974 and was married to Elizabeth (one of the twin daughters of Frank Sinclair, co-founder of the Company). He had planned to retire at the end of the Company's financial year, but died unexpectedly on 17 December 2012. Keith's easy going and affable demeanour is missed by everyone. Indeed he may prove to have been one of the last members of the family to have served in the management of the Company.

Keith's loyalty and dedication to the Company is perhaps uncommon in this day and age and it may be that it could only be expected from a family member. Nevertheless I have a fine team around me and I thank them all for their efforts throughout the year which have produced results of which they can be proud.

We cannot defy all the difficulties of the economic climate but the Company is well placed to do more than just survive and can expect to enjoy good progress when conditions are less difficult.

One final note relates to me personally; after more than 23 years I have decided to step down as Chairman with effect from the Annual General Meeting. John Fulton, who has been one of our Non-Executive Directors since 2007, will assume the role of Non-Executive Chairman and I shall remain as Chief Executive of the Company. I believe that the time is right for me to hand over the role of Chairman and concentrate on the day-to-day running and development of the business, which continues to go from strength to strength in difficult markets. Good Corporate Governance also dictates the splitting of the two roles and we believe that now is the right time to take this step.

D. M. Sinclair

D.M. Sinclair
Chairman

BUSINESS REVIEW
GOVERNANCE
FINANCIAL STATEMENTS
OTHER INFORMATION

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 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
- Assured tenancies

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 2013

	No. of units	Cost £m
Regulated, Assured Shorthold tenancies, and other	2,420	266.62
Assured tenancies	235	23.08
Ground rents	1,115	1.82
Life tenancies	340	25.10

Analysis of the Group Trading portfolio at the lower of cost and estimated net realisable value by geographical location as at 31 March 2013

	Regulated, Assured Shorthold tenancies, Assured tenancies and other £m	Ground rents £m	Life tenancies £m	Portfolio %
London (North)	71.81	0.69	0.20	22.95
London (South)	78.75	0.86	2.96	26.08
Kent, Surrey, Sussex, Dorset Hampshire, Isle of Wight	37.26	0.05	5.64	13.57
Bedfordshire, Berkshire, Essex, Buckinghamshire, Cambridgeshire, Hertfordshire, Oxfordshire, Norfolk, Suffolk, Middlesex, Northamptonshire	52.03	0.12	6.38	18.49
Derbyshire, Leicestershire and Nottinghamshire	14.74	0.10	0.80	4.94
Remainder of England and Wales	35.11	–	9.12	13.97

Review of Operations
continued

2,420 regulated tenancies

Revenue

£56.6m

(2012: £42.9m)

Gross profit

£33.7m

(2012: £27.2m)

Sales

At Mountview, we have a relatively straightforward yet proven way of working: we buy tenanted residential properties and sell them when they become 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	13	London
below 500,000	164	London and other
	177	

We achieved sales of £39.96 million (2012: £27.8 million) demonstrating the liquidity of the Portfolio. The average sales price achieved was £225,000 (2012: £203,000). Based on sales achieved during the financial year, the Directors considered it justified to reverse the remaining provision for the Magdalen Portfolio of £1.02 million. The Portfolio is located in London SW18 and was purchased in January 2008.

Left:
Landsdown Crescent, Bath

Above:
Saltwood, Hythe, Kent

Review of Operations
continued

1,115 ground rents

Review of Operations
continued

Analysis of acquisition

1. Regulated tenancies (200)
2. Life tenancies (2)
3. Ground rents (23)
4. Assured tenancies (11)

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 March 2013 Cost £m
Regulated tenancies	200	27.10
Life tenancies	2	0.22
Ground rents (or created)	23	0.03
Assured tenancies (or created)	11	1.46
	236	28.81

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. Net realisable value is the estimated net proceeds of sale if the property were to be vacant at the date of the balance sheet.

During the year to 31 March 2013, 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.

Left:
Cardiff, South Glamorgan

Review of Operations
continued

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 £28.8 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.

Investment Companies

The analysis of the investment portfolio as at 31 March 2013 is as follows:

	2013	2012
Louise Goodwin Limited	**37 units**	38 units
A.L.G. Properties Limited	**4 units**	5 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 1 unit for £1.880 million in Louise Goodwin Limited and 1 Freehold for £59,000 in A.L.G. Properties Limited (2012: 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).

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 £2.6 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.

Louise Goodwin Limited

37 units (2012: 38)

A.L.G. Properties Limited

4 units (2012: 5)

Review of Operations
continued

£1.9m
total disposals

Louise Goodwin Limited
A.L.G. Properties Limited

Top:
Belsize Park Gardens, NW3
Left:
Belsize Grove, NW3

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

Mr K. Langrish-Smith was a Director of the Company for part of the financial year ended 31 March 2013 but sadly passed away on 17 December 2012.

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.

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 Fulbright 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 76th Annual Report together with the Financial Statements for the year ended 31 March 2013.

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 125p per share. The dividend will be paid on 19 August 2013, subject to approval at the Annual General Meeting on 14 August 2013, to Shareholders on the register at the close of business on 19 July 2013.

2. Activities

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

Parent Company

Mountview Estates P.L.C.	Property Trading

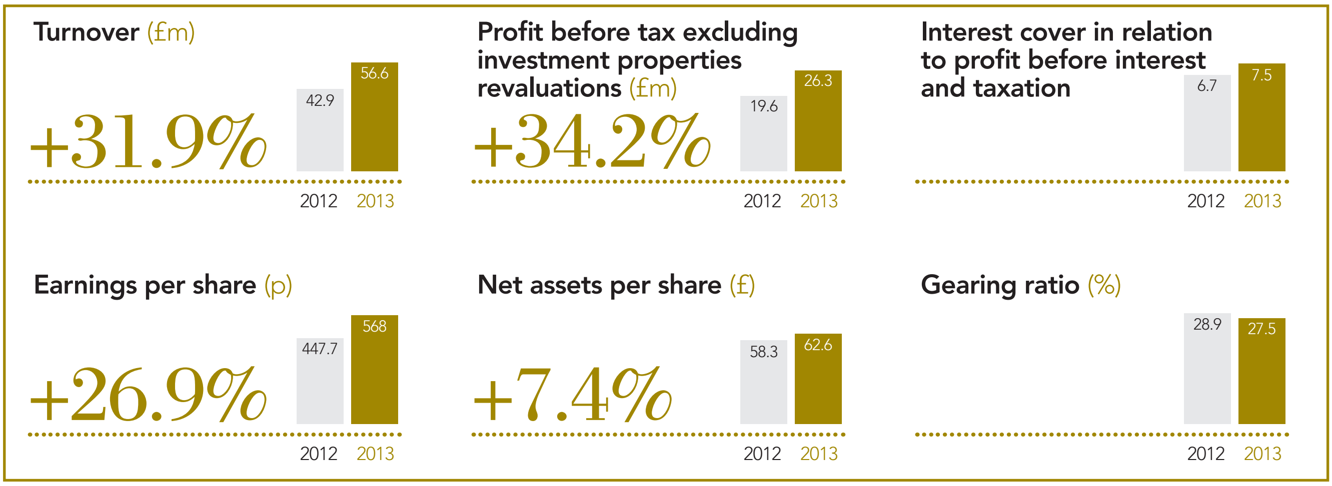
Subsidiary undertakings (wholly-owned)

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 3 to 9. In addition the Group has established the following Financial Key Performance Indicators:

Financial Key Performance Indicators



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 Group's business is subject to a number of different risk factors but management considers 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 33 and 34.

Financial Risk

- **Significant fluctuations in interest rates**
  The Company had entered into an Interest Rate Swap Agreement from 2008, for a period of 5 years on £40 million of its loan with the intention to reduce its exposure to interest rate fluctuations. The Interest Rate Swap Agreement expired in March 2013.
- **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 and liquidity	Draw on wealth of experience to ensure continued selective geographical spread of desirable properties

4. Rotation of Directors

In accordance with the Company's Articles of Association, Mr. D.M. Sinclair retires from the Board by rotation and being eligible, offers himself for reappointment. A resolution for his reappointment will be proposed at the Annual General Meeting.

5. Share capital

The authorised share capital of the Company as at 31 March 2013 was £250,000 divided into 5,000,000 Ordinary Shares of 5p of which 3,899,014 were in issue (2012: 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 2013	1 April 2012
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
Mrs. M.M. Bray	**12,302**	12,302
Mr. A.J. Sinclair, including the following holding of Viewthorpe (old) Limited – 28,208. The Company is wholly-owned by Mr. A.J. Sinclair	**132,484**	119,724

All the above interests are beneficial.

There have been no changes in the interest of the Directors in the share capital of the Company between 31 March 2013 and 15 July 2013.

7. Notifiable interests in share capital

As at 15 July 2013, 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, Mr. David Wright 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. E. Langrish-Smith	307,000	7.87
Mrs. A. Williams **	145,650	3.73
Mrs. S. Simkins **	148,220	3.80

* 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 2013 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 (2012: 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 33 to 34. 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 14 August 2013 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 obtained.

Directors' Report
continued

18. Donations

During the year the Group made charitable donations of £46,160 (2012: £48,350).

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

There were no political donations made during the year (2012: £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 32.

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

18 July 2013

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 1 to 9 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

18 July 2013

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 in this section.

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) there to be at least two independent Non-Executive Directors 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 these arrangements have to date been appropriate. While the Chairman has not had unfettered powers of decision, the Board has kept this situation under review and has concluded, however, that the role of Chairman will be split. Mr. J.B. Fulton, the current independent Non-Executive Director will assume the role of Non-Executive Chairman with effect from the Annual General Meeting 2013. The Board does not consider that Mr. Fulton has any other significant commitment for disclosure which would impact on his ability to perform the function of Non-Executive Chairman. Furthermore a search is underway to appoint another independent Non-Executive Director.

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 2013 the Board comprised the Chairman, Mr. D.M. Sinclair, one Executive Director and two 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. The following table sets out details of the number of meetings of the Board (excluding ad hoc meetings) and of the Audit and Remuneration Committees during the year and the attendance at these meetings by the Directors who were in office during the period.

Meetings	Mr. D.M. Sinclair	Mr. K. Langrish -Smith*	Mrs. M.M. Bray	Mr. A.J. Sinclair	Mr. J.B. Fulton
Full Board	5	4	5	5	4
Audit Committee	1	–	1	2	2
Remuneration Committee	1	–	–	3	3
Nomination Committee	2	1	4	2	4

*deceased 17 December 2012

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 that one third of their number offer themselves for re-election each year 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.

Corporate Governance
continued

- 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.

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 Directors consider that the small size of the Group and Board does not warrant a formal evaluation process. However, performance of the Directors is evaluated on an ongoing basis by the Board. 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) and Mr. A.J. Sinclair (Non-Executive Director). 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 and the aim of the Committee is to provide total remuneration packages which attract, retain and motivate Executive Directors of the appropriate calibre.

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 four meetings during this year and key matters considered were:

- Appointment of an independent external search consultant
- Reviewing and interviewing potential Non-Executive Directors

The Nomination Committee keeps the composition of the Board and possible directors appointments under regular review and when the Board and Nomination Committee determine that it may be appropriate to appoint further directors it would engage an independent external search consultant to assist in the process.

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

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

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

Corporate Governance
continued

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

The Committee meets twice 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.

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 14 in the Report of the Directors on page 14 and in Note 3 to the Consolidated Financial Statements on pages 33 to 34.

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 2012 to the date of approval of the Annual Report and Accounts. The effectiveness of 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 identify, evaluate and manage risks faced by that group and meet the particular needs of that group and the risks to which it is exposed. By their nature such system can provide reasonable but not absolute protection against material misstatement or loss. Due to its size, the Group does not have a dedicated 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

18 July 2013

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 £36,000 p.a.. The Non-Executive Directors are not entitled to bonuses, benefits or pension contributions.

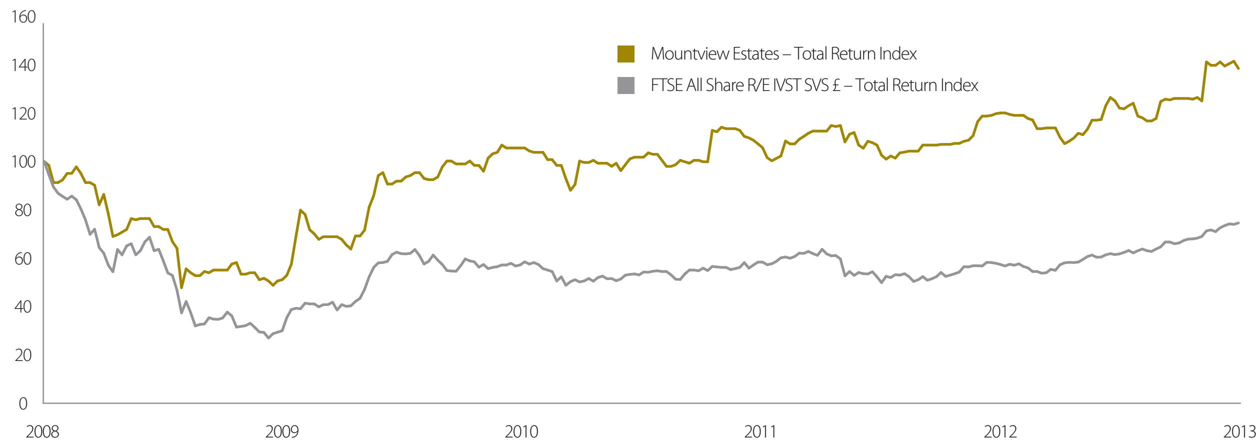
Pensions

The Company contributes 10% 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 there under are as follows:

	Contract date	Unexpired term	Notice period
D.M. Sinclair	8 August 2002	No fixed term	12 months
M.M. Bray	1 April 2004	No fixed term	12 months
J.B. Fulton	1 January 2013	29 months	none
A.J. Sinclair	1 November 2010	4 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

2013	Salary £000	Bonus £000	Benefits in kind £000	Pensions contributions £000	Total £000
Executive					
D.M. Sinclair	300	240	68	54	662
K. Langrish-Smith (deceased 17 December 2012)	112	45	12	15	184
Mrs M.M. Bray	250	180	–	43	473
Non-Executive					
J.B. Fulton	36	–	–	–	36
A.J. Sinclair	36	–	–	–	36
	734	465	80	112	1,391

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 March 2012)	24	–	–	–	24
A.J. Sinclair	24	–	–	–	24
	732	320	87	50	1,189

Individual performance of Executive Directors is also evaluated against a set of pre-determined criteria. Furthermore in conducting its Executive Compensation Review, the Committee has consulted a variety of relevant external benchmarks and published data.

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 18 July 2013.

J.B. FULTON
Chairman of the Remuneration Committee

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2013

	Notes	Year ended 31.03.2013 £000	Year ended 31.03.2012 £000
Revenue	4	**56,646**	42,931
Cost of sales	4	**(22,906)**	(15,741)
Gross profit		**33,740**	27,190
Administrative expenses		**(3,759)**	(3,773)
Gain on sale of investment properties	13	**84**	484
Operating profit before changes in fair value of investment properties		**30,065**	23,901
Increase in fair value of investment properties	13	**2,602**	3,208
Profit from operations		**32,667**	27,109
Change in fair value of derivatives	20	**563**	(271)
Net finance costs	8	**(4,302)**	(4,033)
Profit before taxation		**28,928**	22,805
Taxation – current		**(6,511)**	(6,648)
Taxation – deferred	19	**(272)**	1,298
Taxation	9	**(6,783)**	(5,350)
Profit attributable to equity Shareholders		**22,145**	17,455
Basic and diluted earnings per share (pence)	11	**568.0p**	447.7p

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 2013

	Notes	As at March 2013 £000	As at March 2012 £000
Assets			
Non-current assets			
Property, plant and equipment	12	**2,337**	2,441
Investment properties	13	**27,852**	26,537
		30,189	28,978
Current assets			
Inventories of trading properties	15	**316,626**	301,072
Trade and other receivables	16	**1,198**	1,371
Cash at bank		**900**	987
		318,724	303,430
Total assets		**348,913**	332,408
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)
Retained earnings	23	**243,641**	227,928
		243,972	227,219
Non-current liabilities			
Long-term borrowings	18	**84,950**	90,000
Deferred tax	19	**6,294**	6,023
		91,244	96,023
Current liabilities			
Bank overdrafts and loans	18	**8,427**	3,364
Trade and other payables	17	**1,631**	1,385
Current tax payable		**3,639**	2,814
Derivative financial instruments	20	**–**	1,603
		13,697	9,166
Total liabilities		**104,941**	105,189
Total equity and liabilities		**348,913**	332,408

Approved by the Board on 18 July 2013.

D.M. SINCLAIR
Chairman

M.M. BRAY
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 2013

	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 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
Changes in equity for year ended 31 March 2013								
Balance as at 1 April 2012		**195**	**25**	**55**	**(1,040)**	**56**	**227,928**	**227,219**
Reduction in reserve	20				**1,040**			**1,040**
Profit for the year							**22,145**	**22,145**
Dividends	10						**(6,432)**	**(6,432)**
Balance at 31 March 2013	23	**195**	**25**	**55**	**–**	**56**	**243,641**	**243,972**

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 2013

	Notes	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Cash flows from operating activities			
Profit from operations		**32,667**	27,109
Adjustment for:			
Depreciation		**163**	166
Loss on disposal of property, plant and equipment		**3**	10
Gain on disposal of investment properties		**(84)**	(484)
(Increase) in fair value of investment properties		**(2,602)**	(3,208)
Operating cash flows before movement in working capital		**30,147**	23,593
(Increase) in inventories		**(15,554)**	(41,610)
Decrease (Increase) in receivables		**173**	(179)
Increase/(Decrease) in payables		**246**	(100)
Cash generated from operations		**15,012**	(18,296)
Interest paid		**(4,302)**	(4,033)
Income taxes paid		**(5,675)**	(7,106)
Net cash inflow/(outflow) from operating activities		**5,035**	(29,435)
Investing activities			
Proceeds from disposal of investment properties	13	**1,939**	8,895
Capital expenditure on investment properties	13	**(567)**	(1,426)
Purchase of property, plant and equipment	12	**(74)**	(160)
Proceeds from disposal of property, plant and equipment		**–**	4
Net cash inflow from investing activities		**1,298**	7,313
Cash flows from financing activities			
Increase in borrowings		**687**	40,000
Repayment of borrowings		**(5,050)**	(200)
Equity dividend paid		**(6,432)**	(6,432)
Net cash (outflow)/inflow from financing activities		**(10,795)**	33,368
Net/(decrease)/increase in cash and cash equivalents		**(4,462)**	11,246
Opening cash and cash equivalents		**(2,103)**	(13,349)
Cash and cash equivalents at end of year	18(a)	**(6,565)**	(2,103)

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 2013

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 18 July 2013.

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 2013

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 is 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 2013

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 2013

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 2013 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 2013

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 2012, have had a material effect on the financial statements of the Group or the Company.

Standards and interpretations in issue but not yet effective

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

International Financial Reporting Standards ("IFRS")

- Amendment to IAS 1 "Financial statement presentation" introduces a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.
- Amendment to IAS 12 (revised) "Income taxes" introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.
- Amendment to IAS 19 "Employee benefits" eliminates the corridor approach and calculates finance costs on a net funding basis and also introduces a requirement to group items presented in Other Comprehensive Income on the basis of whether they are potentially recycled to income statement.
- IAS 27 (revised) "Separate Financial Statements" and IAS 28 (revised 2011) "Associates and joint ventures" include the provisions on separate financial statements which are not included in IFRS 10.
- Amendment to IAS 32 "Financial instruments: Presentation" clarifies the offsetting requirements for amounts presented in the statement of financial position.
- Amendment to IFRS 1 "First time adoption" addresses how a first time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS.
- IFRS 9 "Financial instruments: classification and measurement" which has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.
- IFRS 10 "Consolidated financial statements" which identifies the concept of control as the determining factor of whether an entity should be included within the consolidated financial statements.
- IFRS 11 "Joint arrangements" includes revised definitions of joint arrangements which focus on the rights and obligations over the legal form. The standard removes the option of proportional consolidation.
- IFRS 12 "Disclosure of interests in other entities" requires disclosure of all interests in other entities.
- IFRS 13 "Fair value measurement" provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements.

All the above IFRSs interpretations and amendments to existing standards are yet to be endorsed by the European Union ("EU") at the date of approval of these financial statements with the exception of IFRS 7.

The Directors are currently considering the potential impact arising from the future adoption of these standards and interpretations listed above.

Notes to the Consolidated Financial Statements continued
for the year ended 31 March 2013

2. Accounting policies (continued)

(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 a £20 million revolving loan facility with HSBC Bank. The termination date of this facility is January 2015.

The Group has a £75 million revolving loan facility with Barclays Bank. The 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.

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 was 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 £12.8 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.

Notes to the Consolidated Financial Statements continued
for the year ended 31 March 2013

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.

(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.

Notes to the Consolidated Financial Statements continued
for the year ended 31 March 2013

3. Financial risk management objectives and policies (continued)

(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.

	2013 £000	2012 £000
Total borrowings	**93,377**	93,364
Less cash	**(900)**	(987)
Net borrowings	**92,477**	92,377
Total equity	**243,972**	227,219
Total borrowings plus equity	**336,449**	319,596
Gearing ratio	**27.5%**	28.9%

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.

	2013 £000	2012 £000
Revenue		
Gross sales of properties	**39,968**	27,800
Gross rental income	**16,678**	15,131
	56,646	42,931
Cost of sales		
Cost of properties sold	**16,156**	9,251
Property expenses	**6,750**	6,490
	22,906	15,741
Gross profit		
Sales of properties	**23,812**	18,549
Net rental income	**9,928**	8,641
	33,740	27,190

Cost of properties sold includes £1.02 million credit in respect of the reversed provision for the Magdalen Portfolio.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2013

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:

	2013			2012		
	Property trading £000	Property investment £000	Group £000	Property trading £000	Property investment £000	Group £000
Revenue	**56,198**	**448**	**56,646**	42,488	443	42,931
Operating profit before changes in fair value of investment properties	**30,066**	**(1)**	**30,065**	23,666	235	23,901
Finance costs	**(4,302)**		**(4,302)**	(4,033)		(4,033)
Profit after tax			**22,145**			17,455
Assets	**316,552**	**32,361**	**348,913**	303,321	29,087	332,408
Liabilities	**104,684**	**257**	**104,941**	104,779	410	105,189
Fixed assets						
Capital expenditure	**74**	**567**	**641**	160	1,426	1,586
Depreciation	**117**	**46**	**163**	125	41	166

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.

6. Profit from operations

	2013 £000	2012 £000
The operating profit is stated after charging:		
Depreciation of tangible fixed assets	**163**	166
Loss on disposal of fixed assets	**3**	10
Auditors' remuneration		
– the audit of the Parent Company and Consolidated Financial Statements	**40**	38
– the audit of the Company's subsidiaries pursuant to legislation	**12**	12
– tax compliance work	**9**	9
Operating expenses for investment properties	**236**	454
And after crediting:		
– net rental income	**9,928**	8,641
– administrative charges to related companies (Note 25)	**38**	37

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:

	2013	2012
Office and management	**24**	24

Notes to the Consolidated Financial Statements continued
for the year ended 31 March 2013

7. Staff costs (including Directors)

	2013 £000	2012 £000
Wages and salaries	**2,113**	1,865
Social security costs	**254**	234
Pension costs	**112**	85
	2,479	2,184
Directors' remuneration		
Total Directors' remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to:	**1,391**	1,189

8. Finance costs

	2013 £000	2012 £000
Interest on bank overdrafts, and loans	**4,302**	4,033

9. Income tax expense

	2013 £000	2012 £000
(a) Analysis of charge in the year		
Current tax: UK Corporation Tax 24% (2012: 26%)	**6,511**	6,648
Deferred tax: Current year 24% (2012: 26%)	**272**	(1,298)
Taxation attributable to the Company and its subsidiaries	**6,783**	5,350
(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	**28,928**	22,805
Profit on ordinary activities multiplied by rate of tax 24% (2012: 26%)	**6,942**	5,930
Expenses not deductible for tax	**25**	110
Income not taxable	**–**	(126)
Depreciation in excess of capital allowances	**18**	(10)
Taxation on capital gains	**316**	1,574
Profit on sale of assets	**(19)**	–
Marginal relief	**(3)**	–
Revaluation surplus in subsidiaries not taxed	**(624)**	(830)
Deferred tax	**272**	(1,298)
Cash flow hedge adjustment	**(135)**	–
Sundry adjusting items	**(9)**	–
Taxation attributable to the Company and its subsidiaries	**6,783**	5,350

The deferred tax adjustment relates to the change in fair value of investment properties.

Notes to the Consolidated Financial Statements continued
for the year ended 31 March 2013

10. Dividends

On 20 August 2012, a dividend of 115p per share (2011: 115p per share) was paid to the Shareholders. On 25 March 2013 a dividend of 50p per share (2012: 50p per share) was paid to the Shareholders. This resulted in total dividends paid in the year of £6.43 million (2012: £6.43 million).

In respect of the current year, the Directors propose that a final dividend of 125p per share will be paid to the Shareholders on 19 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 2013 is payable to all Shareholders on the Register of Members on 19 July 2013. The total estimated final dividend to be paid is £4.87 million.

11. Earnings per share

	2013 £000	2012 £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)	**22,145**	17,455
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	**568.0p**	447.7p

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 2012	2,671	333	271	21	3,296
Additions	–	67	–	7	74
Disposals	–	–	(47)	–	(47)
At 31 March 2013	**2,671**	**400**	**224**	**28**	**3,323**
Depreciation					
At 1 April 2012	595	122	128	10	855
Charge for the year	53	80	23	7	163
On disposals	–	–	(32)	–	(32)
At 31 March 2013	**648**	**202**	**119**	**17**	**986**
Net book value					
At 31 March 2012	2,076	211	143	11	2,441
At 31 March 2013	**2,023**	**198**	**105**	**11**	**2,337**

Property, plant and equipment are located within the UK.

Hire purchase agreement

Included within the net book value of £2,337,000 is £23,000 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 £6,030 (2012: £7,540).

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2013

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 2011	2,671	208	315	152	3,346
Additions	–	160	–	–	160
Disposals	–	(35)	(44)	(131)	(210)
At 31 March 2012	**2671**	**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 the UK.

13. Investment properties

	2013 £000	2012 £000
Fair value at 1 April 2013/(2012)	**26,537**	30,314
Subsequent expenditure	**568**	1,426
Disposals	**(1,855)**	(8,411)
Increase in Fair Value during the year	**2,602**	3,208
At 31 March 2013/(2012)	**27,852**	26,537

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

During the financial year we disposed of 2 units for a total of £1.939 million.

The difference between the sales price £1.939 million (2012: £8.89 million) and the market fair value £1.855 million (2012: £8.41 million) of £84,000 (2012: £484,000) 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 A.L.G. Properties Limited

The Companies' freehold and long leasehold properties were valued on 31 March 2013 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.

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 2013

13. Investment properties (continued)

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

Louise Goodwin Limited
£24,989,000 (Twenty-four million, nine hundred and eighty-nine thousand pounds), split as follows:

- Freehold: £24,584,000 (Twenty-four million, five hundred and eighty-four thousand pounds).
- Long Leasehold: £405,000 (Four hundred and five thousand pounds).

A.L.G. Properties Limited
£2,863,000 (Two million, eight hundred and sixty-three 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 £2.602 million has arisen on valuation of investment properties to Market Value as at 31 March 2013 (2012: surplus of £3.208 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 2012 2013 £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

	2013 £000	2012 £000
Residential properties	316,626	301,072

16. Trade and other receivables

	2013 £000	2012 £000
Trade receivables	339	378
Prepayments and accrued income	859	993
	1,198	1,371

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.

Notes to the Consolidated Financial Statements continued
for the year ended 31 March 2013

17. Trade and other payables

	2013 £000	2012 £000
Trade creditors	589	383
Other taxes and social security costs	151	143
Other creditors	891	859
	1,631	1,385

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:

	2013 £000	2012 £000
Amounts payable within 1 year	22	28

18. Bank overdrafts and loans

	2013 £000	2012 £000
Bank overdrafts	7,465	3,089
Bank loans	84,950	90,000
Other loans	962	275
	93,377	93,364

18.(a) Cash and cash equivalents

	2013 £000	2012 £000
Bank overdrafts	(7,465)	(3,089)
Cash	900	986
Cash and cash equivalents as at 31 March	(6,565)	(2,103)

Maturity profile of financial liabilities at 31 March 2013 was as follows:

	2013 £000	2012 £000
Amounts repayable:		
In one year or less	8,427	3,364
Between one and two years	84,950	–
Between two and five years	–	90,000
	93,377	93,364
Less: amount due for settlement within 12 months (shown under current liabilities)	(8,427)	(3,364)
Amount due for settlement after 12 months	84,950	90,000

The average interest rates paid were as follows:

	2013	2012
Bank overdrafts and money market loan	2.48%	2.51%
Bank loans	4.31%	4.40%
Other loans	1.0%	1.0.%

Notes to the Consolidated Financial Statements continued
for the year ended 31 March 2013

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 2013 and the rate of interest payable is:

- 1.75% over LIBOR on £7 million
- 1.9% over Base rate on £8 million.

Headroom of this facility at 31 March 2013 amounted to £7.5 million (2012: £11.9 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 1.8% 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 2013 amounted to £18.5 million (2012: £15 million).
3. The Group has a £10 million short-term borrowing facilities with HSBC Bank. This is a 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 £1.55 million (2012: 0.8 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 2013 amounted to £nil (2012: £nil).
5. Other loans consist of loans from connected persons, and companies of which Mr. D.M. Sinclair is a Director. Loans of £962,800 (2012: £275,000) 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

	2013 £000	2012 £000
Deferred tax liabilities	**6,294**	6,023
Net position at 31 March	**6,294**	6,023

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

	2013 £000	2012 £000
At 1 April	**6,023**	7,321
Debit/(Credit) to income for the year	**271**	(1,298)
At 31 March	**6,294**	6,023

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

Revaluation of properties

	2013 £000	2012 £000
At 1 April	**6,023**	7,321
Debit/(Credit) to income for the year	**271**	(1,298)
At 31 March	**6,294**	6,023

Notes to the Consolidated Financial Statements continued
for the year ended 31 March 2013

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 £900,000 (2012: £1.5 million).

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

The trade receivables amounted to £1.2 million (2012: £1.3 million).

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

Fair value of borrowings

	2013 £000	2012 £000
Bank overdrafts	**7,465**	3,089
Secured bank loans	**84,950**	90,000
Unsecured loans	**962**	275
	93,377	93,364

Interest charged in the Income Statement for the above borrowings amounted to £4.32 million (2012: £4.03 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 2013 it is estimated that general increase of 1 point in interest rates would decrease the Group's profit before tax by approximately £450,000 (2012: £500,000).

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 swap was based on £40 million non-amortising notional amount, and its fixed interest rate was 4.98% (31 March 2012: 4.98%).

In the Income Statement there is a credit of £563,000 relating to "change in fair value of derivatives."

The figure is the net effect of:

- A reduction in the fair value of a financial instrument creditor by £1.603 million
- A reduction of the cash flow hedge reserve of £1.040 million

The above entries are due to the cessation of the interest rate swap agreement which matured in March 2013.

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2013

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 2013	Less than 1 year £000	Between 1 and 5 years £000	Total £000
Interest bearing loans and borrowings	**8,705**	**92,542**	**101,247**
Cash flow hedge	**–**	**–**	**–**
Trade and other payables	**1,051**	**–**	**1,051**

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 hedges	1,603	–	1,603
Trade and other payables	1,385	–	1,385

Reconciliation of maturity analysis

At 31 March 2013	Less than 1 year £000	Between 1 and 5 years £000	Total £000
Interest bearing loans and borrowings per accounts	**8,427**	**84,950**	**93,377**
Interest	**278**	**7,592**	**7,870**
Financial liability cash flows as above	**8,705**	**92,542**	**101,247**

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

Notes to the Consolidated Financial Statements continued

for the year ended 31 March 2013

21. Called up share capital

	2013 £000	2012 £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

	2013 £000	2012 £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 2013 stood at £56,000 (2012: £56,000).

23. Retained earnings

	£000
Balance at 1 April 2012	227,928
Net profit for the year	22,145
Dividends paid	(6,432)
Balance at 31 March 2013	**243,641**

Notes to the Consolidated Financial Statements continued
for the year ended 31 March 2013

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 £38,179 (2012: £37,325) 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 £637,800 (2012: £100,000). 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 £3,152 (2012: £780).

(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 £150,000 (2012: £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 £767 (2012: £744).

(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 (2012: £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 (2012: £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.

25. Operating lease commitments

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

	2013 £000	2012 £000
Operating lease payments due:		
Not later than one year	–	–
Later than one year and not later than five years	10	10
Later than five years	–	–
	10	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 2013, which comprise the Consolidated Statement of Comprehensive Income, 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 and express an opinion on 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 with the audited financial statements 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 2013 and of its profit 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.

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:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Parent Company.

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; and
- 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 2013 and on the information in the Report of the Remuneration Committee and Directors' Remuneration Report that is described as having been audited.

Athanasios Athanasiou (Senior Statutory Auditor)
for and on behalf of BSG Valentine

Chartered Accountants and Statutory Auditors
London, United Kingdom

18 July 2013

Company Balance Sheet under UK GAAP

as at 31 March 2013

	Notes	As at 31.03.2013 £000	As at 31.03.2012 £000
Fixed assets			
Tangible assets	3	2,225	2,346
Investments	4	18,276	18,276
		20,501	20,622
Current assets			
Stocks	5	301,501	285,868
Debtors	6	1,138	1,278
Cash at bank and in hand		866	899
		303,505	288,045
Creditors: amounts falling due within one year	7	(13,138)	(8,651)
Net current assets		290,367	279,394
Total assets less current liabilities		310,868	300,016
Creditors: amounts falling due after more than one year	8	(91,130)	(93,461)
		219,738	206,555
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)
Profit and loss account	12	219,424	207,281
		219,738	206,555

Approved by the Board on 18 July 2013.

D.M. SINCLAIR
Chairman

M.M. BRAY
Director

Notes to the Financial Statements under UK GAAP

for the year ended 31 March 2013

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 2013 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 2013

2. Staff costs (including Directors)

	2013 £000	2012 £000
Wages and salaries	**2,113**	1,865
Social security costs	**254**	234
Pension costs	**112**	85
	2,479	2,184

Directors' remuneration

	2013 £000	2012 £000
Total Directors' remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to:	**1,391**	1,189

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:

	2013 £000	2012 £000
Office and management	**24**	24

3. Tangible assets

	Freehold property £000	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost					
At 1 April 2012	2,671	163	271	21	3,126
Additions	–	8	–	7	15
Disposals	–	–	(47)	–	(47)
At 31 March 2013	**2,671**	**171**	**224**	**28**	**3,094**
Depreciation					
At 1 April 2012	595	47	128	10	780
Charge for the year	53	38	23	7	121
On disposals	–	–	(32)	–	(32)
At 31 March 2013	**648**	**85**	**119**	**17**	**869**
Net book value					
At 31 March 2012	2,076	116	143	11	2,346
At 31 March 2013	**2,023**	**86**	**105**	**11**	**2,225**

Hire Purchase Agreement

Included within the net book value of £2,225,000 is £23,010 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 £6,030 (2012: £7,540).

All tangible assets of the Company are located within the UK.

Notes to the Financial Statements under UK GAAP continued
for the year ended 31 March 2013

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.

	2013 £000	2012 £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

	2013 £000	2012 £000
Residential properties	**301,501**	285,868

6. Debtors: due within one year

	2013 £000	2012 £000
Trade debtors	**324**	362
Prepayments and accrued income	**814**	916
	1,138	1,278

7. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Bank loans and overdrafts	**7,465**	3,089
Trade creditors	**578**	339
Corporation Tax	**3,128**	2,342
Other taxes and social security costs	**152**	154
Other creditors	**853**	849
Other loans	**962**	275
Derivative financial instruments	**–**	1,603
	13,138	8,651

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 2013

7.(a) Commitments under hire purchase agreement

Future commitments under hire purchase agreements are as follows:

	2013 £000	2012 £000
Amounts payable within one year	**22**	28

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

	2013 £000	2012 £000
Bank loans	**84,950**	90,000
Amounts owed to subsidiary undertakings	**6,180**	3,461
Other loans	**–**	–
	91,130	93,461

Maturity profile of financial liabilities at 31 March 2013 was as follows:

	2013 £000	2012 £000
Amounts repayable:		
In one year or less	**8,427**	3,364
Between one and two years	**84,950**	–
Between two and five years	**–**	90,000
More than five years	**–**	3,461
	93,377	96,825
Less: amount due for settlement within 12 months (shown under current liabilities)	**(8,427)**	(3,364)
Amount due for settlement after 12 months	**84,950**	93,461

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 2013

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 2013 and the rate of interest payable is:

- 1.75% over LIBOR on £7 million
- 1.9% over Base rate on £8 million.

Headroom of this facility at 31 March 2013 amounted to £7.5 million (2012: £11.9 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 1.8% 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 2013 amounted to £18.5 million (2012: £15 million).
3. The Group has a £10 million short-term borrowing facilities with HSBC Bank. This is a 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 2013 amounted to £1.55 million (2012: £0.8 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 2013 amounted to £nil (2012: £nil).
5. Other loans consist of loans from connected persons, and companies of which Mr. D.M. Sinclair is a Director. Loans of £962,800 (2012: £275,000) 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

	2013 £000	2012 £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

	2013 £000	2012 £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 2013 stood at £39,000 (2012: £39,000).

Notes to the Financial Statements under UK GAAP continued

for the year ended 31 March 2013

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 matured in March 2013. The swap was based on £40 million non-amortising notional amount. Up to expiry date of 21 March 2013 the fixed interest rate was 4.98% (March 2012: 4.98%).

12. Profit and loss account

	2013 £000	2012 £000
Balance at 1 April	**207,281**	169,650
Net profit for the year (including dividends received year end – 2012)	**18,575**	44,063
Dividends paid	**(6,432)**	(6,432)
Balance at 31 March	**219,424**	207,281

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 £38,179 (2012: £37,325) 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 £637,800 (2012: £100,000). 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 £3,152 (2012: £780).

   (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 £150,000 (2012: £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 £767 (2012: £744).

   (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 (2012: £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 2013

14. Operating lease commitments

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

	2013 £000	2012 £000
Operating lease payments due:		
Not later than one year	–	–
Later than one year and not later than five years	10	10
Later than five years	–	–
	10	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 2013 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 and express an opinion on 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 with the audited financial statements 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 2013 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 continued

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 2013.

Athanasios Athanasiou (Senior Statutory Auditor)
for and on behalf of BSG Valentine

Chartered Accountants and Statutory Auditors
London

18 July 2013

Table of Comparative Figures

as at 31 March 2013

	IFRS 2007 £000	IFRS 2008 £000	IFRS 2009 £000	IFRS 2010 £000	IFRS 2011 £000	IFRS 2012 £000	IFRS 2013 £000
Revenue	68,168	54,338	53,599	56,697	47,655	42,931	**56,646**
Profit before taxation	50,227	29,529	13,062	29,255	23,560	22,805	**28,928**
Taxation	15,167	8,861	3,673	7,620	6,589	5,350	**6,783**
Profit after taxation	35,060	20,668	9,389	21,635	16,971	17,455	**22,145**
Earnings per share	899.2p	530.1p	241.0p	554.8p	435.3p	447.7p	**568.0p**
Rate of dividend	150p	155p	155p	165p	165p	165p	**175p**
Cover	5.99	3.42	1.55	3.36	2.64	2.71	**3.25**
Cost of dividend	5,848	6,042	6,042	6,432	6,432	6,432	**6,823***
Total remuneration (including Directors)	3,377	2,846	2,528	2,759	2,390	2,184	**2,479**
Executive Directors' remuneration	2,021	1,498	1,436	1,569	1,233	1,117	**1,319**
Total remuneration (including Directors) as percentage of dividend	57.75	47.10	41.84	42.89	37.15	33.95	**36.33**
Cost of Executive Directors remuneration as percentage of total remuneration	59.85	52.64	56.80	56.87	51.59	51.14	**53.2**
Cost of Executive Directors' remuneration as percentage of dividend	34.5	24.7	23.7	24.3	19.1	17.3	**19.3**

*The £6.82 million dividend in relation to 2013 is made up of the interim dividend of £1.95 million and the final dividend of £4.87 million, which will be paid on 19 August 2013, subject to approval at the AGM on 14 August 2013.

Notice of Meeting

Notice is hereby given that the 76th 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 Fulbright LLP, 3 More London Riverside, London SE1 2AQ on 14 August 2013 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 2013.
2. To declare a final dividend of 125p per share payable on 19 August 2013 to Shareholders on the register at 19 July 2013.
3. To re-appoint Mr. D.M. Sinclair 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 2013.
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

18 July 2013

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 12 August 2013 (the "Specified Time") or 48 hours (excluding any day or part of any day that is not a working day) before the date of any 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 18 July 2013 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 18 July 2013, 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 18 July 2013 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 2013

Final dividend record date	19 July
Annual Report posted to Shareholders	19 July
Annual General Meeting	14 August
Final dividend payment	19 August
Interim results	28 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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