COMPANY NUMBER 328020

MOUNTVIEW ESTATES P.L.C.

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 MARCH 1996

BSG VALENTINE
CHARTERED ACCOUNTANTS
LYNTON HOUSE
7 - 12 TAVISTOCK SQUARE
LONDON WC1H 9BQ

MOUNTVIEW ESTATES P.L.C.

CONTENTS

MOUNTVIEW ESTATES P.L.C.

DIRECTORS AND ADVISERS

Directors
D.M. Sinclair, FCA
Joined the Company as company secretary in 1977, became a director in 1982 and succeeded his father as chairman in 1990.

W.D.I. Sinclair, FCCA
Founded the Company with his brother in 1937 and was chairman until 1990. He remains on the board as a non-executive director.

K. Langrish-Smith
Joined the Company in 1974 and became a director in 1982.

C. Maunder Taylor, FRICS
Joined the Company as a non-executive director in 1990 and became a full-time executive director in 1992.

Miss J.L. Murphy
Joined the Company in 1990 as an assistant to the late Frank Sinclair and became a director on 1 September 1995.

Secretary & Registered Office
K.J. Langley, FCA
16/20 High Road, Wood Green, London N22 6DB

Bankers
Midland Bank plc, 20 Eastcheap, London EC3M 1ED
Barclays Bank PLC, 24/26 Minories, London EC3N 1BQ

Auditors
BSG Valentine
Chartered Accountants
Lynton House, 7-12 Tavistock Square, London WC1H 9BQ

Solicitors
Forbes & Son
8/10 Half Moon Court, Bartholomew Close, London EC1A 7HE.

Ross & Craig
Swift House, 12a Upper Berkeley Street, London W1H 7PE.

Gordon Dadds
80 Brook Street, London W1Y 2DD

Registrars and Transfer Office
Independent Registrars Group Limited
Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Brokers
Brewin Dolphin Bell Lawrie Ltd
5 Giltspur Street, London EC1A 9BD

MOUNTVIEW ESTATES P.L.C.

CHAIRMAN'S STATEMENT

This is the seventh time that it has been my privilege to write this statement. During that period the Company reported profits of £8,951,828; £8,068,881; £6,558,252; £6,794,379; £7,239,715; £9,317,322 and this year £7,894,206. With the exception of last year these figures probably give a fair reflection of the economic climate, the lack of "the feel good factor" and the depressed state of the housing market.

Your Board took advantage of last year's outstanding profits to boost the dividend payments form a total of 22 pence per share to a total of 27 pence per share. This year's profits show an increase of 9% on those of two years ago and so maintaining the dividends at last year's levels is, we believe, the correct policy.

In 1990 the Company held stocks of properties of £39.1 million and had net assets in excess of £33 million. Six years later stocks stand at £69.9 million and net assets are nearly £58 million. Since 1990 dividends have increased from 11.5 pence per share to 27 pence per share. During the same period staff numbers have risen from 12 to 23 and staff costs have risen from £132,276 to £560,552; and bank overdrafts have risen from £2.6 million to £9.4 million.

These figures reflect my emphasis on the need to make the right purchases to ensure the future prosperity of the Company, and we continue to seek out suitable opportunities. My first recruit on becoming Chairman was Miss Jacqueline Murphy who was Frank Sinclair's first lieutenant and who has played no small part in pursuit of our purchasing policy. Thus it was entirely appropriate that she joined the Board on 1 September 1995 and in accordance with the Articles she will be standing for election at the Annual General Meeting.

Another of my early recruits was Christopher Maunder Taylor who initially joined us as a Non-Executive Director but now has overall responsibility for the repair and maintenance of the Company's stock of properties. This is an ever more important area of our activities so as to satisfy the various voices representing tenants' rights and expectations, so as to justify increased rents and so as to make the properties more readily saleable when they become vacant. Keith Langrish-Smith, on the other hand, became a Director on the same date as myself - 1 January 1982. he has responsibility for rent registration and rent collection and since 1990 net rental income and interest received has risen from £2,144,826 to £4,668,701.

The increased wage costs represent increased pay to loyal employees as well as the necessary cost of recruiting the right personnel. Whilst I have mentioned three of my colleagues by name I thank all my colleagues and staff equally for their hard work, loyalty and enterprise. Whilst our Company Secretary, Ken Langley, is shortly to retire after nearly six years of valuable service I am confident that we have a team in position to take the Company safely forward.

This year the Cadbury recommendations and similar matters are dealt with on the pages headed "Corporate Governance". These pages appear only so that our Auditors do not issue a qualified report and because I do not wish anyone to have any doubts as to the financial stability of the Company or the integrity of the people running the Company. I continue to be of the opinion that the Cadbury recommendations are inappropriate to companies of our shape and size and that we should be relieved of this burden.

Finally, I refer to the page headed "Crest System of Share Transfer", the enclosed leaflet explaining the system and item number seven on the Notice of Meeting being the Special Resolution.

D. M. SINCLAIR
Chairman

MOUNTVIEW ESTATES P.L.C.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Fifty Ninth annual Report to the Members together with the Financial Statements for the year ended 31 March 1996.

1. PROFITS

	1996		1995	
	£	£	£	£
The Net Profits of the Group for the year, after providing for taxation, amounted to		5,297,088		6,267,014
From this sum must be deducted the following dividends:				
Interim 12p per share (1995: 12p per share) already paid	550,449		550,449	
Final 15p per share (1995: 15p per share) recommended by the Directors	688,061		688,061	
		1,238,510		1,238,510
Leaving an undistributed profit for the year of		4,058,578		5,028,504
To this is added the balance brought forward from the previous year		53,521,677		48,493,173
Leaving an unappropriated Group Profit to carry forward of		57,580,255		53,521,677

2. ACTIVITIES

There has been no significant change in the principal activities of the Company and its Subsidiary undertakings and these activities are shown below:

Parent Company

Mountview Estates P.L.C.	Property Dealing

Subsidiary undertakings (both wholly owned)

Hurstway Investment Co Limited) Seru Investments Limited)	Property Dealing

Seru Investments Limited has ceased to trade at the year end with all the remaining stock being sold at cost to Mountview Estates P.L.C. Under Section 247 ICTA 1988 Seru Investments Limited will pay a dividend to its holding company, Mountview Estates P.L.C., to eliminate the inter company loan account. An application will then be made to have Seru Investments Limited struck off from the Register of Companies.

MOUNTVIEW ESTATES P.L.C.

REPORT OF THE DIRECTORS (Continued)

3. FIXED ASSETS

The fixed assets in the Consolidated Balance Sheet at the net book amount of £140,802 consist wholly of motor vehicles and office and computer equipment held by the Parent Company.

4. DIRECTORS

The Directors of the Company are Mr D.M. Sinclair, Mr W.D.I. Sinclair, Mr K. Langrish-Smith, Mr C. Maunder Taylor and Miss J.L. Murphy.

No other persons have been Directors during the year.

In accordance with the Company's Articles of Association, Mr C. Maunder Taylor retires from the Board by rotation and being eligible, offers himself for re-appointment. A motion for his re-appointment will be proposed at the Annual General Meeting.

Under Sections 379 and 293(5) of the Companies Act 1985, Mr W.D.I. Sinclair retires from the Board by reason of his age. In view of his age he offers himself for re-election only as a Non-Executive Director. Accordingly special notice has been received and a motion for his re-appointment will be proposed at the Annual General Meeting notwithstanding that he is now 83 years of age.

Miss J.L. Murphy joined the Board on 1 September 1995 and consequently is required to stand for appointment as a Director. A motion for her appointment will be proposed at the Annual General Meeting.

Contracts of Service between the Directors of the Company and the Company or its Subsidiary undertakings are determinable within one year without payment of compensation.

5. 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 1996	31 March 1995
	Ordinary Shares of 5p each	
D.M. Sinclair (including the holding by Mrs Pam Sinclair of 205,000 and D.M. Sinclair, as a trustee, a non beneficial holding of 530,593)	1,030,908	1,014,408
W.D.I. Sinclair (including the holding by Mrs Doris Sinclair of 158,500 and by Kingsway Wallpaper Stores Ltd of 72,750)	388,250	386,500
K. Langrish-Smith (including the holding by Mrs Elizabeth Langrish-Smith of 214,666)	216,666	216,666
C. Maunder Taylor	-	-
Miss J.L. Murphy	-	-

All of the above interests are beneficial except where stated otherwise.

Mr D. M. Sinclair increased his non-beneficial holding by 1,433 Ordinary Shares as a trustee within one month of the Notice of Meeting.

There have been no other movements in the Directors' interests within one month of the Notice of Meeting.

MOUNTVIEW ESTATES P.L.C.

REPORT OF THE DIRECTORS (Continued)

6. SUBSTANTIAL INTERESTS IN SHARE CAPITAL

As at the date of this Report notices have been received of the following substantial interests in the capital of the Company:

	Ordinary Shares of 5p each	% of Issued Share Capital
Mrs M.A. Murphy	517,295	11.27
TR Property Investment Trust PLC	280,000	6.10
Mrs S.M. Simkins	272,663	5.94
Junction Nominees Ltd	177,000	3.86

7. DIRECTORS' INTERESTS IN CONTRACTS

There was no Contract subsisting 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.

8. 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 abides by them.

9. INCOME AND CORPORATION TAXES ACT 1988

The Board are of the opinion that the Company is not a close company.

10. AUDITORS

Messrs BSG Valentine have indicated their willingness to continue in office, and a motion for their re-appointment will be proposed at the Annual General Meeting.

16/20 High Road
Wood Green
London N22 6DB

18 June 1996

By Order of the Board

K.J. Langley

K.J. Langley
Secretary

MOUNTVIEW ESTATES P.L.C.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE PREPARATION OF FINANCIAL STATEMENTS

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Follow applicable Accounting Standards, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

16/20 High Road
Wood Green
London N22 6DB

By order of the Board

K.J. Langley

K.J. Langley
Secretary

18 June 1996

MOUNTVIEW ESTATES P.L.C.

CORPORATE GOVERNANCE

Cadbury Recommendations

The Company's policy in respect of the various paragraphs of the Cadbury Code is as stated below.

1.1 The Board meets regularly, retains full and effective control over the Company and monitors the executive management.

1.2 There is no formal division of responsibilities but neither the Chairman nor any other member of the Board has unfettered powers of decision. This is an instance of where the continuing presence of the remaining founding father ensures a balance of power.

1.3 Respect for the traditions of the Company is such that the views of the remaining founding father are considered to be of sufficient calibre to carry significant weight in the Board's decisions.

1.4 In a company of this size the Board is the senior management and thus has the direction and control of the Company firmly in its hands.

1.5 There is no need for the formality of an agreed procedure but no Director would ever be prevented from taking independent professional advice in the furtherance of his duties if necessary, at the Company's expense.

1.6 All Directors have access to the advice and services of the Company Secretary.

2.1 The Chairman believes that the remaining founding father is more effective than any Non-Executive Directors that he might recruit.

2.2 The remaining founding father expresses his opinions without fear or favour and insists on keeping his fees at a very modest level.

2.3 By reason of his age, the remaining founding father is obliged to seek re-election each year.

2.4 The Board as a whole fully endorse the continuing presence of the remaining founding father and do not need a formal process to achieve this.

3.1 As stated in the Report of the Directors "Contracts of service between the Directors of the Company and the Company or its Subsidiary undertakings are determinable within one year without payment of compensation".

3.2 The Directors' Emoluments are disclosed in the Notes to the Accounts (note 4) and are also referred to under the heading "Remuneration Committee".

3.3 The Board as a whole act as the Remuneration Committee for the whole Company.

4.1 The Chairman believes that the earlier part of his Chairman's Statement and the Report of the Directors read in conjunction with the Accounts and the Notes to the Accounts give a balanced and understandable assessment of the Company's position.

4.2 Their report endorses the Chairman's view that the Board has an objective and professional relationship with the Auditors.

4.3 The Chairman and the Company Secretary are both member of the Institute of Chartered Accountants in England and Wales and are responsible for liaison with the Auditors while Mr W. D. I. Sinclair is a member of the Chartered Association of Certified Accountants and oversees the preparation and audit of the Accounts.

4.4 The Directors' statement explaining their responsibility for preparing the Accounts appears on page 6.

4.5 The Company's system of Internal Financial Control is detailed on page 8.

4.6 The Company's status as a Going Concern is detailed on page 8.

CORPORATE GOVERNANCE (Continued)

Remuneration Committee

The Board currently acts as the Remuneration Committee as stated in paragraph 3.3 of the Cadbury Code review above. Details of the Directors' emoluments are set out below. The Company's policy provides that the remuneration of Directors shall be commensurate with the employment services provided to the Company. There are no pension contributions, stock options or performance related salary elements.

	Salary	Benefits in kind	Total 1996	Total 1995
	£	£	£	£
Executive				
D. M. Sinclair	90,000	13,050	**103,050**	96,154
K. Langrish-Smith	40,200	5,642	**45,842**	41,441
C. Maunder Taylor	64,800	4,200	**69,000**	63,924
Miss J. L. Murphy (appointed 1.9.1995)	28,000	1,296	**29,296**	-
Non-Executive				
W. D. I. Sinclair	12,000	-	**12,000**	12,913

Internal Financial Control

The Directors are responsible for establishing and maintaining the Group's system of internal financial control. Internal control systems in any group are designed to meet the particular needs of that group and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. 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 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 business indicators such as staff utilisation.

Going Concern

After making enquiries, the Directors have a reasonable expectation that both the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Auditors have confirmed that, in their opinion, with respect to the Directors' statements on internal control and going concern, the Directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for Directors) and that such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the Directors' other statements appropriately reflect the Company's compliance with the other paragraphs of the Code specified for their review. They were not required to perform the additional work necessary to, and did not, express any opinion on the effectiveness of the Company's system of internal financial control nor its corporate governance procedures nor on the ability of the Company to continue in operational existence.

AUDITORS REPORT TO THE MEMBERS OF

MOUNTVIEW ESTATES P.L.C.

We have audited the financial statements on pages 10 to 20 which have been prepared under the historical cost convention and the accounting policies set out on page 15.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 6 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit of those financial statements and to report our opinion to you.

BASIS OF OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 1996 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BSG VALENTINE
Chartered Accountants
Registered Auditors

Lynton House
7-12 Tavistock Square
London WC1H 9BQ

19 June 1996

MOUNTVIEW ESTATES P.L.C.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996 £	1995 £
TURNOVER	1 (c)	18,113,210	17,248,950
Cost of sales		8,807,522	6,774,493
GROSS PROFIT		9,305,688	10,474,457
Interest receivable		554	273
		9,306,242	10,474,730
Administrative expenses		767,773	713,786
OPERATING PROFIT	2	8,538,469	9,760,944
Interest payable	5	644,263	443,622
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,894,206	9,317,322
Tax on profit on ordinary activities	6	2,597,118	3,050,308
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	7	5,297,088	6,267,014
DIVIDENDS	8	1,238,510	1,238,510
RETAINED PROFIT FOR THE FINANCIAL YEAR		4,058,578	5,028,504
RETAINED PROFIT AT 1 APRIL 1995		53,521,677	48,493,173
UNAPPROPRIATED PROFIT OF GROUP		57,580,255	53,521,677
AMOUNTS RETAINED IN SUBSIDIARY UNDERTAKINGS		11,176,716	10,711,289
* Earnings per share		115.5p	136.6p

* The basis of the calculation is the profit on ordinary activities after taxation divided by the average number of ordinary shares in issue during the year.

CONTINUING OPERATIONS
None of the Group's activities were acquired or discontinued during the above two financial years. However, the Subsidiary Seru Investments Limited has discontinued trading, as at the year end, and has transferred all the remaining stock at cost, to Mountview Estates P.L.C.

TOTAL RECOGNISED GAINS AND LOSSES
The Group has no recognised gains or losses other than the profit for the above two financial years.

NOTE OF HISTORICAL COST PROFITS AND LOSSES
There is no material difference between the recorded results shown above and those results calculated on an unmodified historical cost basis.

The notes on pages 15 to 20 form an integral part of these financial statements.

MOUNTVIEW ESTATES P.L.C.

BALANCE SHEETS

AS AT 31 MARCH 1996

	Notes	Mountview Estates P.L.C 1996 £	Mountview Estates P.L.C 1995 £	Group 1996 £	Group 1995 £
FIXED ASSETS					
Tangible assets	12	140,802	123,696	140,802	123,696
Investments	13	33,640	33,640	-	-
		174,442	157,336	140,802	123,696
CURRENT ASSETS					
Stocks	1 (e)	67,316,769	62,402,702	69,905,158	64,079,202
Debtors	14	594,602	260,202	597,802	267,081
Cash at bank and in hand		20,200	26,090	48,014	42,754
		67,931,571	62,688,994	70,550,974	64,389,037
Deferred taxation asset	15	172,015	172,015	172,015	172,015
		68,103,586	62,861,009	70,722,989	64,561,052
CREDITORS: Amounts falling due within one year	16	12,726,916	10,521,371	12,963,923	10,843,458
NET CURRENT ASSETS		55,376,670	52,339,638	57,759,066	53,717,594
TOTAL ASSETS LESS CURRENT LIABILITIES		55,551,112	52,496,974	57,899,868	53,841,290
CREDITORS: Amounts falling due after more than one year	17	8,844,483	9,383,496	-	-
		46,706,629	43,113,478	57,899,868	53,841,290
CAPITAL AND RESERVES					
Called up share capital	18	229,354	229,354	229,354	229,354
Capital redemption reserve	11	20,646	20,646	20,646	20,646
Capital reserve	10	24,660	24,660	13,613	13,613
Reserve for property insurance	9	39,200	39,200	56,000	56,000
Profit and loss account		46,392,769	42,799,618	57,580,255	53,521,677
		46,706,629	43,113,478	57,899,868	53,841,290

Approved by the Board on 18 June 1996

D.M. Sinclair)
) Directors
W.D.I. Sinclair)

The notes on pages 15 to 20 form an integral part of these financial statements.

MOUNTVIEW ESTATES P.L.C.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996 £	1995 £
TURNOVER	1 (c)	18,136,493	16,121,115
Cost of sales		9,520,648	6,628,842
GROSS PROFIT		8,615,845	9,492,273
Administrative expenses		763,307	709,486
OPERATING PROFIT	2	7,852,538	8,782,787
Interest payable	5	643,248	442,645
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,209,290	8,340,142
Taxation	6	2,377,629	2,754,715
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	7	4,831,661	5,585,427
DIVIDENDS	8	1,238,510	1,238,510
RETAINED PROFIT FOR THE FINANCIAL YEAR		3,593,151	4,346,917
RETAINED PROFIT AT 1 APRIL 1995		42,799,618	38,452,701
RETAINED PROFIT AT 31 MARCH 1996		46,392,769	42,799,618

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the above two financial years.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit for the above two financial years.

NOTE OF HISTORICAL COSTS PROFITS AND LOSSES

There is no material difference between the reported results shown above and those results calculated on an unmodified historical cost basis.

The notes on pages 15 to 20 form an integral part of these financial statements.

MOUNTVIEW ESTATES P.L.C.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996 £	1996 £	1995 £	1995 £
OPERATING ACTIVITIES					
Cash inflow from operating activities	19		2,472,837		5,401,819
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		(628,922)		(451,894)	
Dividends paid to Shareholders		(1,244,400)		(1,111,568)	
			(1,873,322)		(1,563,462)
TAXATION					
UK Corporation Tax paid (including Advance Corporation Tax)			(3,094,631)		(2,358,922)
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(76,206)		(48,064)	
Sale of tangible fixed assets		34,000		14,095	
			(42,206)		(33,969)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(2,537,322)		1,445,466
FINANCING			-		-
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	20		(2,537,322)		1,445,466

The notes on page 20 form an integral part of this consolidated cash flow statement.

MOUNTVIEW ESTATES P.L.C.

RECONCILIATION OF MOVEMENTS IN

SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 MARCH 1996

	Mountview Estates P.L.C.		Group	
	1996	**1995**	**1996**	**1995**
	£	**£**	**£**	**£**
Profit for the financial year	4,831,661	5,585,427	5,297,088	6,267,014
Dividends	(1,238,510)	(1,238,510)	(1,238,510)	(1,238,510)
Retained profit for the financial year	3,593,151	4,346,917	4,058,578	5,028,504
Opening Shareholders' funds	43,113,478	38,766,561	53,841,290	48,812,786
Closing Shareholders' funds	46,706,629	43,113,478	57,899,868	53,841,290

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

1 ACCOUNTING POLICIES

(a) Basis of Accounting
The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Basis of consolidation
The Group financial statements consolidate the accounts of Mountview Estates P.L.C. and its Subsidiary undertakings made up to 31 March each year.

(c) Turnover
Turnover includes proceeds from sales of properties, rents from properties and other sundry items of revenue before charging expenses.

(d) Tangible Fixed Assets
Depreciation is provided at the following annual rates:

Motor vehicles	20% on reducing balance
Office equipment	5 % on reducing balance
Computer equipment	20% on reducing balance

(e) Stocks
These comprise freehold and leasehold properties which are valued at the lower of cost and estimated net realisable value.

2 OPERATING PROFIT

	Mountview Estates P.L.C.		Group	
	1996	**1995**	**1996**	**1995**
	£	**£**	**£**	**£**
The operating profit is stated after charging:				
Depreciation of tangible fixed assets	28,987	25,079	28,987	25,079
Auditors' remuneration	20,210	20,234	24,358	24,382
And after crediting:				
Net rental income	4,415,786	4,179,217	4,659,131	4,459,904
Administrative charges to related companies	22,536	21,889	22,536	21,889

3 STAFF COSTS (including directors)

Wages and salaries	506,576	447,548	506,576	447,548
Social security costs	53,976	47,621	53,976	47,621
	560,552	495,169	560,552	495,169

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

Office and management	23	21	23	21

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 1996

4 DIRECTORS' EMOLUMENTS

	Mountview Estates P.L.C.		Group	
	1996	**1995**	**1996**	**1995**
	£	**£**	**£**	**£**
Chairman and Highest paid Director	103,050	96,154	103,050	96,154
Directors whose total remuneration was in the range of:				
£5,001 - £10,000 No Director (1995: 1)	-	8,458	-	8,458
£10,001 - £15,000 1 Director (1995: 1)	12,000	12,913	12,000	12,913
£25,001 - £30,000 1 Director (1995: 0)	29,296	-	29,296	-
£40,001 - £45,000 No Director (1995: 1)	-	41,441	-	41,441
£45,001 - £50,000 1 Director (1995: 0)	45,842	-	45,842	-
£60,001 - £65,000 No Director (1995: 1)	-	63,924	-	63,924
£65,001 - £70,000 1 Director (1995: 0)	69,000	-	69,000	-
	259,188	222,890	259,188	222,890

The Company does not make any pension contributions, nor does it provide any share option schemes, for the Directors. In addition, Directors' salaries do not include any performance related elements.

5 INTEREST PAYABLE

Interest payable on bank overdrafts and other bank charges	643,248	442,645	644,263	443,622

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge based on the profits of the year is as follows:

Corporation Tax at 33% (1995: 33%)	2,377,629	2,744,292	2,597,118	3,060,226
Under/(Over) provision in previous year	-	10,423	-	(9,918)
	2,377,629	2,754,715	2,597,118	3,050,308

7 PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

	1996	**1995**
	£	**£**
Dealt with in the Accounts of the Parent Company	4,831,661	5,585,427
Dealt with in the Accounts of the Subsidiary undertakings	465,427	681,587
	5,297,088	6,267,014

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 1996

8 DIVIDENDS

	Mountview Estates P.L.C.		Group	
	1996	**1995**	**1996**	**1995**
	£	**£**	**£**	**£**
Dividends on ordinary shares				
Interim paid 12p per share (1995: 12p per share)	550,449	550,449	550,449	550,449
Final proposed 15p per share (1995 : 15p per share)	688,061	688,061	688,061	688,061
	1,238,510	1,238,510	1,238,510	1,238,510

9 RESERVE FOR PROPERTY INSURANCE

There were no movements on this reserve during the two financial years for Mountview Estates P.L.C. and for the Group Companies.

10 CAPITAL RESERVE

The balance of the capital reserve represents capital reserves in the remaining Group Companies less consolidated goodwill.

11 CAPITAL REDEMPTION RESERVE

Represents the nominal value of the 412,925 Ordinary Shares of 5p each of the Company purchased for cancellation.

12 TANGIBLE FIXED ASSETS

All held by Parent Company	Motor Vehicles £	Office Equipment £	Computer Equipment £	Total £
Cost				
1 April 1995	126,168	35,101	28,800	190,069
Additions	68,549	3,523	4,134	76,206
Disposals	(58,815)	-	-	(58,815)
31 March 1996	135,902	38,624	32,934	207,460
Depreciation				
1 April 1995	47,890	5,486	12,997	66,373
Charge for the year	23,343	1,657	3,987	28,987
Withdrawn following disposal	(28,702)	-	-	(28,702)
31 March 1996	42,531	7,143	16,984	66,658
Written down values				
31 March 1996	93,371	31,481	15,950	140,802
31 March 1995	78,278	29,615	15,803	123,696

13 INVESTMENTS

This represents the cost of shares in the following wholly owned Subsidiary undertakings whose principal activities are property dealing and both of which are incorporated and operate in England.

The results of these Subsidiary undertakings are consolidated in the Accounts of the Group

	Share Capital				
	Authorised		Issued		Cost
	1996	**1995**	**1996**	**1995**	**£**
Hurstway Investment Co Limited					
Ordinary shares of £1 each	100	100	100	100	100
Seru Investments Limited					
Ordinary shares of £1 each	14,390	14,390	5,390	5,390	16,440
Deferred shares of £1 each	5,610	5,610	5,610	5,610	17,100
					33,640

14 DEBTORS

	Mountview Estates P.L.C.		Group	
	1996 £	**1995** £	**1996** £	**1995** £
Trade debtors	495,348	160,957	497,448	164,932
Other debtors	3,703	6,547	4,803	9,451
Prepayments and accrued income	95,551	92,698	95,551	92,698
	594,602	260,202	597,802	267,081

15 DEFERRED TAXATION ASSET

	Mountview Estates P.L.C.		Group	
	1996	**1995**	**1996**	**1995**
	£	**£**	**£**	**£**
Advance Corporation Tax recoverable after more than one year	172,015	172,015	172,015	172,015

16 CREDITORS: Amounts falling due within one year

	1996	1995	1996	1995
Bank overdrafts	9,380,122	6,837,540	9,380,122	6,837,540
Trade creditors	127,749	105,242	127,996	105,765
Current Corporation Tax	2,068,001	2,469,067	2,287,489	2,785,001
Other taxes and social security costs	348,099	336,778	348,099	336,778
Proposed dividend	688,061	688,061	688,061	688,061
Other creditors	114,884	84,683	132,156	90,313
	12,726,916	10,521,371	12,963,923	10,843,458

17 CREDITORS: Amounts falling due after more than one year

	1996	1995	1996	1995
Amounts owed to Subsidiary undertakings	8,844,483	9,383,496	-	-

18 SHARE CAPITAL

	1996	**1995**
	£	**£**
Authorised:		
5,000,000 ordinary shares of 5p each	250,000	250,000
Allotted, issued and fully paid		
4,587,075 ordinary shares of 5p each	229,354	229,354

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 1996

19 CASH FLOW

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit	8,538,469	9,760,944
Depreciation	28,987	25,079
(Profit)/Loss on sale of fixed assets	(3,887)	6,953
(Increase) in stocks	(5,825,956)	(4,457,230)
(Increase)/Decrease in debtors	(330,721)	63,853
Increase in creditors	65,945	2,220
Net cash inflow from operating activities	2,472,837	5,401,819

20 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING YEAR

	1996 £	1995 £
Balance at 1 April 1995	(6,794,786)	(8,240,252)
Net cash (outflow)/inflow	(2,537,322)	1,445,466
Balance at 31 March 1996	(9,332,108)	(6,794,786)

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1996 £	1995 £	Change in year £
Cash at bank and in hand	48,014	42,754	5,260
Bank Overdrafts	(9,380,122)	(6,837,540)	(2,542,582)
	(9,332,108)	(6,794,786)	(2,537,322)