

COMPANY NUMBER 328020

MOUNTVIEW ESTATES P.L.C.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2003

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



MOUNTVIEW ESTATES P.L.C

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MOUNTVIEW ESTATES P.L.C.

DIRECTORS AND ADVISERS

Directors

D.M. Sinclair, FCA

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.

K. Langrish-Smith

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

C. Maunder Taylor, FRICS

Joined the Company as a Non-Executive Director in 1990 and became an Executive Director on 1 January 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.

Non-Executive Directors

J.P. Hall

Joined the Company as a Non-Executive Director on 1 December 2000.

N.S. Palmer

Joined the Company as a Non-Executive Director on 1 December 2000.

Secretary & Registered Office

Mrs. M. M. Bray, MAAT ACCA

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

Bankers

HSBC Bank Plc, 20 Eastcheap, London EC3M 1ED

Barclays Bank Plc, 54 Lombard Street, London EC3V 9EX

Auditors

BSG Valentine

Chartered Accountants

Lynton House, 7-12 Tavistock Square, London WC1H 9BQ

Solicitors

Norton Rose

Kempson House, Camomile Street, London EC3A 7AN

Registrars and Transfer Office

Capita IRG Plc

Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Brokers

Brewin Dolphin Securities Ltd

5 Giltspur Street, London EC1A 9BD

MOUNTVIEW ESTATES P.L.C.

CHAIRMAN'S STATEMENT

The accompanying figures show the conservative way in which we seek to develop this Company. The strong increase in profits and the even stronger increase in earnings per share brought about by the buy-back of November 2001 are not passed on fully in the form of increased dividends. Dividends are up by about four times the rate of inflation, but we must be aware of the need to consolidate our position.

We wish to remain comfortably within the constraints imposed by our schedule of loan repayments and we must continue to replenish our stock of properties, because good purchases ensure the future prosperity of the Company. If and when we are satisfied that the Company can sustain profits at a given level then dividends can be raised further to reflect that level. The proposed final dividend of 52 pence per share, if approved at the Annual General Meeting to be held on 13 August 2003, will be payable on 18 August 2003 to shareholders on the register at 18 July 2003.

Low interest rates helped to sustain a buoyant housing market during the last year, but there are signs of a slowing down, even if prices have not actually fallen. However, the Company is well placed to cope with any downturn and has made a steady start to the current year.

I believe that the most important asset in any company is its personnel and I am happy to say that I have a great team around me. Their hard work and loyalty are much appreciated and I am confident that together we can continue to enhance the prosperity of this Company

D. M. SINCLAIR
Chairman

HIGHLIGHTS OF YEAR ENDED 31 MARCH 2003

Turnover up by 14.2% to £45,996,956
Gross Profit up by 16.2% to £29,595,394
Profit before Taxation up by 17.6% to £23,602,825
Profit after Taxation up by 11.8% to £15,725,071
Earnings per share up by 24.1% to 403.3 pence per share
Proposed final dividend of 52p making a total for the year of 92p, an increase of 9.5%
Steady start to current year

MOUNTVIEW ESTATES P.L.C.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Sixty-Sixth Annual Report to the Members together with the Financial Statements for the year ended 31 March 2003.

1. PROFITS

	2003	2002
	£	£
The Net Profits of the Group for the year, after providing for taxation, amounted to	15,725,071	14,062,156
From this sum must be deducted the following dividends:		
Interim 40p per share (2002: 36p per share) already paid	1,559,605	1,403,645
Final 52p per share (2002: 48p per share) recommended by the Directors	2,027,487	1,871,527
	-----	-----
	(3,587,092)	(3,275,172)
	-----	-----
Leaving an undistributed profit for the year of	12,137,979	10,786,984
To this is added the balance brought forward from the previous year	87,114,705	93,410,401
	-----	-----
	99,252,684	104,197,385
Less: Share buy back costs written off	-	(17,082,680)
Add: Transfer from revaluation reserve	680,018	-
	-----	-----
Leaving an unappropriated Group Profit to carry forward of	99,932,702	87,114,705
	=====	=====

2. ACTIVITIES

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

Parent Company

Mountview Estates P.L.C.

Property Dealing

Subsidiary undertakings (wholly owned)

Hurstway Investment Co. Limited
Louise Goodwin Limited
A.L.G. Properties Limited

Property Dealing
Property Investment
Property Investment

3. BUSINESS REVIEW

Details of the Group's performance during the year and expected future developments are contained in the Chairman's Statement.

MOUNTVIEW ESTATES P.L.C.

REPORT TO THE DIRECTORS (Continued)

4. FIXED ASSETS

The fixed assets in the Consolidated Balance Sheet at the net book amount of £23,711,210 (2002: £29,297,556) consist of goodwill, investment properties held by two wholly owned Subsidiaries, Louise Goodwin Limited and A.L.G. Properties Limited, a freehold office building partly occupied by the Company and partly let, motor vehicles, office and computer equipment.

5. DIRECTORS

The Directors of the Company are Mr. D.M. Sinclair, Mr. K. Langrish-Smith, Mr. C. Maunder Taylor, Miss J.L. Murphy, Mr. J.P. Hall (non-executive) and Mr. N.S. Palmer (non- executive). 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.

In accordance with the Company's Articles of Association, Mr. J.P. Hall 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.

Contracts of Service between the Directors of the Company and the Company or its Subsidiary undertakings are determinable within one year.

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 2003	31 March 2002
	<i>Ordinary Shares of 5p each</i>	
Mr. D.M. Sinclair including the following holdings:	780,276	784,281
Mrs. Pam Sinclair - 205,000		
Kingsway Wallpaper Stores Limited - 79,350 (non-beneficial)		
Sinclair Estates Limited - 100,000 (non-beneficial)		
Viewthorpe Limited - 126,750 (non-beneficial)		
Mr. D.M. Sinclair is a Director of the above Companies		
Mr. K. Langrish-Smith (including the holding by Mrs. Elizabeth Langrish-Smith of 222,000)	229,000	229,000
Mr. C. Maunder Taylor (including the holding by Mrs. Beverley Maunder Taylor of 500)	800	800
Miss J.L. Murphy	700	700
Mr. J.P. Hall	1,500	1,500

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

Mr. D.M. Sinclair decreased his beneficial holding by 5,750 Ordinary Shares within 1 month of the Notice of Meeting.

Mr. J.P. Hall increased his holding by 500 Ordinary Shares within 1 month of the Notice of meeting.

MOUNTVIEW ESTATES P.L.C.

REPORT TO THE DIRECTORS (Continued)

7. 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
Mr. Phillip Trevor Wheeler FDSGS Acct and Mrs. Daphne Sinclair and Mr. Alistair James Sinclair	601,065	15.42
Mrs. Doris Sinclair	158,500	4.07
The Estate of W.D.I. Sinclair	157,000	4.03
Mrs. M.A. Murphy	517,195	13.26
Mrs. S.M. Simkins	171,554	4.40
Mrs. A. Williams	128,025	3.28
Viewthorpe Limited	126,750	3.25

8. 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.

9. 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.

Trade creditors existing at 31 March 2003 relating to purchases of property stock generally complete 28 days after exchange of contracts. Other trade creditors were settled, on average 20 days after incurring the liability (2002: 21 days).

10. INCOME AND CORPORATION TAXES ACT 1988

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

11. 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.

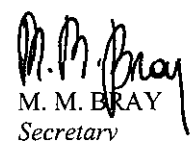
12. DONATIONS

There were no political donations during the year. (2002: £nil).

Donations to charity amounted to £19,698 (2002: £10,262).

By Order of the Board

Mountview House
151 High Street
Southgate
London N14 6EW


M. M. BRAY
Secretary

17 June 2003

MOUNTVIEW ESTATES P.L.C.
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PREPARATION OF FINANCIAL STATEMENTS
INCLUDING ADOPTION OF GOING CONCERN BASIS

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period. After making enquiries, the Directors have a reasonable expectation that 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. 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

Mountview House
151 High Street
Southgate
London N14 6EW


M. M. BRAY
Secretary

17 June 2003

MOUNTVIEW ESTATES P.L.C.

CORPORATE GOVERNANCE

Statement of Compliance with the Code of Best Practice

Mountview Estates P.L.C. is a family controlled Company. There is a concert party in existence which consists of the entire Sinclair family (with the exception of Mr. and Mrs. Murphy), Kingsway Wallpaper Stores Limited, Viewthorpe Limited, other Directors of Mountview Estates P.L.C. and long standing supporters of the Company. Sinclair Estates Limited is deemed to be a member of the concert party in view of Mr. D.M. Sinclair's shareholding.

Throughout the year ended 31 March 2003 the Company has been in compliance with the Code provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the Financial Services Authority with the certain exceptions noted below:-

- Code provision A2.1 requires justification for combining the posts of Chairman and Chief Executive Officer. There is no formal division of responsibilities but neither the Chairman nor any other member of the Board has unfettered powers of decision.
- The Company's Board is considered to be small as defined under Code provision A5.1, and as such no formal Nomination Committee is required.
- Code provision A3.2 requires that the majority of non-executive Directors should be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Mr. J.P. Hall, a non-executive Director, is the Chief Executive of Brewin Dolphin Holdings P.L.C. but has no influence or part in the corporate advice received by the Company.
- Code provision D3.1 requires an Audit Committee of at least three Directors all non-executive. The two non-executive Directors act as the Audit Committee.

Statement about Applying the Principles of Good Governance

The Board

The Board comprises the Chairman, three executive Directors and two non-executive Directors. The Board will always include non-executive Directors of sufficient calibre and number to bring independent judgement on the key issues facing the Company.

The Board is supplied with information on a regular basis, both at Board meetings and otherwise.

Remuneration Committee

The Remuneration Committee comprises Mr. John Hall (non-executive Director) and Mr. Nigel Palmer (non-executive Director). The Committee, which is chaired by Mr. John Hall, monitors, reviews and makes recommendations to the Board on all elements of the remuneration of the executive Directors.

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 on Directors' Remuneration is set out in Page 10.

The Chairman of the Company, Mr. D.M. Sinclair, attends the Meeting except when his remuneration is considered.

MOUNTVIEW ESTATES P.L.C.

CORPORATE GOVERNANCE

Audit Committee

The Audit Committee comprises Mr. John Hall (*non-executive Director*) and Mr. Nigel Palmer (*non-executive Director*). The Committee, which is chaired by Mr. Nigel Palmer, has clear terms of reference agreed by the Board and is responsible for ensuring that the financial statements presented by the Company to its shareholders conform to all legal requirements and 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.

The Committee meets a minimum of three times a year and at least one of these meetings is with the external auditors without an executive director in attendance. 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.

The Chairman of the Company, Mr. D.M. Sinclair (a member of the Institute of Chartered Accountants in England and Wales) and all members of management are available to answer any questions if required.

Communications with Shareholders

The Company communicates with its shareholders by way of the annual reports and accounts and the half yearly interim reports.

Investors may use the Company's Annual General Meeting to communicate with the Board.

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 2002 to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board and accords with the Internal Control Guidance for Directors on the Combined Code.

The Directors are responsible for establishing and maintaining the Group's system of internal financial control. Internal control systems in any group are designed to meet the particular needs of that group and the risks to which it is exposed, and by their nature can provide reasonable but not absolute 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.

MOUNTVIEW ESTATES P.L.C.

REMUNERATION REPORT

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 Committee has developed the following specific remuneration packages consisting of two elements.

- Basic salary and benefits
- Annual discretionary bonuses

Basic salaries are reviewed on an annual basis by the Committee, which takes into account market levels for executive Directors in comparable positions in comparable companies.

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.

The Company contributes 3% of the total of all the executive Directors' gross annual salaries and bonuses to a Stakeholder Pension Scheme. The above scheme is available to all employees of the Company.

	Salary £	Bonus £	Benefits in kind £	Pensions Contributions £	Total £
2003					
Executive					
D. M. Sinclair	150,000	150,000	24,436	9,000	333,436
K. Langrish-Smith	75,000	30,000	13,618	3,150	121,768
C. Maunder Taylor	120,000	80,000	11,407	6,000	217,407
Miss J. L. Murphy	120,000	80,000	8,576	6,000	214,576
Non-Executive					
J.P. Hall	15,000	-	-	-	15,000
N.S. Palmer	15,000	-	-	-	15,000
	<u>495,000</u>	<u>340,000</u>	<u>58,037</u>	<u>24,150</u>	<u>917,187</u>
2002					
Executive					
D. M. Sinclair	150,000	100,000	17,776	7,500	275,276
K. Langrish-Smith	75,000	20,000	10,403	2,850	108,253
C. Maunder Taylor	120,000	80,000	7,846	6,000	213,846
Miss J. L. Murphy	120,000	55,000	5,180	5,250	185,430
Non-Executive					
J.P. Hall	15,000	-	-	-	15,000
N.S. Palmer	15,000	-	-	-	15,000
	<u>495,000</u>	<u>255,000</u>	<u>41,205</u>	<u>21,600</u>	<u>812,805</u>

MOUNTVIEW ESTATES P.L.C.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOUNTVIEW ESTATES P.L.C.

We have audited the financial statements on pages 12 to 29 which have been prepared under the historical cost convention, as modified by the revaluation of investment properties and the accounting policies set out on pages 17 to 19.

This report is made solely to the Company shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit has been undertaken so that we might state to the Company shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 7.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

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

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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 and Group's circumstances, consistently applied and adequately disclosed.

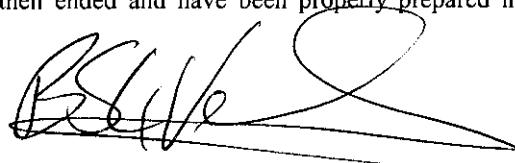
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2003 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Lynton House,
7-12 Tavistock Square,
London WC1H 9BQ

18 June 2003



BSG VALENTINE
Chartered Accountants
& Registered Auditors

MOUNTVIEW ESTATES P.L.C.
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
TURNOVER	1(i)2	45,996,956	40,289,432
Cost of sales	2	(16,401,562)	(14,828,704)
GROSS PROFIT	2	29,595,394	25,460,728
Administrative expenses		(2,765,282)	(2,402,125)
OPERATING PROFIT	3	26,830,112	23,058,603
Interest payable and similar charges	6	(3,227,287)	(2,983,334)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,602,825	20,075,269
Tax on profit on ordinary activities	7	(7,877,754)	(6,013,113)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8	15,725,071	14,062,156
Dividends	9	(3,587,092)	(3,275,172)
RETAINED PROFIT FOR THE FINANCIAL YEAR		12,137,979	10,786,984
Earnings per share			
Basic and fully diluted	10	403.3p	325.1p

CONTINUING OPERATIONS

None of the Group's activities were acquired or discontinued during the financial year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There are no differences between the results as disclosed in the profit and loss account and that on the unmodified historical cost basis.

MOUNTVIEW ESTATES P.L.C.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2003

	GROUP		MOUNTVIEW ESTATES P.L.C.	
	2003	2002	2003	2002
	£	£	£	£
Profit for the Financial Year	15,725,071	14,062,156	14,955,135	12,824,196
Unrealised (loss) / profit on revaluation of tangible fixed assets:				
Investment properties	(2,188,500)	2,402,269	-	-
	-----	-----	-----	-----
Total gains and losses recognised since the last annual report	13,536,571	16,464,425	14,955,135	12,824,196
	=====	=====	=====	=====


MOUNTVIEW ESTATES P.L.C.

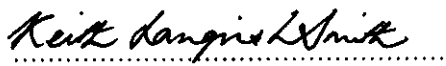
BALANCE SHEETS

AS AT 31 MARCH 2003

	Notes	GROUP		MOUNTVIEW ESTATES P.L.C.	
		2003 £	2002 £	2003 £	2002 £
FIXED ASSETS					
Intangible assets	11	88,602	177,208	-	-
Tangible assets	12	23,622,608	29,120,348	2,552,232	2,585,235
Investments	13	-	-	18,276,465	18,276,465
		<u>23,711,210</u>	<u>29,297,556</u>	<u>20,828,697</u>	<u>20,861,700</u>
 CURRENT ASSETS					
Stocks	1(k) 14	141,998,719	130,314,220	137,402,468	125,518,098
Debtors:					
due within one year	15	554,151	1,435,246	518,490	1,761,029
Cash at bank and in hand		1,099,811	519,442	838,472	435,397
		<u>143,652,681</u>	<u>132,268,908</u>	<u>138,759,430</u>	<u>127,714,524</u>
CREDITORS: Amounts falling due within one year	16	(34,855,563)	(32,438,615)	(33,648,719)	(30,839,266)
NET CURRENT ASSETS		<u>108,797,118</u>	<u>99,830,293</u>	<u>105,110,711</u>	<u>96,875,258</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		132,508,328	129,127,849	125,939,408	117,736,958
CREDITORS: Amounts falling due after more than one year	17	(26,865,000)	(33,434,000)	(41,062,670)	(44,228,263)
		<u>105,643,328</u>	<u>95,693,849</u>	<u>84,876,738</u>	<u>73,508,695</u>
 CAPITAL AND RESERVES					
Called up share capital	20	194,951	194,951	194,951	194,951
Revaluation reserve	21	5,379,966	8,248,484	-	-
Capital redemption reserve	22	55,049	55,049	55,049	55,049
Capital reserve	22	24,660	24,660	24,660	24,660
Other reserves	22	56,000	56,000	39,200	39,200
Profit and loss account	23	99,932,702	87,114,705	84,562,878	73,194,835
EQUITY SHAREHOLDER FUNDS		<u>105,643,328</u>	<u>95,693,849</u>	<u>84,876,738</u>	<u>73,508,695</u>

Approved by the Board on 17 June 2003.

 D. M. SINCLAIR

 K. LANGRISH-SMITH

Directors

MOUNTVIEW ESTATES P.L.C.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	24	16,425,870	(1,799,501)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	25	(3,274,544)	(2,849,343)
TAXATION		(6,973,122)	(6,280,853)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	25	3,125,639	(1,537,553)
EQUITY DIVIDENDS PAID		(3,431,132)	(3,364,738)
		-----	-----
CASH INFLOW /(OUTFLOW) BEFORE FINANCING		5,872,711	(15,831,988)
FINANCING	25	(4,752,000)	10,421,320
		-----	-----
INCREASE/(DECREASE) IN CASH	26	1,120,711	(5,410,668)
		=====	=====
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase / (decrease) in cash in the period	26	1,120,711	(5,410,668)
Net cash outflow from / (inflow) from bank loans		4,607,000	(29,389,000)
Net cash outflow from other loans		145,000	1,885,000
		-----	-----
Change in net debt		5,872,711	(32,914,668)
Net debt at 1 April 2002		(58,038,982)	(25,124,314)
		-----	-----
Net debt at 31 March 2003		(52,166,271)	(58,038,982)
		=====	=====

MOUNTVIEW ESTATES P.L.C.
RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 2003

	GROUP		MOUNTVIEW ESTATES P.L.C.	
	2003	2002	2003	2002
	£	£	£	£
Profit for the Financial Year	15,725,071	14,062,156	14,955,135	12,824,196
Dividends	(3,587,092)	(3,275,172)	(3,587,092)	(3,275,172)
Retained Profit for the Financial Year	12,137,979	10,786,984	11,368,043	9,549,024
Share Capital Buy-Back Costs	-	(17,082,680)	-	(17,082,680)
Revaluation Reserve	(2,188,500)	2,402,269	-	-
Capital Redemption Reserve	-	34,403	-	34,403
Called up Share Capital	-	(34,403)	-	(34,403)
Net addition /(reduction) to funds	9,949,479	(3,893,427)	11,368,043	(7,533,656)
Opening Shareholders' funds	95,693,849	99,587,276	73,508,695	81,042,351
Closing Shareholders' funds	105,643,328	95,693,849	84,876,738	73,508,695

MOUNTVIEW ESTATES P.L.C.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES

a) Basis of Accounting

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

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.

c) Intangible fixed assets

Goodwill, being the excess of the fair value of purchase consideration of interests acquired in Subsidiary undertakings, over the fair value of the underlying net assets of those undertakings, is capitalised in the Balance Sheet in the year of acquisition and amortised over its estimated useful life in accordance with FRS 10. Estimated useful life is determined after taking into account such factors as the typical life spans of the acquired assets to which Goodwill attaches. Goodwill is subject to an impairment review at the end of the first full year following an acquisition and at any other time if events or changes in circumstances indicate that the carrying value may not be recoverable.

d) Amortisation

Amortisation 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 as follows:

Goodwill - over 5 years

e) Investment Properties

Investment properties are included in the Balance Sheet at their open market value at the Balance Sheet date, on the basis of an annual valuation. Aggregate surpluses or deficits arising on valuation are transferred to a Revaluation reserve. Permanent impairments in the value of investment properties to below their cost values are charged directly to the Profit and Loss Account.

In accordance with SSAP19, no depreciation or amortisation is provided in respect of freehold investment properties, or leasehold investment properties where the unexpired term is over twenty years. The Directors consider that this accounting policy may be a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the Accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

f) Investments

Fixed asset investments in Subsidiary undertakings are stated at cost less any provision for impairment. The analysis of the investment portfolio as at 31 March 2003 is as follows:

Louise Goodwin Limited	59 units
A.L.G. Properties Limited	15 units

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

g) Taxation

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

h) Deferred Taxation

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 a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (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 the Balance Sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

i) Turnover

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

Sales of properties are recognised on completion.

j) 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 as follows:

Freehold property	-	2% on straight line
Fixtures and fittings and office equipment	-	5% on reducing balance
Motor vehicles	-	20% on reducing balance
Computer equipment	-	20% on reducing balance

k) 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. Any non-residential parts are incidental to the residential properties. During the year the Group has purchased 177 rack rent units and sold 242. The Group has also disposed of 187 ground rent units, created 42 and purchased 15.

The analysis of the Group trading portfolio as at 31 March 2003 is as follows:

	Rack Rent		Ground Rent	
	No. of units	Book Value £	No. of Units	Book Value £
London Postal Area	1,387	74,248,960	670	534,137
South East England	1,165	47,737,549	547	165,110
excluding London as above, incorporating the counties of Bedfordshire, Berkshire, Buckinghamshire, Cambridgeshire, Essex, Hampshire, Hertfordshire, Kent, Middlesex, Norfolk, Northamptonshire, Oxfordshire, Suffolk, Surrey and Sussex.				
Remainder of England and Wales	490	19,288,412	34	24,551
	<u>3,042</u>	<u>141,274,921</u>	<u>1,251</u>	<u>723,798</u>

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

l) Pension Costs

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the Profit and Loss Account.

m) Leases

Rentals payable under operating leases are charged to the Profit and Loss Account over the lease term on a straight line basis or on the basis of actual rentals payable where this reflects usage.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

n) Financial Instruments

Financial assets are recognised in the Balance Sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the Profit and Loss Account in the financial period to which it relates.

2. ANALYSIS OF TURNOVER, COST OF SALES AND OTHER OPERATING EXPENSES

The turnover and cost of sales of the Group are analysed as follows:

	2003	2002
	£	£
Turnover		
Gross sales of properties	34,491,817	28,716,308
Gross rental income	11,505,139	11,573,124
	<u>45,996,956</u>	<u>40,289,432</u>
Cost of Sales		
Cost of properties sold	13,335,940	10,781,094
Property expenses	3,065,622	4,047,610
	<u>16,401,562</u>	<u>14,828,704</u>
Gross Profit		
Sales of properties	21,155,877	17,935,214
Net rental income	8,439,517	7,525,514
	<u>29,595,394</u>	<u>25,460,728</u>

3. OPERATING PROFIT

	2003	2002
	£	£
The operating profit is stated after charging:		
Amortisation of goodwill	88,606	88,606
Depreciation of tangible fixed assets	115,769	124,775
Loss on disposal of fixed assets	67,832	14,965
Auditors' remuneration		
- as auditors	43,474	44,063
- for other services	8,390	1,057
Operating lease costs in respect of land and buildings	18,213	18,213
And after crediting:		
Net rental income	8,439,517	7,525,514
Administrative charges to related companies (Note 28)	67,843	65,929

4. STAFF COSTS

	2003	2002
	£	£
Wages and salaries	1,777,801	1,579,154
Social security costs	194,005	169,007
Pension costs	49,929	43,895
	<u>2,021,735</u>	<u>1,792,056</u>

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

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

Office and management	30	30
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MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

5. DIRECTORS' EMOLUMENTS

	2003 £	2002 £
Emoluments	893,037	791,205
Pension Contributions	24,150	21,600
	<u>917,187</u>	<u>812,805</u>

During the year the Company contributed 3% of the total of all of the executive Directors' gross annual salaries and bonuses to a Stakeholder Pension Scheme (2002: 3%). The number of Directors who are accruing benefits under Company pension schemes was as follows:

	2003 4	2002 4
Money purchase schemes	<u>4</u>	<u>4</u>

The information required by the Companies Act 1985 and London Stock Exchange Listing Rules is contained within the Remuneration Report on page 10.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Interest payable on bank overdrafts, other loans and other charges	<u>3,227,287</u>	<u>2,983,334</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
(a) Analysis of charge in the year		
Current tax:		
UK Corporation Tax based on the results for the year at 30% (2002: 30%)	7,877,754	6,013,113
Total current tax	<u>7,877,754</u>	<u>6,013,113</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002: 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>23,602,825</u>	<u>20,075,269</u>
Profit on ordinary activities multiplied by rate of tax	7,080,848	6,022,581
Expenses not deductible for tax	14,419	-
Income not liable to tax	(41,428)	(45,094)
Capital allowances in excess of depreciation	63,577	35,626
Taxation on capital gains	797,023	-
Utilisation of tax losses	(36,685)	-
Total current tax (note 7(a))	<u>7,877,754</u>	<u>6,013,113</u>

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £5,191,473 (2002: £5,697,003). At present, it is not envisaged that any tax will become payable in the foreseeable future.

8. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

	2003 £	2002 £
Dealt within the Accounts of the Parent Company	14,955,135	12,824,196
Dealt within the Accounts of the Subsidiary undertakings	769,936	1,237,960
	<u>15,725,071</u>	<u>14,062,156</u>

As permitted by s230 Companies Act 1985, a separate Profit and Loss Account is not presented for Mountview Estates P.L.C.

9. DIVIDENDS

	2003 £	2002 £
Dividends on ordinary shares		
Interim paid 40p per share (2002: 36 p per share)	1,559,605	1,403,645
Final proposed 52p per share (2002: 48p per share)	2,027,487	1,871,527
	<u>3,587,092</u>	<u>3,275,172</u>

10. EARNINGS PER SHARE

	2003 £	2002 £
The calculations of earnings per share are based on the following profits and number of shares.		
Profit for financial year (basic and fully diluted)	<u>15,725,071</u>	<u>14,062,156</u>
Weighted average number of shares for basic and fully diluted earnings per share	<u>3,899,014</u>	<u>4,325,046</u>
	<u>2003</u>	<u>2002</u>
Earnings per share	<u>403.3p</u>	<u>325.1p</u>

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

11. INTANGIBLE FIXED ASSETS – GOODWILL

Goodwill arose on the acquisition of Louise Goodwin Limited and A.L.G. Properties Limited during the year ended 31 March 2000.

COST	Goodwill
At 1 April 2002 and 31 March 2003	£
	443,026
AMORTISATION	
At 1 April 2002	265,818
Charge for the year	88,606
At 31 March 2003	354,424
NET BOOK VALUE	
At 31 March 2002	177,208
At 31 March 2003	88,602

12. TANGIBLE FIXED ASSETS

GROUP	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Investment Properties £	Total £
COST OR VALUATION						
At 1 April 2002	2,330,931	263,829	284,655	102,317	26,416,000	29,397,732
Additions	48,636	36,039	87,667	2,062	89,906	264,310
Disposals	-	(110,386)	(95,147)	(6,645)	(3,300,000)	(3,512,178)
Revaluation	-	-	-	-	(2,188,500)	(2,188,500)
At 31 March 2003	2,379,567	189,482	277,175	97,734	21,017,406	23,961,364
DEPRECIATION						
At 1 April 2002	74,572	52,522	90,091	60,199	-	277,384
Charge for the year	47,591	9,769	49,853	8,556	-	115,769
On disposals	-	(11,577)	(37,574)	(5,246)	-	(54,397)
At 31 March 2003	122,163	50,714	102,370	63,509	-	338,756
NET BOOK VALUE						
At 31 March 2002	2,256,359	211,307	194,564	42,118	26,416,000	29,120,348
At 31 March 2003	2,257,404	138,768	174,805	34,225	21,017,406	23,622,608

The Group's investment properties were valued at £20,927,500, on an open market value basis, on 11 January 2003 by Allsop & Co, a firm of property consultants. This resulted in a decrease in the book values. This valuation was carried out in accordance with the Statement Of Asset Valuation Practice and Guidance Notes published by the Royal Institute of Chartered Surveyors.

If the investment properties had not been revalued then the historical cost of those properties would have been £15,637,440 (2002: £18,167,516).

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

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

12. TANGIBLE FIXED ASSETS (continued)

MOUNTVIEW ESTATES P.L.C.	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
COST					
At 1 April 2002	2,330,931	112,641	284,655	102,317	2,830,544
Additions	48,636	6,609	87,667	2,062	144,974
Disposals	-	(14,153)	(95,147)	(6,645)	(115,945)
	<u>2,379,567</u>	<u>105,097</u>	<u>277,175</u>	<u>97,734</u>	<u>2,859,573</u>
DEPRECIATION					
At 1 April 2002	74,572	20,447	90,091	60,199	245,309
Charge for the year	47,591	4,495	49,853	8,556	110,495
On disposals	-	(5,643)	(37,574)	(5,246)	(48,463)
	<u>122,163</u>	<u>19,299</u>	<u>102,370</u>	<u>63,509</u>	<u>307,341</u>
NET BOOK VALUE					
At 31 March 2002	<u>2,256,359</u>	<u>92,194</u>	<u>194,564</u>	<u>42,118</u>	<u>2,585,235</u>
At 31 March 2003	<u>2,257,404</u>	<u>85,798</u>	<u>174,805</u>	<u>34,225</u>	<u>2,552,232</u>

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

13. INVESTMENTS

Fixed Asset Investments

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

	Principal Activity	Cost £
Hurstway Investment Co. Limited	Property Dealing	100
Louise Goodwin Limited	Property Investment	15,352,146
A.L.G. Properties Limited	Property Investment	2,924,219
		<u>18,276,465</u>

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

14. STOCKS

	GROUP		MOUNTVIEW ESTATES P.L.C.	
	2003	2002	2003	2002
	£	£	£	£
Residential properties	<u>141,998,719</u>	<u>130,314,220</u>	<u>137,402,468</u>	<u>125,518,098</u>

15. DEBTORS: due within one year

	GROUP		MOUNTVIEW ESTATES P.L.C.	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	420,341	1,235,980	471,969	1,209,680
Amounts due from Subsidiary				
Undertakings	-	-	-	499,797
Other debtors	-	147,714	-	-
Prepayments and accrued income	133,810	51,552	46,521	51,552
	<u>554,151</u>	<u>1,435,246</u>	<u>518,490</u>	<u>1,761,029</u>

16. CREDITORS: Amounts falling due within one year

	GROUP		MOUNTVIEW ESTATES P.L.C.	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	26,401,082	25,124,424	26,401,082	24,355,696
Trade creditors	231,373	268,440	218,681	241,386
Corporation tax	4,750,232	3,845,600	3,609,917	3,299,072
Other taxes and social security costs	290,271	223,471	290,271	223,471
Dividends payable	2,027,487	1,871,527	2,027,487	1,871,527
Other creditors	1,155,118	1,105,153	1,101,281	848,114
	<u>34,855,563</u>	<u>32,438,615</u>	<u>33,648,719</u>	<u>30,839,266</u>

17. CREDITORS: Amounts falling due after more than one year

	GROUP		MOUNTVIEW ESTATES P.L.C.	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	22,965,000	29,389,000	22,965,000	29,389,000
Amounts owed to Group				
Undertakings	-	-	14,197,670	10,794,263
Other loans	3,900,000	4,045,000	3,900,000	4,045,000
	<u>26,865,000</u>	<u>33,434,000</u>	<u>41,062,670</u>	<u>44,228,263</u>

Other loans consist of loans from connected persons, and from companies of which Mr. D.M. Sinclair is a Director. Interest payable on these loans is at 0.75% above Barclays Bank Plc base rate.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

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

Maturity profile of financial liabilities at 31 March 2003 was as follows:

	GROUP		MOUNTVIEW ESTATES P.L.C.	
	2003	2002	2003	2002
	£	£	£	£
Amounts repayable:				
Within one year or on demand	26,401,082	25,124,424	26,401,082	24,355,696
In more than one year but not more than two years	6,428,000	6,428,000	6,428,000	6,428,000
In more than two years but not more than five years	12,284,000	16,284,000	12,284,000	16,284,000
In more than five years	4,253,000	6,677,000	4,253,000	6,677,000
	<u>49,366,082</u>	<u>54,513,424</u>	<u>49,366,082</u>	<u>53,744,696</u>

The bank overdrafts are repayable on demand.

The Group has one loan which is due for review in August 2003, and two further loans which are repayable by instalments. These loans are repayable by May 2006 and November 2009. The rate of interest payable on the loans is 1.75% above Barclays Bank Plc base rate.

18. FINANCIAL INSTRUMENTS

The Group has taken advantage of the exemption under FRS 13, Derivatives and Other Financial Instruments: Disclosures, that short term debtors and creditors be excluded from disclosure on the grounds that they do not have a significant impact on the financial risk of the Group.

Financial assets

The Group's financial assets at the year end consist of cash at bank and in hand of £1,099,811 (2002: £519,442).

Financial liabilities

The Group finances its operations through a mixture of retained profits, bank and other borrowings. The Group's exposure to interest rate fluctuations on its borrowings is managed by the combination of an interest rate collar and the varying duration of its borrowings. The interest rate profile of the Group's financial liabilities at 31 March 2003 was:

	2003	2002
	£	£
Floating rate financial liabilities	<u>49,366,082</u>	<u>54,513,424</u>

The benchmark rate for determining interest payments for the floating rate financial liabilities was LIBOR depending upon the facility.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

18. FINANCIAL INSTRUMENTS (continued)

The weighted average interest rate on the floating rate debt and the average maturity of that debt for the Group was as follows:

	2003 %	2002 %
Weighted average interest rate	5.22	5.84
Average maturity of debt	<u>3 years</u>	<u>4 years</u>

Borrowing facilities

The Group had various unutilised borrowing facilities at the year end. The undrawn facilities available to the Group amount to £7,275,557 (2002: £4,570,702).

Fair values of financial assets and liabilities

There was no difference between the book value and the fair value of the Group's financial assets and liabilities.

19. DEFERRED TAXATION

Deferred taxation is provided on the liability method in respect of timing differences where it is probable that liabilities will crystallise as follows:-

The Group has decided early adoption of FRS19 which prohibits the recognition of deferred tax on timing differences arising on the revaluation of fixed assets without there being any commitment to sell the assets. Thus no amount provided or unprovided is shown in the notes to the Accounts for the year ended 31 March 2003.

20. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised: 5,000,000 ordinary shares of 5p each	<u>250,000</u>	<u>250,000</u>
Allotted, issued and fully paid 3,899,014 ordinary shares of 5p each	<u>194,951</u>	<u>194,951</u>

21. REVALUATION RESERVE

	2003 £	2002 £
As at 1 April 2002	8,248,484	5,846,215
Revaluation of investment properties	(2,188,500)	2,402,269
Transfer to the Profit and Loss Account on realization	<u>(680,018)</u>	-
Balance carried forward	<u>5,379,966</u>	<u>8,248,484</u>

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

22. OTHER RESERVES

	GROUP		MOUNTVIEW ESTATES P.L.C.	
	2003	2002	2003	2002
	£	£	£	£
Capital redemption reserve	55,049	55,049	55,049	55,049
Capital reserve	24,660	24,660	24,660	24,660
Other reserves	56,000	56,000	39,200	39,200
	<u>135,709</u>	<u>135,709</u>	<u>118,909</u>	<u>118,909</u>

The Group does not maintain insurance cover against other risks except where several properties are located in a close physical vicinity. A reserve is maintained to deal with such non-insured risks and at 31 March 2003 stood at £56,000.

23. PROFIT AND LOSS ACCOUNT

	GROUP		MOUNTVIEW ESTATES P.L.C.	
	2003	2002	2003	2002
	£	£	£	£
As at 1 April 2002	87,114,705	93,410,401	73,194,835	80,728,491
Retained profit for the Financial Year	12,137,979	10,786,984	11,368,043	9,549,024
Share buy-back costs	-	(17,082,680)	-	(17,082,680)
Transfer from revaluation reserve	680,018	-	-	-
	<u>99,932,702</u>	<u>87,114,705</u>	<u>84,562,878</u>	<u>73,194,835</u>
AMOUNT RETAINED IN SUBSIDIARY UNDERTAKINGS	<u>17,975,292</u>	<u>13,919,870</u>		

24. CASHFLOW

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	26,830,112	23,058,603
Amortisation	88,606	88,606
Depreciation	115,769	124,775
Loss on disposal of fixed assets	67,832	14,965
Increase in stocks	(11,684,499)	(24,235,994)
Decrease/(increase) in debtors	881,095	(1,018,471)
Increase in creditors	126,955	168,015
	<u>16,425,870</u>	<u>(1,799,501)</u>

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

Returns on investments and servicing of finance	2003	2002
	£	£
Interest paid	(3,274,544)	(2,849,343)
Net cash outflow from returns on investments and servicing of finance	(3,274,544)	(2,849,343)
Capital expenditure and financial investments	2003	2002
	£	£
Payments to acquire tangible fixed assets	(264,310)	(1,543,553)
Receipts from sale of fixed assets	3,389,949	6,000
Net cash inflow/(outflow) from capital expenditure	3,125,639	(1,537,553)
Financing	2003	2002
	£	£
Net (outflow) / inflow from bank loans	(4,607,000)	29,389,000
Repurchase of own shares	-	(17,082,680)
Net outflow from other long-term creditors	(145,000)	(1,885,000)
Net cash (outflow)/inflow from financing	(4,752,000)	10,421,320

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2002	Cash Flow	Other Changes	At 31 March 2003
Net cash:				
Cash at bank and in hand	519,442	580,369	-	1,099,811
Overdrafts	(16,513,424)	540,342	-	(15,973,082)
	(15,993,982)	1,120,711	-	(14,873,271)
Debt:				
Debt due within one year	(8,611,000)	4,752,000	(6,569,000)	(10,428,000)
Debt due after one year	(33,434,000)	-	6,569,000	(26,865,000)
	(42,045,000)	4,752,000	-	(37,293,000)
Net debt	(58,038,982)	5,872,711	-	(52,166,271)

27. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2003, the Company and the Group had annual commitments under non-cancellable operating leases as set out below.

	Land and Buildings	
	2003	2002
	£	£
Operating leases which expire:		
Within one year	13,659	-
Within 2 to 5 years	-	18,213
	13,659	18,213

The operating lease relates to the Group's old head office. This lease expires in December 2003.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2003

28. RELATED PARTY TRANSACTIONS

- a) Mountview Estates P.L.C. provides general management and administration services to Ossian Investors Limited, Sinclair Estates Limited, Kingsway Wallpaper Stores Limited and Viewthorpe Limited, companies of which Mr. D.M. Sinclair is a Director. Fees of £67,843 (2002: £65,929) were charged for these services.
- b) Included within other loans, in amounts falling due in more than one year is a loan from Sinclair Estates Limited. The balance outstanding at the balance sheet date was £1,700,000 (2002: £1,250,000). Interest is payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £91,681.
- c) Included within other loans, in amounts falling due in more than one year is a loan from Ossian Investors Limited. The balance outstanding at the balance sheet date was £550,000 (2002: £1,250,000). Interest is payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £61,427.
- d) Included within other loans, in amounts falling due in more than one year is a loan from Kingsway Wallpapers Stores Limited. The balance outstanding at the balance sheet date was £1,050,000 (2002: £820,000). Interest is payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £44,260.
- e) Included within other loans, in amounts falling due in more than one year is a loan from Mrs. P. E. Cullen, a director of Sinclair Estates Limited. The balance outstanding at the balance sheet date was £500,000 (2002: £500,000). Interest is payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £23,568.
- f) Viewthorpe Limited had provided long term loans to Mountview Estates P.L.C. This loan was repaid during the course of the year (2002: £125,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £4,698.
- g) Included within other loans, in amounts falling due in more than one year is a loan from Mrs. D. Sinclair, a shareholder of the Company. The balance outstanding at the balance sheet date was £100,000 (2002: £100,000). Interest is payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £4,714.
- h) The Company has taken advantage of the Financial Reporting Standard No.8 exemptions not to disclose any transactions or balances between Group entities and these have been eliminated on consolidation.