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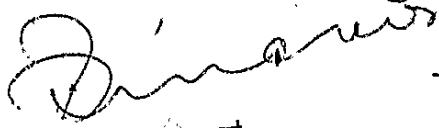
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MOUNTVIEW ESTATES PLC
AND SUBSIDIARY COMPANIES

DIRECTORS REPORT
AND ACCOUNTS

31 MARCH 1986

We hereby certify that this Balance Sheet and the annexed Accounts are true copies of those laid before the Company at the Annual General Meeting held on 13 August 1986.



Director

J. M. Sinclair. Secretary



REPORT OF THE DIRECTORS

The directors have pleasure in presenting their forty-ninth annual report to the members together with the statements of accounts for the year ended 31 March 1986.

	1986	1985
1 The net profits of the group for the year, after providing for taxation, amounted to	3,267,075	2,402,612
From this sum must be deducted the following dividends		
Interim 20% (1985 : 20%) already paid	50,000	50,000
Final 80% (1985 : 70%) which is recommended by the directors	200,000	175,000
	<u>250,000</u>	<u>225,000</u>
Leaving an undistributed profit for the year of	3,017,075	2,177,612
To this is added the balance brought forward from the previous year	11,757,229	9,581,617
	<u>14,774,304</u>	<u>11,759,229</u>
Less the transfer to reserve for property insurance	2,000	2,000
	<u>14,772,304</u>	<u>11,757,229</u>

2 Activities

There has been no significant change in the principal activities of the company and its subsidiaries and these activities are shown below

Parent Company

Mountview Estates PLC

Property Dealing

Subsidiaries (all wholly owned)

Hurstway Investment Co Limited

Seru Investments Limited

Property Dealing

Salisbury Mansions Limited

Property Investment

Salisbury Mansions Limited was dissolved on 19 May 1986.

Despite the fact that the number of properties available continues to decrease it is hoped that this year good profits will again be made.

3 Fixed assets

The fixed assets in the consolidated balance sheet at the net book amount of £18,100 consist wholly of motor cars and office furniture held by the parent company.

REPORT OF THE DIRECTORS
continued

4 Directors

The directors of the company are Mr W D I Sinclair, Mr F P Sinclair, Mr D M Sinclair and Mr K Langrish-Smith. No other persons have been directors during the year.

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, at the AGM and accordingly special notice has been received that his re-appointment will be proposed, notwithstanding that he is now 73 years of age.

For similar reasons special notice has been received that the re-appointment of Mr F P Sinclair will be proposed at the AGM notwithstanding that he is now 70 years of age.

In accordance with the Company's Articles of Association Mr K Langrish-Smith retires from the board by rotation at the AGM, and, being eligible, offers himself for re-appointment.

Contracts of Service between the Directors of the Company and the Company or its Subsidiaries 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 1986	1 April 1985
	Ordinary shares of 5p each	
W D I Sinclair (including the holding by Mrs Doris Sinclair of 158,500 and by Kingsway Wallpaper Stores Ltd of 56,242)	371,742	354,000
F P Sinclair (including the holding by Mrs Daphne Sinclair of 522,093 and Viewthorpe Limited of 8,240)	631,200	902,960
D M Sinclair (including the holding by Mrs Pam Sinclair of 4,000)	519,745	519,745
K Langrish-Smith (including the holding by Mrs Elizabeth Langrish-Smith of 156,675)	217,675	158,915

The above interests are all beneficial and have not changed since the year end.

In addition to the above interests notices have been received of the following substantial interests in the capital of the company.

Miss M A Sinclair	516,295	516,295
TR Property Investment Trust PLC	370,000	250,000
Mrs S M Simkins	291,189	

6 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.

7 Income and corporation taxes act, 1970

The Board are of the opinion that the "close" company provisions do not apply to the company.

REPORT OF THE DIRECTORS
continued

8 Auditors

In accordance with section 384 of the Companies Act, 1985 a resolution proposing the re-appointment of Messrs. Fitcher Head & Gilberts as auditors of the company will be put to the annual general meeting.

- 9 A source and application of funds statement has not been prepared as the directors consider it would not serve any useful purpose and consequently the expense cannot be justified.

By order of the board

D M Sinclair
Secretary

42A High Road
Wood Green
London N22 6DB

18 June 1986

REPORT OF THE AUDITORS
to the members of Mountview Estates PLC

We have audited the accounts on pages 5 to 11 in accordance with approved Auditing Standards.

In our opinion, the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and the group at 31 March 1986 and the profit of the company and the group for the year ended on that date and comply with the Companies Act 1985.

The accounts do not specify the manner in which the operations of the group have been financed or in which the financial resources have been used during the year as required by the Statement of Standard Accounting Practice No. 10.

Futcher Head & Gilberts
Chartered Accountants

1 Serjeants' Inn
London EC4 1JD

20 June 1986

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1986

	Notes	1986	1985
Turnover	1(c)	8,237,135	6,530,477
Cost of sales		<u>2,566,800</u>	<u>1,942,729</u>
Gross profit		5,670,335	4,587,748
Administrative expenses		<u>121,878</u>	<u>113,073</u>
Operating profit	2	5,548,457	4,474,675
Interest payable	5	<u>107,941</u>	<u>96,163</u>
Profit on ordinary activities before taxation		5,440,516	4,378,512
Tax on profit on ordinary activities	6	<u>2,173,441</u>	<u>1,975,900</u>
Profit on ordinary activities after taxation	7	3,267,075	2,402,612
Dividends	8	<u>250,000</u>	<u>225,000</u>
Reserve for property insurance	9	<u>3,017,075</u> <u>2,000</u>	<u>2,177,612</u> <u>2,000</u>
Retained profit for the financial year		3,015,075	2,175,612
Retained profit at 1 April 1985		<u>11,757,229</u>	<u>9,581,617</u>
Unappropriated profit of group		<u>£14,772,304</u>	<u>£11,757,229</u>
Amount retained in subsidiaries		<u>£3,894,681</u>	<u>£3,323,257</u>
 * Earnings per share		 65.3p	 48.1p

* The basis of the calculation is the profit on ordinary activities after taxation divided by the five million ordinary shares in issue.

MOUNTVIEW ESTATES PLC

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BALANCE SHEET
31 March 1986

	Notes	Mountview Estates PLC			Group
		1986	1985	1986	1985
Fixed assets					
Tangible assets	10	18,100	20,138	18,100	20,138
Investments	11	78,640	78,640	-	-
		<u>96,740</u>	<u>98,778</u>	<u>18,100</u>	<u>20,138</u>
Current assets					
Stocks	1(e)	17,045,055	14,618,021	17,916,549	15,529,354
Debtors	12	353,968	160,229	365,094	168,849
Cash at bank and in hand		31,776	19,864	37,775	21,526
		<u>17,430,799</u>	<u>14,798,114</u>	<u>18,319,818</u>	<u>15,719,729</u>
Prepayments and accrued income					
Deferred taxation asset	13	81,690	75,000	81,690	75,000
		<u>17,512,489</u>	<u>14,873,114</u>	<u>18,401,508</u>	<u>15,794,729</u>
Creditors: amounts falling due within one year	14	2,626,101	2,889,563	3,210,321	3,633,485
Net current assets		<u>14,886,388</u>	<u>11,983,551</u>	<u>15,191,187</u>	<u>12,161,244</u>
Total assets less current liabilities		<u>14,983,128</u>	<u>12,082,329</u>	<u>15,209,287</u>	<u>12,181,382</u>
Creditors: amounts falling due after more than one year	15	3,801,445	3,345,697	52,074	41,244
		<u>£11,181,683</u>	<u>£8,736,632</u>	<u>£15,157,213</u>	<u>£12,140,138</u>
CAPITAL AND RESERVES					
Called up share capital	16	250,000	250,000	250,000	250,000
Capital reserve		24,660	24,660	92,909	92,909
Reserve for property insurance	9	29,400	28,000	42,000	40,000
Profit and loss account		<u>10,877,623</u>	<u>8,433,972</u>	<u>14,772,304</u>	<u>11,757,229</u>
		<u>£11,181,683</u>	<u>£8,736,632</u>	<u>£15,157,213</u>	<u>£12,140,138</u>

Approved by the board on 18 June 1986

W D I Sinclair *W D I Sinclair*

F P Sinclair

Directors

F P Sinclair

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1986

	Notes	1986	1985
Turnover	1(c)	6,990,879	5,742,995
Cost of sales		2,306,842	1,817,468
Gross profit		4,684,037	3,925,527
Administrative expenses		117,212	108,279
Operating profit	2	4,566,825	3,817,248
Interest payable	5	79,218	52,452
Profit on ordinary activities before taxation		4,487,607	3,764,796
Taxation	6	1,792,556	1,699,128
Profit on ordinary activities after taxation	7	2,695,051	2,065,668
Dividends	8	250,000	225,000
Reserve for property insurance	9	2,445,051 1,400	1,840,668 1,400
Retained profit for the financial year		2,443,651	1,839,268
Retained profit at 1 April 1985		8,433,972	6,594,704
Retained profit at 31 March 1986		<u>£10,877,623</u>	<u>£8,433,972</u>

NOTES TO THE ACCOUNTS

1 Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost convention

(b) Basis of consolidation

The group accounts consolidate the accounts of Mountview Estates PLC and its subsidiaries made up to 31 March each year.

(c) Turnover

Turnover is the amount arrived at after including rents from properties and proceeds from sales of properties and other sundry items of revenue before charging expenses.

(d) Tangible fixed assets

Depreciation is provided at the following annual rates

Motor cars	20% on reducing balance
Office furniture	5% on reducing balance

(e) Stocks

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

	Parent		Group	
	1986	1985	1986	1985
2 Operating profit				
The operating profit is stated after charging				
Depreciation of tangible fixed assets	4,486	4,994	4,486	4,994
Directors' remuneration	34,173	32,046	34,173	32,046
Auditors' remuneration	6,641	6,325	9,372	8,935
And after crediting net rental income	1,287,937	1,196,775	1,443,637	1,389,483
3 Staff costs (including directors)				
Wages and salaries	61,384	52,989	61,384	52,989
Social security costs	4,210	5,783	4,210	5,783
	<u>£65,594</u>	<u>£58,772</u>	<u>£65,594</u>	<u>£58,772</u>
The average weekly number of employees during the year was as follows				
Office and management	11	10	11	10
4 Directors' emoluments				
Chairman	5,090	5,090	5,090	5,090
Highest paid director	10,529	9,488	10,529	9,488
Directors whose total remuneration was in the bracket £ 5,001 - £10,000 2 directors (1985 :2)	<u>18,554</u>	<u>17,468</u>	<u>18,554</u>	<u>17,468</u>
	<u>£34,173</u>	<u>£32,046</u>	<u>£34,173</u>	<u>£32,046</u>

NOTES TO THE ACCOUNTS
continued

	Parent		Group	
	1986	1985	1986	1985
5 Interest payable				
Interest on bank overdrafts	<u>£79,218</u>	<u>£52,452</u>	<u>£107,941</u>	<u>£96,163</u>
6 Tax on profit on ordinary activities				
The tax charge based on the profits of the year is as follows				
Corporation tax at 40% (1985 : 45%)	<u>£1,792,556</u>	<u>£1,699,128</u>	<u>£2,173,441</u>	<u>£1,975,900</u>
7 Profit on ordinary activities after taxation			1986	1985
Dealt with in the accounts of the company			2,695,051	2,065,668
Dealt with in the accounts of subsidiaries			<u>572,024</u>	<u>336,944</u>
			<u>£3,267,075</u>	<u>£2,402,612</u>
8 Dividends				
Dividends on ordinary shares				
Interim paid 20% (1985 : 20%)	50,000	50,000	50,000	50,000
Final proposed 80% (1985 : 70%)	<u>200,000</u>	<u>175,000</u>	<u>200,000</u>	<u>175,000</u>
	<u>£250,000</u>	<u>£225,000</u>	<u>£250,000</u>	<u>£225,000</u>
9 Reserve for property insurance				
Balance at 1 April 1985	28,000	26,600	40,000	38,000
Transfer to reserve	<u>1,400</u>	<u>1,400</u>	<u>2,000</u>	<u>2,000</u>
Balance at 31 March 1986	<u>£29,400</u>	<u>£28,000</u>	<u>£42,000</u>	<u>£40,000</u>

NOTES TO THE ACCOUNTS
continued

10 Tangible fixed assets

All held by parent company

	Motor Vehicles	Office Equipment	Total
Cost			
1 April 1985			
Additions	31,682	642	32,324
Disposals	5,455	-	5,455
	(5,872)	-	(5,872)
31 March 1986	<u>£31,265</u>	<u>£642</u>	<u>£31,907</u>
Depreciation			
1 April 1985			
Charge for the year	11,750	436	12,186
Disposals	4,476	10	4,486
	(2,865)	-	(2,865)
31 March 1986	<u>£13,361</u>	<u>£446</u>	<u>£13,807</u>
Written down values			
31 March 1986	<u>£17,904</u>	<u>£196</u>	<u>£18,100</u>
31 March 1985	<u>£19,932</u>	<u>£206</u>	<u>£20,138</u>

11 Investments

This represents the cost of shares in the following wholly owned subsidiaries, all of which are incorporated and operate in England

	Share Capital			
	Authorised		Issued	
	1986	1985	1986	1985
Hurstway Investment Co. Limited				
Ordinary shares of £1 each				
Seru Investments Limited	100	100	100	100
Ordinary shares of £1 each				
Deferred shares of £1 each	14,390	14,390	5,390	5,390
Salisbury Mansions Limited	5,610	5,610	5,610	5,610
(dissolved 19 May 1986)				
Ordinary shares of £1 each	100	100	3	3

NOTES TO THE ACCOUNTS
continued

	Parent		Group	
	1986	1985	1986	1985
12 Debtors				
Trade debtors	353,287	158,687	362,053	166,854
Other debtors	-	880	2,360	1,333
Prepayments	681	662	681	662
	<u>£353,968</u>	<u>£160,229</u>	<u>£365,094</u>	<u>£168,849</u>
13 Deferred taxation asset				
Advance Corporation Tax recoverable after more than one year	<u>£81,690</u>	<u>£75,000</u>	<u>£81,690</u>	<u>£75,000</u>
14 Creditors: amounts falling due within one year				
Bank overdrafts (secured on various properties)	495,467	913,703	703,196	1,360,335
Trade creditors	38,559	19,324	41,260	20,407
Current corporation tax	1,695,970	1,602,407	2,065,977	1,894,621
Other taxes and social security costs	105,920	99,589	105,920	99,589
Proposed dividend	200,000	175,000	200,000	175,000
Other creditors	86,238	62,807	87,565	62,807
Accruals	3,947	16,733	6,403	20,726
	<u>£2,626,101</u>	<u>£2,889,563</u>	<u>£3,210,321</u>	<u>£3,633,485</u>
15 Creditors: amounts falling due after more than one year				
Amounts owed to subsidiaries	3,801,445	3,345,697	-	-
Corporation tax of a subsidiary	-	-	52,074	41,244
16 Share capital			1986	1985
Authorised:				
5,000,000 ordinary shares of 5p each			250,000	250,000
Allotted, issued and fully paid				
5,000,000 ordinary shares of 5p each			250,000	250,000
17 Contingent liability				
The company has guaranteed the bank overdraft of a subsidiary to the extent of £600,000.				