Mountview Estates P.L.C.

Annual Report and Accounts 2018

About Us

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

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

Our Performance

Revenue	Gross Profit	Profit before Tax	Profit before Tax *excluding Investment Properties Revaluation
↓10.1%	↓16.7%	↓18.0%	↓18.9%
£70.3m (2017: £78.2m)	£43.4m (2017: £52.1m)	£36.9m (2017: £45.0m)	£37.3m (2017: £46.0m)

Shareholder's Equity	Earnings per Share	Net Assets per Share	Dividend per Share
↑5.4%	↓17.5%	↑5.4%	↑33.3%
£354.5m (2017: £336.3m)	766.4p (2017: 929.1p)	£90.91 (2017: £86.25)	400p (2017: £300p)

Mountview Estates P.L.C. advises its shareholders that, following the issue of the final results, the relevant dates in respect of the proposed final dividend payment of 200 pence per share are as follows:

Ex dividend date	5 July 2018
Record date	6 July 2018
Payment date	13 August 2018

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Dear Shareholder

STRATEGY

Our strategy remains unchanged and continues to yield good results in challenging times. There is nothing in our present circumstances that the Board considers would cause a change in approach.

As noted in previous reports, the Group's financial strength has been helpful in times of weakness in property markets and we have been able to make some good purchases during the year which have bolstered our trading stock.

FINANCIAL RESULTS

Continued weakness in property prices and lower sales volumes have affected both our trading performance in the year under review and the carrying valuation of our investment properties. The great majority of our sales continue to show profitable margins – both those held in the short and long term. It has never been our policy to sell tenanted property to boost short-term profits, as experience has shown that waiting for vacant possession delivers greater returns for shareholders.

Purchasing activity in the year to 31 March 2018 is over 50% up year on year. We were presented with good opportunities and this may continue as small portfolios of Regulated Tenancies held by other investors lose the critical mass needed to be sustainable to those investors.

Your Board has decided to raise the full year dividend payment to 400 pence per share. After careful consideration, we believe this is sustainable given our continuing trading performance and low gearing, and will not compromise our ability to capitalise on future purchasing opportunities.

GOVERNANCE

The Directors take Corporate Governance seriously and there are further disclosures in this Report for 2018. There are also comments concerning corporate social responsibility, diversity and gender balance in the Directors' Report on pages 12 to 18.

I welcome the appointment of Mr. Tony Powell as a Non-Executive Director and as Chair of the Audit and Risk Committee. Tony brings many years of financial, audit and governance experience to the role and he is already making a valuable contribution to our work. On behalf of the Board, I thank Mrs. Mhairi Jarvis for her contribution in this role over the last two years.

PEOPLE

Our senior management team continues to develop with experience and we are fortunate to have skilled and able staff at all levels throughout Mountview. More difficult times always put additional strain on those who serve the Group. We are a small team at Mountview and, as ever, the Board is grateful for the hard work and commitment of all our people.

PROSPECTS

Despite the setback in Mountview's profitability, we are confident in our future given our strong financial position. We expect the weakness in property markets to continue in the short term, which may give us further opportunities to secure good quality assets to underpin our performance in future years.

We cannot predict the rate at which our trading properties will become vacant (and thus realisable), but this is likely to continue at a similar pace to historic experience. Whilst there is a declining stock of Regulated Tenancies, we expect to be able to continue to acquire new stock in the coming years and have a viable business for many years hence.

Tony Solway.

A.C. J. Solway
Non-Executive Chairman
5 July 2018

Chief Executive's Statement

Dear Shareholder,

The headline figures in respect of our financial performance for the year ended 31 March 2018 are detailed previously in "Our Performance" on page 1.

It is always disappointing to report profits that have fallen but in the present uncertain economic climate I consider that my team have given a very good performance. In uncertain times transactions usually take longer to complete and so it is that during the year ended 31 March 2018 we completed significantly less sales than in the previous financial year. This fall in the number of sales has caused the fall in profits to a far greater degree than any perceived fall in prices.

Whilst the sales figures have fallen the cost of the purchases which we have made during this financial year has increased by over 50% compared with the previous year. It is purchases that are the future of the Group and I am pleased to report that it is not only the quantity of purchases but also the quality of the purchases that has improved.

It is now nearly 30 years since regulated tenancies were last created but this asset class continues to exist in sufficient quantities to be the mainstay of our business. The percentage of vacant possession value that has to be paid for such assets has increased over the years but, given our low gearing, we believe that we continue to be able to produce the best returns that are available within our area of expertise in the property industry. We have made modest diversification into life tenancies and as leases become shorter where we are the ground landlord there is money to be made in granting lease extensions. Nevertheless these are only supplementary to our main business of buying residential properties that are subject to regulated tenancies and awaiting vacant possession.

Whilst regulated tenancies continue to exist for longer than may have been anticipated when the 1988 Rent Act became effective a business as narrowly focused as ours does have a finite life. The business will continue to prosper but it will become increasingly difficult to replace stock as it is sold. Some shareholders may wish to pursue their own avenues of diversification without selling Mountview shares and so the final dividend payable on 13 August 2018 will be increased to 200 pence per share. This will make a total of 400 pence per share in respect of the Company's year ended 31 March 2018.

Your Board is aware that the taxation of dividend income has changed and, while 400 pence per share is an increase of a third compared with 300 pence per share last year, the 300 pence per share in respect of the Group's year ended 31 March 2016 was worth 333 pence gross in the hands of ordinary rate taxpayers. Thus your Board are happy to admit that the new total dividend is only an increase of 20% over the total of two years ago. The new dividend will be nearly twice covered.

This Statement does not seek to deny that profits have fallen but the business remains soundly based and financially secure. When Brexit negotiations and other economic uncertainties are resolved the purchases we are presently able to make will realise good profits and we can look forward to future increased earnings.

As has always been the case your Board only increase dividends when they are confident of maintaining that increase and so it is reasonable to expect the increase to 400 pence per share to be maintained in future years.

Finally, it is only possible to maintain the Group's high level of performance because of the quality of the personnel in the team that I have around me. On behalf of all shareholders, I wish to thank all my hard-working and loyal staff and colleagues for the contribution they each make to the continuing well-being of Mountview Estates P.L.C.

D.M. Sinclair

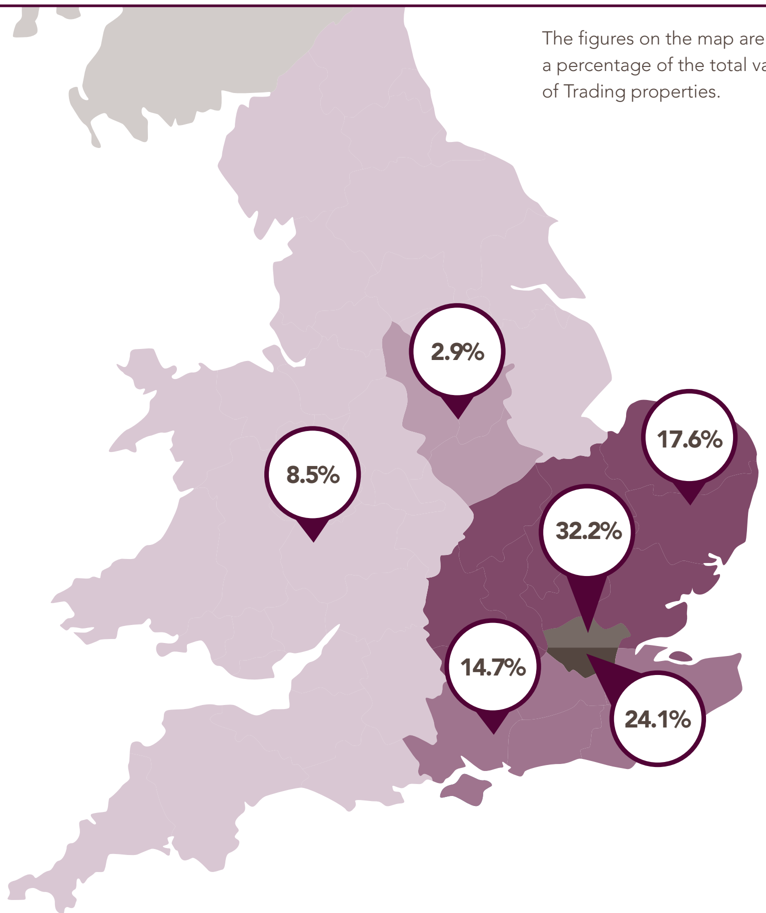
D.M. Sinclair

Chief Executive Officer
5 July 2018

Where we Operate

KEY

32.2%	**London** (North)
24.1%	**London** (South)
17.6%	**South East** Bedfordshire Berkshire Buckinghamshire Cambridgeshire Essex Hertfordshire Middlesex Norfolk Northamptonshire Oxfordshire Suffolk
14.7%	**South** Dorset Hampshire Isle of Wight Kent Surrey Sussex
2.9%	**North** Derbyshire Leicestershire Nottinghamshire
8.5%	Remainder of **England and Wales**



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

Review of Operations

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

Revenue	*Gross Profit*
£70.3m	**£43.4m**
(2017: £78.2m)	(2017: £52.1m)

OUR PORTFOLIO

Categories of property held as trading stock

The Group trades in the following categories:

- Regulated tenanted (residential) units
- Assured tenancy units
- Life tenancy units
- Ground rent units

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

Analysis of the Group Trading portfolio by type as at 31 March 2018

	No. of units	Cost £m
Regulated, Assured Shorthold tenancies, & Other	2,083	306.96
Assured tenancies	238	32.36
Life tenancies	280	35.13
Ground rents	1,160	2.43

Analysis of the Group Trading portfolio at the lower of cost and estimated net realisable value by geographical location as at 31 March 2018

	Regulated, Assured Shorthold tenancies, Assured tenancies & other £m	Life tenancies £m	Ground rents £m	Portfolio %
London (North)	120.05	0.09	1.25	32.21
London (South)	74.97	15.17	0.88	24.15
Bedfordshire, Berkshire, Buckinghamshire, Cambridgeshire, Essex, Hertfordshire, Middlesex, Norfolk, Northamptonshire, Oxfordshire, Suffolk	60.66	5.65	0.14	17.63
Dorset, Hampshire, Isle of Wight, Kent, Surrey, Sussex	48.98	6.31	0.06	14.69
Derbyshire, Leicestershire, Nottinghamshire	10.09	0.55	0.10	2.85
Remainder of England and Wales	24.57	7.36	—	8.47

SALES

At Mountview, we have a relatively straightforward yet proven way of working: we buy tenanted residential properties and sell them when they become vacant. We buy both regulated tenancy and life tenancy property. The former, which are characterised by rental returns below market value, are becoming increasingly short in supply. Since the Housing Act 1988 no new regulated tenancies have been created.

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

During the financial year we achieved sales of £51.8 million (2017: £60.1 million), demonstrating the liquidity of the Portfolio. The average sales price achieved was £305,000 (2017: £330,000).

The Group’s sales for financial years' 2018 and 2017 are set out below:

Sales	2018 £m	2017 £m
Gross sales of properties	**51.84**	60.15
Cost of properties sold	**21.82**	20.29

Sales price range – 2018	No of units	Sales price £m	Location
1 million +	**3**	**3.94**	**London**
500,000 – 1 million	**22**	**15.24**	**London & South East**
below 500,000	**145**	**32.66**	**London & others**

Sales price range – 2017	No of units	Sales price £m	Location
2 million +	1	2.90	London SW3
1 million +	1	1.31	London SW18
500,000 – 1 million	28	17.72	London & South East
below 500,000	152	38.22	London & other

Further information is provided in Note 4 to the Consolidated Financial Statements on pages 46 and 47.

Review of Operations *(continued)*

PURCHASES

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

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

The Group's trading properties are carried in the balance sheet at the lower of cost and net realisable value. Net realisable value is the estimated net proceeds of sale if the property were to be vacant at the date of the balance sheet.

ANALYSIS OF ACQUISITIONS

The Group's acquisitions for financial years 2018 and 2017 are set out below. The analysis does not include legal and commission expenses directly related to the acquisition of properties or any repairs of a capital nature.

Year ended 31 March 2018	**No. of units**	**Cost £m**
Regulated, ASTs, and other	**88**	**43.08**
Assured tenancies	**7**	**3.33**
Life tenancies	**5**	**0.67**
Ground rents	**1**	**0.01**
Ground rents created	**18**	**0.04**
Total	**119**	**47.13**

Not included in the above table:

Assured tenancies created	8	

THE TABLE ABOVE INCLUDES THE FOLLOWING PORTFOLIOS:

	No. of units	**Cost £m**
Willow, London & South East	50	26.2

The portfolio comprised 50 regulated tenancies.

	No. of units	**Cost £m**
Faulkner, London & South East	18	8.25

The portfolio comprised 17 regulated tenancies and one assured tenancy.

Year ended 31 March 2017	**No. of units**	**Cost £m**
Regulated, ASTs, and other	87	28.27
Assured tenancies	2	0.64
Life tenancies	3	0.34
Ground rents	1	0.50
Ground rents created	24	0.05
Total	117	29.80

Not included in the above table:

Assured tenancies created	8	

THE FOLLOWING PORTFOLIO IS INCLUDED IN THE TABLE ON PAGE 6:

Year ended 31 March 2017	No. of units	Cost £m
Hamble, Southampton	51	10.0

The portfolio comprised the following types of tenancy.

Regulated tenancies	15	2.6
Assured shorthold tenancies	35	7.2
Assured tenancy	1	0.2

RENTAL INCOME

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

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

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

The operating contribution from the core business (comprising profits on sale of trading properties and rental income) is analysed in Note 4 on pages 46 and 47.

SUMMARY PROSPECTS FOR THE GROUP

The professional knowledge and skills of our compact team ensured that we were able to purchase properties for a total of £47.13 million.

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

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

INVESTMENT COMPANIES

The analysis of the investment portfolio as at 31 March 2018 is as follows:

	2018	**2017**
Louise Goodwin Limited	**31 units**	32 units
A.L.G. Properties Limited	**4 units**	4 units

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

Louise Goodwin Limited and A.L.G. Properties Limited were purchased in 1999 when we took the opportunity to build a presence in one of the best locations in London. Although rental returns have proven to be less significant than we anticipated, the investment portfolio has nevertheless generated consistently strong cash flow.

When the properties become vacant, we refurbish and sell them. During the financial year, we disposed of one unit for £685,000 in Louise Goodwin Limited (2017: no disposals).

Review of Operations *(continued)*

We will continue to maintain our strategy for the investment portfolio, deriving rental income in the short to medium term and capital through sales when units become vacant. We are prepared to refurbish the properties and sell them by private treaty to purchasers who actively seek homes in this area.

The valuation of the investment portfolio decreased during the year by £376,000. The properties within the investment portfolio have been revalued externally for the purpose of these accounts. The value attributed to each individual property reflects the change in its condition where appropriate and any adjustment resulting from changes in market circumstances.

Details of the valuation of the investment portfolio are disclosed in Note 13 to the Consolidated Financial Statement on page 51.

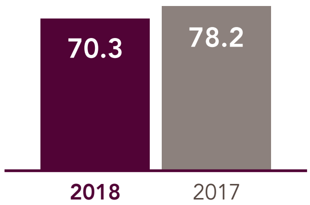
REVIEW OF BUSINESS AND PRINCIPAL RISKS

Details of the Group's performance during the year and expected future developments are contained in the Chief Executive's and Chairman's Statement. The Group has the following Financial Key Performance Indicators:

Financial Key Performance Indicators

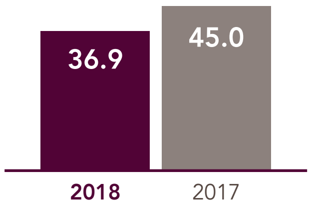
REVENUE (£m)

↓**10.1%**

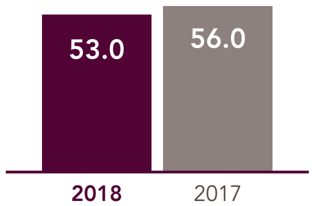


PROFIT BEFORE TAX (£m)

↓**18.0%**

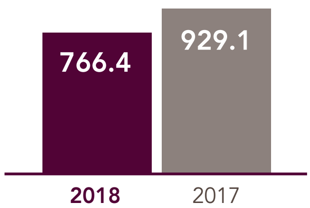


INTEREST COVER IN RELATION TO PROFIT BEFORE INTEREST AND TAXATION



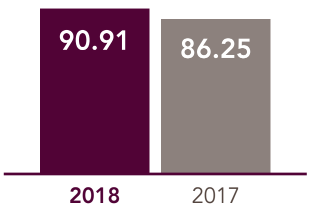
EARNINGS PER SHARE (Pence)

↓**17.5%**

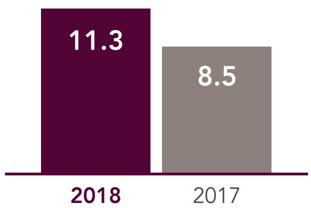


NET ASSET PER SHARE (£)

↑**5.4%**

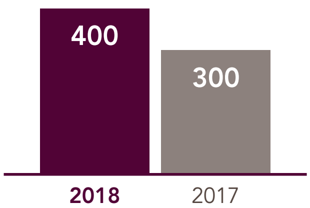


GEARING RATIO (%)



DIVIDEND PER SHARE (Pence)

↑**33.3%**



RISK REVIEW – PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business is subject to a number of different risk factors but management considers the key risks to the Group's business are:

1. TRADING STOCK – REGULATED TENANCIES

RISK

Reduced opportunity to replace asset sales of vacant properties due to the reducing number of regulated tenancies available for purchase.

MITIGATION

The Group has developed clear criteria that are applied when considering asset purchases. Using these, the Group has performed creditably in replacing this class of assets in the year ended 31 March 2018, with acquisitions significantly higher than in the previous year. The 'Analysis of Acquisitions' is on page 6.

2. MARKET

RISK

Weak macro-economic conditions and the impact of political / Brexit uncertainty.

MITIGATION

The Group's exposure is weighted towards the stronger London and South East markets and this geographical area has consistently been an above-average performer.

3. FINANCIAL

RISK

Reduced availability of financing options resulting in inability to meet business plans.

MITIGATION

The Group monitors its bank accounts and loans closely to maintain sufficient capacity. We review our loan facilities regularly and renegotiated a £60 million five-year revolving loan facility from November 2017.

The Group is conservatively geared and operates well within financial covenants. Financial Key Performance indicators are on page 8.

4. DIVIDENDS

RISK

The Group seeks to provide shareholders with good returns on their investment. This aim could be put at risk if the Group was unable to sustain the level of dividends for any reason.

MITIGATION

We carefully monitor our strategy and our results in order to identify any risk to dividend levels.

The Group maintains a strong balance sheet. With appropriate banking facilities, we are able to maintain our trading stock by taking advantage of purchasing opportunities when they occur.

5. PEOPLE

RISK

Capacity to maintain strategy is compromised due to inability to attract and retain suitably experienced employees.

MITIGATION

Mountview employs a relatively small workforce which accommodates personal interaction at all levels.

The Company has a stringent recruitment process to ensure we employ appropriately skilled staff. We carry out regular appraisals and offer employees opportunities for training and development courses. The Company has a good record of long-term service.

6. REGULATORY

RISK

Risk of not meeting new or changed regulatory requirements and obligations which affect the Group's business activities and could lead to fines or penalties.

MITIGATION

The Group engages in close working relationships with appropriate authorities and advisers to ensure it meets its obligations.

Review of Operations *(continued)*

7. OPERATIONS AND PROPERTY MAINTENANCE

RISK

Legal action against the Group for failure to meet its obligations under current legislation including health and safety, fire risk and gas safety.

MITIGATION

In addition to its own regular inspections, the Group engages professional external companies to undertake health and safety, gas and electrical checks, fire risk assessments, etc to ensure we meet our commitments as employers and landlords. Our staff receive regular training to ensure their skills are kept up to date.

THE OVERALL RISK ENVIRONMENT

Given Mountview's business model and financial strength, while any risks materialising could well have a negative impact on short term performance, and lead to inconvenience, none are significant enough to threaten the continued existence of the Group. For this reason the risks are considered to be broadly unchanged from 2017 with moderate assessments for both probability of occurrence and impact.

These principal risks were part of the Group's assessment of long term viability, details of which are set out in paragraph 8 of the Directors' Report on pages 13 and 14.

Approved and agreed on behalf of the Board by:

D.M. Sinclair

Chief Executive Officer
5 July 2018

Directors and Advisers

as at the date of this Annual Report and Accounts

MR D.M. SINCLAIR FCA (CEO)

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. Retained the position of Chief Executive ('CEO') when the role of Chairman and CEO was split into separate roles in 2013. Fellow of the Institute of Chartered Accountants in England and Wales.

MRS M.M. BRAY FCCA

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

NON-EXECUTIVE DIRECTORS

MR A.C.J. SOLWAY* (NON-EXECUTIVE CHAIRMAN)

Joined the Company on 11 June 2015 and became Non-Executive Chairman of the Board on 1 July 2015. Following a successful career as a financial services executive, Tony now holds a portfolio of non-executive roles. He holds the Institute of Directors' Certificate in Company Direction.

* Mr A.C.J. Solway was considered on appointment to be independent for the purposes of the UK Corporate Governance Code.

MRS M.L. JARVIS MRICS*

Joined the Company as a Non-Executive Director on 1 July 2014. Member of the Royal Institution of Chartered Surveyors. She has held various roles with property advisers, including Jones Lang LaSalle, and now acts as an adviser to clients in a range of property sectors, including residential and commercial property.

* Mrs M.L. Jarvis is considered to be independent for the purposes of the UK Corporate Governance Code.

DR A.R. WILLIAMS

Joined the Company as a Non-Executive Director on 1 December 2015. Andrew is a qualified member of the medical profession, and a member of the Sinclair concert party. He represents the interests of the family and private shareholders generally.

MR A.W. POWELL FCA FIMC*

Joined the Company as Non-Executive Director on 1 April 2018. Tony is a fellow of the Institute of Chartered Accountants in England and Wales and a fellow of the Institute of Management Consultants.

* Mr A.W. Powell is considered to be independent for the purposes of the UK Governance Code.

SECRETARY AND REGISTERED OFFICE

Mrs M.M. Bray FCCA
Mountview House,
151 High Street,
Southgate,
London N14 6EW

BANKERS

HSBC Bank plc
60 Queen Victoria Street,
London EC4N 4TR

Barclays Bank PLC
One Churchill Place,
London E14 5HP

AUDITORS

BSG Valentine (UK) LLP
Lynton House,
7–12 Tavistock Square,
London WC1H 9BQ

SOLICITORS

Norton Rose Fulbright LLP
3 More London Riverside,
London SE1 2AQ

REGISTRARS AND TRANSFER OFFICE

Link Asset Services (UK) Limited
The Registry,
34 Beckenham Road,
Beckenham,
Kent BR3 4TU

BROKERS

N+1 Singer
One Bartholomew Lane,
London EC2N 2AX

FINANCIAL ADVISERS

SPARK Advisory Partners Limited
5 St John's Lane,
London EC1M 4BH

Directors' Report

The Directors (as listed on page 11) have pleasure in presenting to the Members their 81st Annual Report together with the Financial Statements for the year ended 31 March 2018.

1. RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 36.

The Directors recommend the payment of a final dividend of 200 pence per share. The dividend will be paid on 13 August 2018, subject to approval at the Annual General Meeting (AGM) on 8 August 2018, to shareholders on the register at the close of business on 6 July 2018.

Details of the AGM, including the notice of AGM, are set out on page 79.

2. ACTIVITIES

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

PARENT COMPANY

Mountview Estates P.L.C. — **Property Trading**

Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW
Registered in England 328020

SUBSIDIARY UNDERTAKINGS (WHOLLY OWNED)

Hurstway Investment Company Limited — **Property Trading**

Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW
Registered in England 344034

Louise Goodwin Limited — **Property Investment**

Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW
Registered in England 691455

A.L.G. Properties Limited — **Property Investment**

Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW
Registered in England 508842

3. ROTATION AND APPOINTMENT OF DIRECTORS

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

In accordance with the Company's Articles of Association, Mr. A.W. Powell was appointed by the Board as a Director on 1 April 2018 and is required to retire at the first Annual General Meeting following his appointment and offer himself up for election. A resolution will be proposed at the Annual General Meeting.

4. SHARE CAPITAL

The authorised share capital of the Company as at 31 March 2018 was £250,000 divided into 5,000,000 Ordinary Shares of 5p, of which 3,899,014 were in issue (2017: 3,899,014). As at 5 July 2018, there has been no change in the issued share capital.

The rights and obligations attaching to the Company's shares, as well as the powers of the Company's Directors, are set out in the Company's Articles of Association, a copy of which can be viewed on the Company's website at www.mountviewplc.co.uk.

Changes to the Company's Articles of Association must be approved by shareholders in accordance with the Articles of Association and legislation in force from time to time.

5. APPOINTMENT AND RETIREMENT OF DIRECTORS

The appointment and retirement of Directors is governed by the Company's Articles of Association, the Corporate Governance Code, Companies Act 2006 and related legislation. Further details are set out in the Corporate Governance section on pages 20 to 22.

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 2018	31 March 2017
Ordinary Shares of 5p each		
Mr D.M. Sinclair including:		
• beneficial holding of Sinclair Estates Limited of 54,165 (Mr Sinclair is a Director of Sinclair Estates Limited).	**595,700**	538,383
• non-beneficial holding of The Sinclair Charity of 57,317 (Mr Sinclair is the trustee of The Sinclair Charity).		
Mrs M.M. Bray	**12,302**	12,302
Mr A.C.J. Solway	**500**	500
Dr A.R. Williams	**52,916**	52,916

All the above interests are beneficial, unless stated otherwise.

7. NOTIFIABLE INTERESTS IN SHARE CAPITAL

As at 5 July 2018, the following disclosures of major holdings of voting rights have been made (and have not been amended or withdrawn) to the Company pursuant to the requirements of Chapter 5 of Disclosure Guidance and Transparency Rules:

	Ordinary Shares of 5p each	% of Issued Share Capital
Mr Phillip Wheater, Mr David Wright and Mr Alistair Sinclair, Trustees of the Frank and Daphne Sinclair Grandchildren Settlement*	393,193	10.08
Mr C. Murphy	117,143	3.00
Mrs M.A. Murphy**	596,745	15.31
Mrs E. Langrish-Smith**	307,000	7.87
Mrs A. Williams**	147,675	3.79
Mrs S. Simkins**	148,220	3.80
Mr A.J. Sinclair including the following holding of Viewthorpe (Old) Limited -28,208		
and 8532630 Canada INC.-44,276, both companies being wholly owned by Mr A.J. Sinclair		
and the holding 8532729 Canada Inc.- 60,000 which company is wholly owned by Mrs M.G. Sinclair	132,484	3.40
Talisman Dynamic Master Fund Ltd*	161,536	4.14

* Denotes indirect holding. ** Denotes combined direct and indirect holding.

8. VIABILITY STATEMENT

The Directors have assessed the viability of the Group over the period to 31 March 2021.

The strategy of the business is conducted at Group level and is reviewed throughout the year at Board meetings in the light of market conditions and investment opportunities.

Mountview's strategy is based on a tight focus on our core business of regulated tenancies, together with a prudent approach to key financial ratios and funding requirements. The Board has developed a matrix of risks which it now considers at each meeting. The principal operational risks faced by the Group and their mitigation are described in the Review of Operations on pages 9 and 10. The Group's Financial Risk Management Objectives and Policies are shown in Note 3 on pages 45 and 46 Notes to the Consolidated Financial Statements. The consolidated risk register is maintained by the Audit and Risk Committee as described in the Report of the Audit and Risk Committee on page 24.

Directors' Report *(continued)*

8. VIABILITY STATEMENT CONTINUED

In assessing viability, the Directors considered the principal risks (see pages 8 to 10) in severe but plausible scenarios, their potential impact and how to manage them.

On the basis of this and other matters considered and reviewed by the Board during the year, the Board confirms that it has reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the period used for the assessments. The Directors consider the following factors to be key to this assessment:

- The Group has strong reserves and low indebtedness, which would enable it to take profitable advantage of adverse market conditions
- The Group's properties are attractive to a broad constituency of buyers and can be marketed through several different channels, if needed
- The Group's rental income is sufficient to cover expenses in the event of market illiquidity
- Contingency and succession planning to cover the unexpected absence of key members of staff is ongoing.

Given Mountview's strong financial position the Directors consider that it is well positioned to take advantage of both favourable and adverse market conditions. The Group also has adequate banking facilities in place over a spread of maturities which could be renegotiated, augmented or replaced if necessary within the required timescales.

9. ENVIRONMENTAL MATTERS AND SOCIAL/COMMUNITY ISSUES

Given the size of the Group and the nature of its business as a property trading company, the Group does not currently have any specific policies in place in relation to environmental, social, human rights or community issues, but keeps these issues under review.

10. GREENHOUSE GAS EMISSIONS DISCLOSURE

INTRODUCTION

In accordance with The Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, Mountview Estates P.L.C. ('Mountview') is required to report on greenhouse gas (GHG) emissions from activities for which they are responsible[1] in their Annual Directors' Report. Emissions have been reported in tCO_2e, which accounts for emissions of all the targeted greenhouse gases outlined in the Climate Change Act 2008.

Mountview has employed Carbon Clear Ltd (Carbon Clear) to measure its carbon footprint for the reporting period with the following objectives:

- Define the footprint boundary and collect the required data
- Calculate Mountview's carbon footprint
- Report the results.

Carbon Clear is a world-leading carbon management consultancy with a proven track record of helping organisations to measure, reduce and offset their carbon emissions.

The reporting period is 1 April 2017 to 31 March 2018.

EXECUTIVE SUMMARY

Total gross GHG emissions in the reporting period were 97.0 tCO_2e, which can be attributed as follows:

- Direct Emissions (Scope 1) 39.9 tCO_2e or 41% of the total
- Indirect Emissions (Scope 2) 37.9 tCO_2e or 39% of the total
- Indirect Other Emissions (Scope 3) 19.2 tCO_2e or 20% of the total.

10. GREENHOUSE GAS EMISSIONS DISCLOSURE CONTINUED

The results are presented below:

Figure 1: Total Emissions Broken Down by Activity and Scope

Type of Emissions	Activity	tCO_2e	% of Total
Direct (Scope 1)	Natural Gas	15.1	15%
	Company Owned Vehicles	24.8	26%
	Subtotal	**39.9**	**41%**
Indirect (Scope 2)	Electricity	37.9	39%
	Subtotal	**37.9**	**39%**
Indirect (Scope 3)	WTT (All Scopes)	19.2	20%
	Subtotal	**19.2**	**20%**
	TOTAL (tCO_2e)	**97.0**	

[1] Under the Mandatory Greenhouse Gas Regulation, a company is required to report its scope 1 and 2 emissions. It is not mandatory to report scope 3 emissions.

Figure 2: GHG Emissions (tCO_2e) by Activity (2017-18)

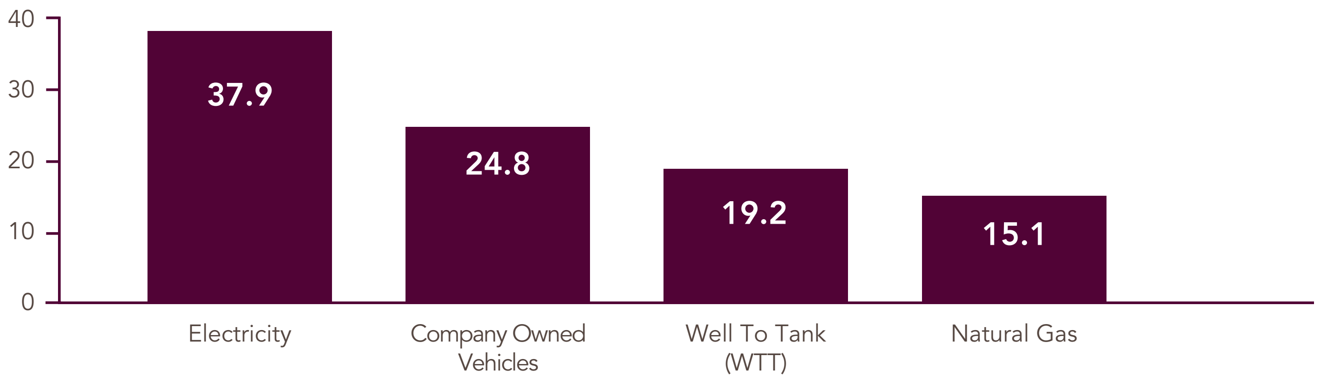


Figure 3: Intensity Metrics

Intensity Metric	2017/18	2016/17	% Change
Total Emissions (tCO_2e)	**97.0**	107.5	-10%
Revenue (£'mil)	**70.3**	78.2	-10%
tCO_2e per £'mil	**1.38**	**1.37**	**+0.5%**

Figure 3 shows a year-on-year comparison of emissions, normalised by revenue. Emissions per £million revenue increased by 0.5% compared with the previous year.

YEAR-ON-YEAR ANALYSIS

Emissions produced by Mountview have decreased for the second consecutive year from 107.5 tCO_2e to 97.0 tCO_2e; a 10% decrease.

Scope 1 emissions have increased by 15%, from 34.7 to 39.9 tCO_2e compared with the previous reporting year. This is due to:

- A 66% increase in natural gas consumption at the head office. This can be attributed to an improvement in data coverage for winter months and a corresponding increase in emissions at this site.

Directors' Report *(continued)*

10. GREENHOUSE GAS EMISSIONS DISCLOSURE CONTINUED

Scope 2 emissions have decreased by 28% compared to the previous reporting year. This can be attributed to:

- A 15% decrease in the emission factor for electricity
- A 15% decrease in electricity consumption, mostly on the ground floor of the head office.

Emissions from electricity consumption are the largest proportion of Mountview's overall carbon footprint. In addition to its head office, Mountview is also responsible for electricity use in the communal areas of 40 managed blocks. Emissions have been estimated for these areas using the following assumptions:

- The company pays an average £30 electricity charge per managed flat towards communal areas.
- The average electricity standard rate is 12.8p/kWh.

REFERENCES

The following sources have been used for the completion of this document:

- 'UK Government GHG Conversion Factors for Company Reporting' for 2017, released by Department for Business, Energy and Industrial Strategy and Department for Environmental Food and Rural Affairs
- Table 3.4.2 'Quarterly Energy Prices', June 2017, Department for Energy and Climate Change (DECC).

11. EMPLOYEES

The Group provides regular training related to the use of computer software and for the general professional development of the staff concerned. It also reviews the Health and Safety policies and provides appropriate training. A great number of our employees have worked for the Group for many years and there is very little turnover of staff.

12. DIVERSITY

Mountview is committed to employing and retaining a skilled workforce with a diversity of qualifications and talents from a variety of backgrounds. Whilst Mountview does not have a formal diversity policy, the company is committed to equal opportunities for all and that recruitment and selection be strictly on the basis of merit and ability.

As at 31 March 2018, the Group had one female Executive Director, Mrs Marie Bray, who has been on the Board since 2004, and one female Non-Executive Director, Mrs Mhairi Jarvis, who has been on the Board since July 2014. Female Board membership represented 40% of the Board.

The Group has seven Senior Managers (who are not Directors), three of whom are female.

Of the 28 total employees in the Group, 11 are male and 17 are female.

13. SIGNIFICANT AGREEMENTS

Certain banking agreements to which the Group is a party (described in Note 18 to the Consolidated Financial Statements) alter or terminate upon a change of control of the Group following a takeover bid.

There are no other significant agreements to which the Group is a party that take effect, alter or terminate upon a change of control of the Group following a takeover bid.

There are no contractual or other agreements or arrangements in place between the Group and third parties which, in the opinion of the Directors, are essential to the business of the Group.

14. DIRECTORS' INTERESTS IN CONTRACTS

There was no contract in existence during or at the end of the financial year in which a Director of the Company is, or was, materially interested, and which is or was significant in relation to the Group's business.

15. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company purchases liability insurance covering the Directors and Officers of the Company and its Subsidiary undertakings and this has been in place throughout the financial year under review.

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

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies are set out in Note 3 to the Consolidated Financial Statements on pages 45 and 46. Details regarding the Company's use of financial instruments are set out in Note 20 to the Consolidated Financial Statements on pages 56 and 57.

17. CORPORATE GOVERNANCE

The Directors' statement on Corporate Governance is set out on pages 20 to 22.

18. HEALTH AND SAFETY

The Group is committed to achieving a high standard of health and safety. The Group regularly reviews its health and safety policies and practices to ensure that appropriate standards are maintained. The gas supply and appliances within all of the Group's relevant residential properties are independently inspected under the Gas Safety (Installation and Use) Amended Regulations 1996 and certificates of compliance obtained.

19. DONATIONS

There were no political donations made during the year (2017: £nil).

20. GOING CONCERN BASIS

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

The financial position of the Group including key financial ratios is set out in the Review of Operations on page 8.

The Group is historically profitable, has considerable liquidity and regularly reviews its long-term borrowing facilities with its lenders. As a result, the Directors believe the Group is very well placed to manage its business risks successfully and have a good expectation that both the Company and the Group have adequate resources to continue their operations. Further detailed information is set out in the Corporate Governance report on page 22.

21. REMUNERATION REPORT

The Company's shareholders will be asked to approve the Remuneration Report contained in this Annual Report and Accounts on pages 26 to 34, at the Annual General Meeting to be held on 8 August 2018. Accordingly, a resolution will be proposed at the Annual General Meeting.

22. POST BALANCE SHEET EVENTS

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

23. AUDITORS

Messrs BSG Valentine (UK) LLP have indicated their willingness to continue in office and a resolution for the reappointment of BSG Valentine (UK) LLP as Auditors for the ensuing year will be proposed at the Annual General Meeting.

24. AUDITORS AND DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware.

Each Director has taken the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Directors' Report *(continued)*

25. RELATIONSHIP AGREEMENT

In accordance with the UK Listing Authority's Rules (the **Listing Rules**), the Company has entered into an agreement with the Sinclair family concert party, which, as it controls more than 30% of the Group's total issued share capital, is deemed a controlling shareholder. The relationship agreement is intended to ensure the controlling shareholder complies with the independence provisions in the Listing Rule 9.2.2A.

Under the terms of the relationship agreement, the Principal Concert Party Shareholder, Mr D.M. Sinclair (a member of the Sinclair family concert party), has agreed to procure the compliance of other individual members of the Sinclair family concert party who are treated as controlling shareholders with independence obligations contained in the relationship agreement. The Sinclair family concert party, as controlling shareholders of the Company have a combined aggregate holding of approximately 52% of the Company's voting rights, a reduction from approximately 53% as at 31 March 2017 as a result of a disposal of certain interests.

The Board confirms that, since the entry into the relationship agreement as at 5 July 2018, being the latest practicable date prior to the publication of this annual report and accounts:

- the Company has complied with the independence provisions included in the relationship agreement;
- so far as the Company is aware, the independence provisions included in the relationship agreement have been complied with by the Sinclair family concert party and their associates; and
- so far as the Company is aware, the procurement obligation included in the relationship agreement has been complied with by the Principal Concert Party Shareholder.

26. DISCLOSURES REQUIRED UNDER LISTING RULE 9.8.4R

For the purpose of Listing Rule (**LR**) 9.8.4R, the only information required to be disclosed:

Agreement with principal shareholders	Paragraph 25, Page 18

All other sub-sections of LR9.8.4R are not applicable.

27. GENERAL MEETING

At the Annual General Meeting held on 9 August 2017, the resolution concerning Mrs M.L. Jarvis' re-election as a director of the Company did not receive support of a majority of the independent shareholders who voted, which is now a requirement of the Listing Rules where the Company has a controlling shareholder, and therefore Mrs Jarvis stood for re-election at a general meeting held on 13 November 2017 (**General Meeting**). Mrs Jarvis was re-elected at the General Meeting until she is next due to retire by rotation in accordance with the Company's Articles of Association. As detailed in paragraph 25 above, the Sinclair family concert party constitutes a controlling shareholder for the purposes of the Listing Rules. All shareholders (including the Sinclair family concert party members) were entitled to vote on the resolution to re-elect Mrs Jarvis at the General Meeting.

The Directors' report was approved by the Board on 5 July 2018 and is signed on its behalf by:

M.M. Bray
Company Secretary
5 July 2018

Statement of Directors' Responsibilities

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

The Directors are required by the Companies Act 2006 to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the profit or loss of the Group for the financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the EU and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company. This will enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and priorities.

Each of the Directors, whose names and functions are set out on page 11, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report contained within this document includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Group faces.

By Order of the Board

M.M. Bray

M.M. Bray
Company Secretary
5 July 2018

Corporate Governance

The Company applies the principles and complies with the main provisions set out in the UK Corporate Governance Code 2016 (**Code**) as issued by the Financial Reporting Council (FRC), a copy of which can be found at www.frc.org.uk/corporate/ukcgcode.cfm. For the year ended 31 March 2018 we complied with the Code except as disclosed in this section.

CONCERT PARTY

Mountview Estates PLC is a family-controlled company. There is a concert party in existence, whose net aggregate shareholdings amount to approximately 52% of the issued share capital of the Company. Further details are available in Paragraph 25 of the Directors' Report.

THE BOARD

LEADERSHIP

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

The Board is responsible for the Group's strategy and it is also responsible for the management of risk and the successful execution of its business. In addition to ad hoc meetings arranged to discuss particular transactions and events, the full Board meets at least four times a year and retains full and effective control over the Group's activities. The Company Secretary sends out the agenda and supporting information to all members of the Board in advance of Board meetings. Group strategy is proposed by the Executive Directors and that strategy is rigorously discussed, debated and agreed by the Board. The Non-Executive Directors (**NEDs**) work with the Executive Directors to deliver on the agreed strategy.

The Board's work is supported by three sub-committees:

- The Audit and Risk Committee

  This Committee is responsible for monitoring Mountview's accounting policies and processes, audit arrangements and for reviewing the management of risk. It is also responsible for the clarity and completeness of the Company's disclosure to shareholders. The Committee is comprised of all the NEDs.

- The Remuneration Committee

  The Committee is comprised of all NEDs and is responsible for both setting remuneration policy and for the implementation of that policy as regards the Executive Directors. NED remuneration is proposed by the Executive Directors.

- The Nomination Committee

  This Committee is responsible for reviewing the balance of skills and knowledge on the Board, for recommending any appointments to strengthen the Board's expertise and for managing any re-appointments as needed. All members of the Board are members of the Nomination Committee.

Further detail on the Terms of Reference of these Committees can be found on the Company's website (www.mountviewplc.co.uk). Reports of their activities follow later in this Annual Report. Attendance at and number of meetings is set out below:

Meetings	Mr A.C.J. Solway	Mr D.M. Sinclair[1]	Mrs M.M. Bray[1]	Mrs M.L. Jarvis	Dr A.R. Williams
Full Board	4	4	4	4	4
Audit and Risk Committee	5	2	2	5	5
Remuneration Committee	3	2	2	3	3
Nomination Committee	2	2	2	2	2

1. Mr D.M. Sinclair and Mrs M.M. Bray were invited to attend 2 Audit and Risk Committee Meetings and 2 Remuneration Committee Meetings.

EFFECTIVENESS

The UK Corporate Governance Code requires that there should be a clear division of responsibilities at the head of the Company between the running of the Board and the Executives' responsibility for running the Company's business. The roles of D.M. Sinclair as CEO and A.C.J. Solway as NED are separate and distinct.

The UK Corporate Governance Code requires (for smaller companies) there to be at least two independent NEDs and that the Company should have at least three Non-Executive Directors. Mr A.C.J. Solway, Mr A.W. Powell and Mrs M.L. Jarvis are deemed to be independent NEDs, making up 50% of the Board as independent NED's. Dr A.R. Williams is a NED but he is not considered to be independent for the purposes of the UK Corporate Governance Code.

At present the Board does not intend to appoint any Director to fulfil the role of senior independent director, given the limited size of the Board, but may decide to do so in the future.

Mr Solway chairs the Board and the Remuneration Committee. Whilst not in keeping with best practice, it has been the result of the small size of the Board and the need to deploy the skills of NEDs to the best effect from a governance viewpoint. This is a situation continuously under review by the Board.

Please refer to the Report of the Nomination Committee on page 35 for the details of the appointment of Mr A.W. Powell, the new NED who chairs the Audit and Risk Committee.

All Directors have access to independent professional advice at the expense of the Group and to the services of the Company Secretary who is responsible to the Board for ensuring the correct procedures are followed.

The Directors consider that the small size of the Group and Board does not warrant a formal performance evaluation process. However, performance of the Directors is evaluated on an ongoing basis by the Board. This is a matter continually under review.

In making decisions throughout the year, the Board is strongly aware of its responsibilities to the Company's shareholders. Any areas of concern are addressed during regular management or Board meetings.

ACCOUNTABILITY

The Directors recognise their accountability for the effective stewardship of the Group and its operations. All members of the Board are subject to the re-election provisions of the Articles of Association which require that one third of their number offer themselves for re-election each year and, on appointment, at the first Annual General Meeting after appointment. Details of those Directors offering themselves for reappointment are set out in the Directors' Report on page 12.

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

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

The Board has overall responsibility for risk management and the Audit and Risk Committee is specifically charged with the governance of the risk management, internal control and audit processes. The principal risks faced by the Group are set out on pages 9 and 10 and more detail on the function of the Audit and Risk Committee is set out on pages 23 to 25.

REMUNERATION

This is covered in the Remuneration Report set out on pages 26 to 34.

COMMUNICATION

Day-to-day management is delegated to the Executive Board which focuses on major transactions, business growth, strategy, cash management and control. There is regular communication with the NEDs in order to keep them informed about the Group's operations. This is done via a regular schedule of meetings throughout the year supplemented by ad hoc meetings as needed to address specific matters arising.

The NEDs hold meetings without the Executive Directors to discuss remuneration of the Executive Directors and to meet with the external Auditors to discuss the audit of the Annual Report and Accounts.

Corporate Governance *(continued)*

RELATIONS WITH SHAREHOLDERS

The Board recognises that it has many long-standing shareholders, family and otherwise. It values the loyalty of those shareholders highly and recognises its responsibility to keep shareholders informed as to its performance.

The Company reports its results at the conclusion of its half and full year in November and June respectively. The Company releases its annual report in July each year, ahead of the Annual General Meeting of shareholders in August.

In advance of the 2017 Annual General Meeting, the Company did not comply with the Code provision E.2.4 and send the notice of Annual General Meeting at least 20 working days before the meeting.

Outside of these processes, the Chairman and Directors are available to shareholders as required. Any meetings between the Chairman and major shareholders are communicated to the Board.

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROL

Details of the Company's financial risk management objectives and policies are included in paragraph 16 in the Directors' Report on page 17 and in Note 3 to the Consolidated Financial Statements on pages 45 to 46.

An ongoing process for identifying, evaluating and managing the significant operational risks faced by the Group was in place throughout the period from 1 April 2017 to the date of approval of the Annual Report and Accounts. The effectiveness of this process is reviewed annually by the Board.

The Directors are responsible for establishing and maintaining the Group's system of internal financial control. Internal control systems in any group are designed to identify, evaluate and manage risks faced by that group and meet the particular needs of that group and the risks to which it is exposed. By their nature such systems can provide reasonable but not absolute protection against material misstatement or loss. Due to its size, the Group does not have a dedicated internal audit function. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

Identification of business risks – The Board is responsible for identifying the major business risks faced by the Group. The principal risks and uncertainties faced by the Group are set out in the Review of Operations on pages 9 and 10 together with mitigating factors for each risk.

Management structure – The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board.

Corporate accounting – Responsibility levels are communicated throughout the Group as part of the corporate accounting procedures. These procedures set out authorisation levels, segregation of duties and other control procedures.

Quality and integrity of personnel – The integrity and competence of personnel is ensured through high recruitment standards and close Board supervision.

Monitoring – Internal financial control procedures are reviewed by the Board as a whole. These reviews embrace the provision of regular information to management, and monitoring of performance and key performance indicators.

MANAGEMENT AND SUPERVISORY BODIES AND THEIR COMMITTEES.

Details of the structure of the Company's Executive Board and Committees are shown on page 20.

The Group has seven Senior Managers reporting to the Executive Directors. There are six core departments – Accounts, Property Management, Property Trading, Rent, IT and Administration – with staff reporting either to the Property Managers and/or directly to the Executive Directors.

By Order of the Board

M.M. Bray

M.M. Bray
Company Secretary
5 July 2018

GOVERNANCE

Report of the Audit and Risk Committee

Meetings

Committee Member	Meetings Attended	Meetings eligible to Attend
Mrs M.L. Jarvis – Chair	5	5
Mr A.C.J. Solway	5	5
Dr A.R. Williams	5	5
Non Member		
Mr D.M. Sinclair	2	2
Mrs M.M. Bray	2	2

Mr D.M. Sinclair and Mrs M.M. Bray were invited to attend 2 Audit and Risk Committee meetings.

Dear Shareholder,

I am pleased to present the Audit and Risk Committee Report for the year ended 31 March 2018.

I stepped down as Chairman of the Committee on 1 April 2018 and was succeeded by Mr Tony Powell. However, as this report covers the period from 1 April 2017 to 31 March 2018 it is appropriate for me to introduce the report for this year.

The Audit and Risk Committee plays a vital role in ensuring that the interests of the shareholders are protected and in assisting the Board in discharging its responsibilities by challenging the integrity of the financial statements and in monitoring and reviewing the conduct of management and the Auditors.

This report details the activities of the Committee that were undertaken during the year to 31 March 2018.

ROLE OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee's principal roles and responsibilities, as set out in its terms of reference (which can be found on the Group's website at www.mountviewplc.co.uk), include:

- monitoring the integrity of the Group's financial statements;
- reviewing the tone and content of the Interim Report, the Annual Report and Accounts and any associated regulatory news announcements;
- reviewing the Group's internal financial controls;
- reviewing the internal control and risk management systems;
- assessing the performance and independence of the external Auditors;
- selecting the external Auditors and making appropriate recommendations through the Board to permit shareholder consideration at the Annual General Meeting;
- assessing the effectiveness of the external audit process;
- acting as a conduit between the Board and the external Auditors;
- reporting to the Board on how it has discharged its responsibilities; and
- reviewing any incidents of whistleblowing occurring within the Group and ensuring adequate review and investigation.

ACTIVITIES OF THE COMMITTEE

During the year the Committee met on five occasions. Three meetings took place prior to the issue of the preliminary and interim results to review audit recommendations, where appropriate, and consider any significant issues arising from the audit and review process. At one of those meetings, in March 2018, the Committee agreed the external audit terms of engagement and the Auditors' scope, proposed approach and fees for the annual audit; the Committee also reviewed the performance of the external Auditors.

In addition, two meetings, plus a number of other less formal meetings and discussions, were held in connection with the audit tender process that was reported in the 2017 Annual Report.

Report of the Audit and Risk Committee

(continued)

The Committee is satisfied that controls over accuracy and consistency of information presented in the Annual Report and Accounts are robust and has confirmed to the Board that it believes this Annual Report and Accounts is fair, balanced and understandable.

KEY AREAS FORMALLY DISCUSSED AND REVIEWED

Principal Responsibilities of the Committee	Key areas formally discussed and reviewed by the Committee during the year
REPORTING AND EXTERNAL AUDIT	
• Monitoring the integrity of the Company's financial statements and all formal announcements relating to the Company's financial performance, reviewing financial reporting judgements contained within them • Making recommendations to the Board regarding approval of the external Auditors' remuneration, terms of engagement, monitoring independence, objectivity and effectiveness	• Results, commentary and announcements • Key accounting policy judgements, including valuations • Impact of future financial reporting standards • Long term viability • Going concern • External Auditor effectiveness • External Auditor management letter, containing observations arising from the annual audit leading to recommendations for financial reporting improvement • External Auditors' remuneration and audit tender frequency
VALUATIONS	
• Monitoring and reviewing the valuation process for the Investment properties • Valuer competence and effectiveness	• Annual report on the effectiveness of the valuer which considers the quality of the valuation process and judgement • Challenge the Executive in respect of both the independent external valuations and Directors' valuations across the entire property portfolio
RISK AND INTERNAL CONTROL	
• Reviewing the principal risks and uncertainties as identified by the Audit and Risk Committee, including those that could affect solvency or liquidity, future performance and its business model • Reviewing the risk management disclosures on our approach to risk in the Annual Report and Accounts	• Maintenance of the Risk Register including identifying and then making a robust assessment of the principal risks facing the Group • Review of risk disclosures as part of review of accounts • Report on I.T. security and cyber threat protection
OTHER	
• Reviewing the Committee's Terms of Reference and monitoring its execution • Considering compliance with legal requirements, accounting standards and the Listing Rules • Reviewing the whistle-blowing policy and operation • Review of anti-bribery and gifts policy	• Review of the Audit Committee's Terms of Reference • Review of the effectiveness of the Audit and Risk Committee • Review of whistle-blowing arrangement as set out in staff manual • Anti-bribery policy reviewed. Gift register established and monetary limit set

NON-AUDIT SERVICES

The Company's policy requires that all non-audit fee work is reported to the Audit and Risk Committee and the Committee can confirm that this policy was adhered to throughout the year.

EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

Following best practice and in accordance with its Terms of Reference, the Committee annually reviews the audit requirements of the Company. The Committee reviewed BSG Valentine's proposals for the audit and is confident that appropriate plans were put in place to carry out an effective and high quality audit. BSG Valentine confirmed to the Committee that they maintained appropriate internal safeguards to ensure their independence and objectivity.

VIABILITY STATEMENT AND GOING CONCERN

The Committee provides advice to the Board on the form and basis underlying both the going concern and the new longer-term viability statement.

The Committee concluded that it remains appropriate for the financial statements to be prepared on a going concern basis and recommended the viability statement to the Board.

The Company's going concern statement can be found on page 17. The viability statement can be found on pages 13 and 14.

KEY ISSUES FOR 2018/19

March 2018 saw the introduction of new General Data Protection Regulation (GDPR). The Committee continued to monitor preparations to ensure a successful implementation in May 2018.

The Committee will also be looking at ways to strengthen its support around Governance to ensure that the Company's communications and processes are in line with good practice in this area.

Prepared by
M.L. Jarvis
Chairman of the Audit and Risk Committee until 31 March 2018.
5 July 2018

Signed by
A.W. Powell
Chairman of the Audit and Risk Committee from 1 April 2018.
5 July 2018

Remuneration Report

Meetings

Committee Member	Meetings Attended	Meetings eligible to Attend
Mr A.C.J. Solway	3	3
Mrs M.L. Jarvis	3	3
Dr A.R. Williams	3	3
Non Member		
Mr D.M. Sinclair	2	2
Mrs M.M. Bray	2	2

Mr D.M. Sinclair and Mrs M.M. Bray were invited to attend part of 2 Remuneration Committee meetings.

Dear Shareholder,

On behalf of the Remuneration Committee and the Board, I am pleased to introduce our 2018 Remuneration Report, for which we are seeking your support at our AGM on 8 August 2018.

ROLE OF THE REMUNERATION COMMITTEE

The goal of the Remuneration Committee is to formulate and apply remuneration systems at Mountview that align the interests of our Executive Directors with that of our shareholders, and are fair and transparent in execution.

The role of the Remuneration Committee is set out in terms of reference which can be found on the Company's website at www.mountviewplc.co.uk.

ACTIVITIES OF THE COMMITTEE

In accordance with FRC guidelines, the Remuneration Policy was updated in 2017 and put before shareholders in the last financial year and passed by a majority at the Annual General Meeting held on 9 August 2017.

The Committee has updated the benchmarking data collected during our previous financial year. The Remuneration Committee has carefully considered the payment of Short Term Incentives both in the context of these benchmarks and of the results in the year under review, where Profit before Tax (and the impact of revaluation of investment properties) has declined by 18%. The like-for-like decline in these incentives for Executive Directors has been mitigated by a continuing rise in remuneration comparators. In summary, the value of incentives paid to Executive Directors for the year ended 31 March 2018 is reduced by 15%.

The Committee has agreed to an inflationary increase in Executive Director salaries of 3% (effective 1 April 2018) in line both with the Consumer Prices Index and benchmarks. The increase for the general staff was above this rate.

We are grateful for the efforts of our Executive Directors and their continuing efforts to deliver the best results to shareholders in line with our strategy in markets that remain difficult (and are likely to remain so). I am also thankful for the valuable contributions of my fellow committee members throughout the year.

Tony Solway.

A.C. J. Solway
Chairman, Remuneration Committee
5 July 2018

KEY PRINCIPLES OF REMUNERATION POLICY

The Company's Remuneration Policy is designed to attract, motivate and retain the right talent for our business in order that it can continue to deliver excellent returns for shareholders.

The Remuneration Committee believes that there should be a clear link between the Group's financial results and the total remuneration of Executive Directors. A key metric would be profit before tax. The Committee also considers non-financial corporate goals to build for long term success, including management development, succession planning and the maintenance of robust business infrastructure.

The Company rewards its Executives in relation to the Group's performance. At the same time the Remuneration Committee reviews market comparators to ensure that reward is appropriate. The Remuneration Committee considers the relative performance of Mountview's results in relation to its peers in determining where appropriate benchmarks should be set (i.e. upper quartile, median or lower quartile).

Given that the Executive Directors (particularly the CEO) have significant holdings of the Company's shares, the Remuneration Committee does not consider that a long-term incentive share scheme is appropriate. This will be reviewed if other Executive appointments are made in the future. The Executive Directors do not receive a pension, but remuneration policy still provides for a pension contribution in the event that new appointments are made in the future. Pension contributions are made on behalf of other employees working at Mountview.

REMUNERATION POLICY

Set out below is the Remuneration Policy approved with effect from 9 August 2017. The Remuneration Policy is to ensure that the total remuneration of the Executive Directors reflects their performance and the performance of the Group, with reference to its peer group.

The tables below summarise the main elements of the remuneration packages of the Executive Directors, the key features of each element, their purpose and linkage to our strategy.

EXECUTIVE DIRECTORS

BASE SALARY	
Purpose and link to strategy	To provide a competitive level of non-variable remuneration aligned to the Company's peer group and reflective of the seniority of the post, the experience of the Executive and the expected contribution to the Group's strategy.
Operation	Base salaries are reviewed each year with regard to the seniority of the individual, changes to responsibilities, performance, peer group and the average change in total workforce salary.
Opportunity	Base salaries are fixed for each financial year and effective from 1 April each year.
Performance metrics	None
Changes in year	See page 32 'Directors' Remuneration Table'.

PENSION	
Purpose and link to strategy	To attract and retain high quality Executives by providing income in retirement.
Operation	The Company would offer contributions to an approved defined contribution pension scheme.
Opportunity	Contributions would be made to a limit of 20% of base salary only.
Performance metrics	None
Changes in year	Contributions are limited to a percentage of salary only.

Remuneration Report *(continued)*

SHORT TERM INCENTIVE

Purpose and link to strategy	To align remuneration with Group financial performance and reward personal contribution to results.
Operation	Base salaries are reviewed each year with regard to the seniority of the individual, changes to responsibilities, performance, peer group and the average change in total workforce salary.
Opportunity	Any award will be set at a level that aligns individual total remuneration with that of appropriate market benchmarks and the Company's financial performance. The maximum percentage of base salary payable under this scheme is 250% (reflecting the absence of an LTI scheme at the Company).
Performance metrics	The Remuneration Committee considers financial metrics (currently primarily profit before tax) and other non-financial achievements over the course of the year under review.
Changes in year	Short Term Incentives are limited to a maximum of 250% of salary. See also page 32 'Directors' Remuneration Table'.

BENEFITS

Purpose and link to strategy	To aid the recruitment and retention of high quality Executives.
Operation	The Company provides private medical insurance, sick pay and life assurance. Other benefits (including relocation expenses) may be provided if the Committee considers it appropriate.
Opportunity	The benefits are fixed in relation to the Executive's salary. The Committee reviews the appropriateness of these benefits. The value of benefits may vary from year to year depending on the cost to the Company from third-party providers.
Performance metrics	None
Changes in year	See page 32 'Directors' Remuneration Table'.

NON-EXECUTIVE DIRECTORS

The policy on Non-Executive Directors' fees is set out below:

FEES

Purpose and link to strategy	Non-Executive Directors receive a fee to cover their time and expenses in attending Board, Committee and any other meetings that they are required to attend over the year. Non-Executive Directors may receive additional fees and expenses for attending meetings not in the ordinary course of their duties, or where additional effort is needed above that required by the ordinary course of business.
Operation	Fees are reviewed periodically by the Board with reference to the expected time commitment and market level for such services.
Opportunity	Fees are fixed for each financial year. Non-Executive Directors are not entitled to any other incentives or benefits beyond their fees and reimbursement for travel and related business expenses reasonably incurred in performing their duties.
Performance metrics	None
Changes in year	See page 32 'Directors' Remuneration Table'.

RATIFICATION OF BREACH OF ARTICLE 96

It came to the attention of the Board, following the Annual General Meeting on 9 August 2017, that in circumstances where the Board was to appoint an additional NED, a consequence of any further appointment would result in insufficient headroom in the annual level of fees in Article 96 of the Articles of Association (**Articles**) that are paid in aggregate to all NEDs. The amount of fees was set back in 2008 when there were two NEDs (and no Non-Executive Chairman) and had not been increased since that time, although the Articles allowed the amount to be amended with the approval of shareholders by ordinary resolution. No subsequent amendment had been made although the number of NEDs stood at three, including a Non-Executive Chairman in November 2017.

The remuneration policy approved by shareholders at the Annual General Meeting in 2017 and the related disclosed amounts of ordinary remuneration in the Annual Report and Accounts for the financial years ending 31 March 2015 (**FY2015**), 31 March 2016 (**FY2016**) and 31 March 2017 (**FY2017**), and approved at the relevant Annual General Meetings, reflected an aggregate amount of ordinary remuneration paid to NEDs that exceeded the limit of £100,000 (**Current Limit**) stated in the Articles prior to 13 November 2017 and is set out below (excluding expenses).

The Company would have exceeded the Current Limit between the period 1 April 2017 and 31 March 2018 and had done so in the FY2015, FY2016 and FY2017 (the **Relevant Period**) and the amounts previously disclosed were:

Financial period	Total £
FY2015	123,000
FY2016	144,000
FY2017	144,000

In light of the breach of Article 96, to address the inconsistency and any related breach of duty that may have occurred during the Relevant Period, shareholders passed an ordinary resolution at the General Meeting held on 13 November 2017 (**General Meeting**) to ratify, adopt and approve the decisions of the Directors (including former Directors at the relevant time of the decisions) to make such payments to the NEDs in excess of the Current Limit. The overall effect of the resolution being passed was to ensure that the Directors are in a position they would have been in had the payments to NEDs been made in full compliance with the Articles.

At the General Meeting, the shareholders approved by ordinary resolution an increase in the aggregate annual fees to be paid to NEDs stated in Article 96 to be £250,000 from £100,000 to allow sufficient headroom to accommodate the appointment of an additional NED and any future increases in the aggregate amount of such ordinary remuneration.

APPROACH TO RECRUITMENT REMUNERATION

When setting the remuneration package for a new Executive Director, the Committee will apply the same principles and policy as set out above. Depending on individual circumstances, the Committee will consider reintroducing pension contributions and other long-term incentives appropriate to the individual and their responsibilities.

Base salary will be set at a level appropriate to the role and experience of the Executive Director being appointed. This may include agreement on future increases up to a market rate, in line with increasing experience and responsibilities, subject to good performance, where it is considered appropriate.

In relation to external appointments, the Remuneration Committee may structure a remuneration package that it considers appropriate to recognise awards or benefits that may or will be forfeited on resignation from a previous position, taking into account timing and valuation – and any other matters it considers relevant. The policy is that the maximum payment under any such arrangement (which may be in addition to the normal variable remuneration) should be no more than the Committee considers is required to provide reasonable compensation to the incoming Director.

In the case of an employee who is promoted to the position of Executive Director, it is the Company's policy to honour pre-existing award commitments (including awards, incentives, benefits and contractual arrangements) in accordance with their terms.

Where any recruitment involves the agreed relocation of the individual, the Company may offer additional benefits and to meet some or all associated costs.

Where an individual is appointed as a result of an acquisition, merger or other corporate event, the Company will honour any legacy terms and conditions.

Remuneration Report *(continued)*

NED appointments will be made based on a Non-Executive Director Agreement. NED's fees, including those of the Chairman, will be set at a competitive market level, reflecting the experience of the individual and the responsibility and time commitment of the role.

In all cases the Remuneration Committee will bear in mind the best interests of the Company and to not pay more than is fair or necessary.

DETAILS OF DIRECTORS' SERVICE CONTRACTS

Executive Directors

	Contract Date	Unexpired Term	Notice Period
Mr D.M. Sinclair	8 August 2002	No fixed term	12 months
Mrs M.M. Bray	1 April 2004	No fixed term	12 months

The Executive Directors service contracts contain provisions relating to matters such as salary, pension arrangements, salary continuance in the event of illness, holidays, life and medical insurance, etc. The Executive Directors' service contracts can be terminated on 12 months' notice by either party.

The Executive Directors are entitled to a compensation payment upon a change of control of the Company. Such compensation payment (subject to the deduction of income and other taxes required by law and any other sums owed by the Executive Director to the Company) is equal to the Executive Director's annual gross remuneration as reported in the Company's last audited accounts. The Executive Directors' contracts make no other provision for termination payments other than for salary and benefits in lieu of notice.

Executive Directors are entitled to reasonable out of pocket expenses when on Company business.

Non-Executive Directors

	Contract Date	Unexpired Term	Notice Period
A.C.J. Solway	28 June 2018	11 months	None
M.L. Jarvis	1 July 2017	24 months	None
Dr A.R. Williams	1 December 2015	5 months	None
A.W. Powell	1 April 2018	33 months	None

NEDs are only entitled to accrued fees due to them at the date of termination of their appointment.

OTHER MATTERS

The Remuneration Committee may make minor amendments to the policy set out above without obtaining shareholder approval.

In making its decisions, the Remuneration Committee shall take into account the conditions of the Group as a whole and proposals as regards the general staff.

Last, the Remuneration Committee considers the views of investor bodies and shareholders. The Company seeks an ongoing dialogue with shareholders on all matters of strategic importance – including remuneration.

POLICY REGARDING EXTERNAL APPOINTMENTS

Executive Directors are not encouraged to hold external directorships. Duncan Sinclair is a director of Sinclair Estates Ltd. and Ossian Investors Ltd, companies which hold property assets in run-off.

NEDs are appointed because of their skills and experience and it is accepted that they have other commitments beyond Mountview. The Chairman keeps the availability of NEDs under review to ensure that the Company is able to access them as required.

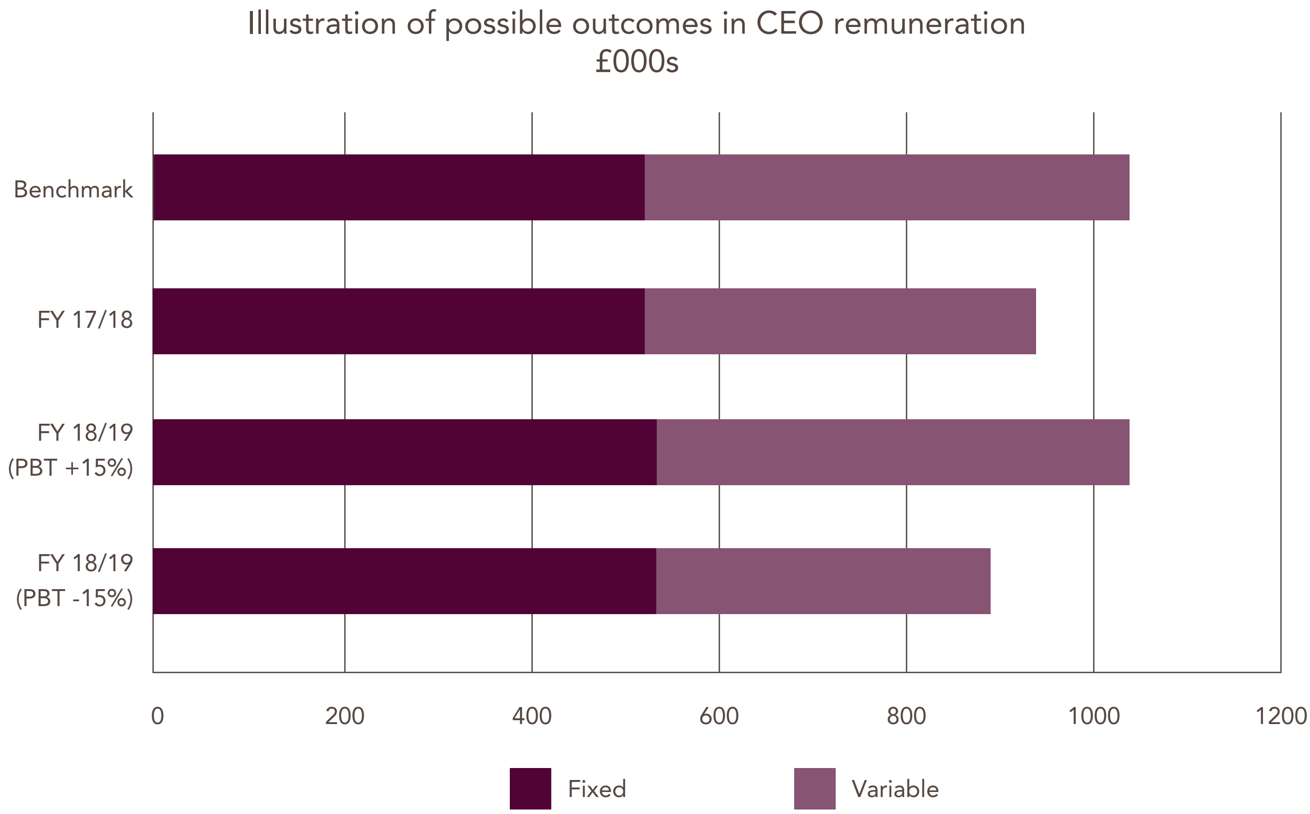
ILLUSTRATION OF THE APPLICATION OF REMUNERATION POLICY

The Remuneration Committee would start its process by reviewing the market benchmarks for remuneration amongst the Company's peer group, with particular focus on any movements in salaries and total remuneration for the current year and recent company performance. The Committee would then determine the appropriate level of base salary for the Executive Directors with reference to these results, as well as considering relative performance against the peer group.

The Committee would then set the Executive Directors' total remuneration for the year using the short term incentive. The quantum for the incentive would primarily be set to adjust the Executive Directors' total remuneration by a similar figure to that of the movement in the Company's profit before tax.

This calculation (shown below) would be mitigated by other factors such as:

- Any other non-financial factors to be considered.
- The total remuneration of other peer group companies and movement in market benchmarks.



Remuneration Report *(continued)*

IMPLEMENTATION REPORT

AUDITED INFORMATION

DIRECTORS' TOTAL REMUNERATION SINGLE FIGURE TABLE

2018	Salary £000	Bonus £000	Benefits in kind £000	Total £000
Executive				
D.M. Sinclair	**515**	**438**	**24**	**977**
M.M. Bray	**390**	**302**	**–**	**692**
Non-Executive				
A.C.J. Solway*	**84**	**–**	**–**	**84**
M.L. Jarvis	**36**	**–**	**–**	**36**
Dr A.R. Williams	**36**	**–**	**–**	**36**
	1,061	**740**	**24**	**1,825**

* A.C.J. Solway's salary was increased to £96k p.a. from 1 October 2017

2017	Salary £000	Bonus £000	Benefits in kind £000	Total £000
Executive				
D.M. Sinclair	500	515	23	1,038
M.M. Bray	375	355	–	730
Non-Executive				
A.C.J. Solway	72	–	–	72
M.L. Jarvis	36	–	–	36
Dr A.R. Williams	36	–	–	36
	1,019	870	23	1,912

UNAUDITED INFORMATION

CEO SINGLE FIGURE

		CEO single figure of total remuneration £000
2018	D.M. Sinclair	977
2017	D.M. Sinclair	1,038
2016	D.M. Sinclair	943
2015	D.M. Sinclair	778
2014	D.M. Sinclair	659

PERCENTAGE CHANGE IN REMUNERATION OF CEO AND EMPLOYEES

The percentage change in remuneration between 2017 and 2018 for the CEO and for all employees, excluding the Directors, in the Group was:

CEO	(5.88%)
Employee population (excluding the Directors)	6.15%

FINANCE DIRECTOR SINGLE FIGURE

		Finance Director single figure of total remuneration £000
2018	M.M. Bray	692
2017	M.M. Bray	730
2016	M.M. Bray	661
2015	M.M. Bray	546
2014	M.M. Bray	473

PERCENTAGE CHANGE IN REMUNERATION OF FINANCE DIRECTOR AND EMPLOYEES

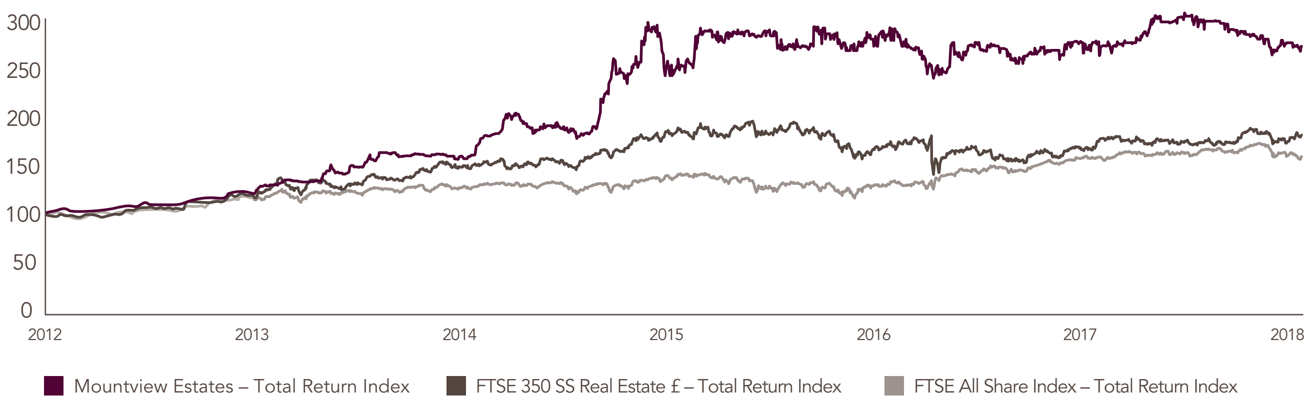
The percentage change in remuneration between 2017 and 2018 for the Finance Director and for all employees, excluding the Directors, in the Group was:

Finance Director	(5.20%)
Employee population (excluding the Directors)	6.15%

PERFORMANCE GRAPH

The graph illustrates the Company's performance compared to a broad equity market index over the past six years. As the Company is a constituent of the FTSE 350 Real Estate Index, that index is considered the most appropriate form of broad equity market index against which the Company's performance should be plotted. Performance is measured by Total Shareholder Return as represented by share price performance and dividend.

The graph looks at the value of £100 invested in Mountview Estates P.L.C. compared to the value of £100 invested in the FTSE All-Share Index and the FTSE 350 Real Estate Index on 31 March each year.



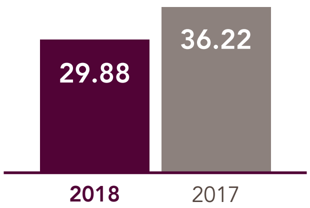
Remuneration Report *(continued)*

RELATIVE IMPORTANCE OF SPEND ON PAY

The difference in actual expenditure between 2018 and 2017 on remuneration for all employees in comparison to profit after tax and distributions to shareholders by way of dividend is set out in the tabular graphs below:

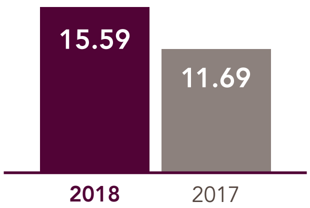
PROFIT AFTER TAX (£m)

↓6.34m



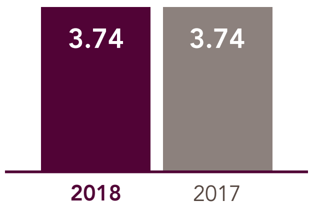
DIVIDEND (£m)

↑33.3%



TOTAL EMPLOYEE PAY (£)

↔



STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN THE CURRENT FINANCIAL YEAR

With effect from 1 April 2018 the basic salary of CEO will be increased to £530,500 and the Finance Director to £402,000.

DETAILS OF THE REMUNERATION COMMITTEE

The Remuneration Committee during the period comprised of three NEDs of which two were independent NEDs.

Details of the Directors who were members of the Committee during the year are disclosed on page 20.

STATEMENT OF VOTING AT GENERAL MEETING

At the Annual General Meeting held on 9 August 2017 the Directors' Remuneration Report received the following votes based on Proxy forms from Shareholders.

	Total number of votes	% of votes cast
For	1,700,338	67.25
Against	828,048	32.75
Total votes cast (for and against)	2,528,386	100
Total witheld	–	–
Total votes cast (including withheld votes)	2,528,386	100

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 2018	31 March 2017
Ordinary Shares of 5p each		
Mr D.M. Sinclair including:		
• beneficial holding of Sinclair Estates Limited of 54,165. (Mr Sinclair is a Director of Sinclair Estates Limited.)		
• non-beneficial holding of The Sinclair Charity of 57,317 (Mr Sinclair is the trustee of The Sinclair Charity).	**595,700**	538,383
M.M. Bray	**12,302**	12,302
A.C.J Solway	**500**	500
Dr A.R. Williams	**52,916**	52,916

All the above interests are beneficial unless otherwise stated. There were no other changes in shareholdings during the year.

Report of the Nomination Committee

Meetings

Committee Member	Meetings Attended	Meetings eligible to Attend
Mr A.C.J. Solway	2	2
Mr D.M. Sinclair	2	2
Mrs M.M. Bray	2	2
Mrs M.L. Jarvis	2	2
Dr A.R. Williams	2	2

All the Directors of the Company are members of the Nomination Committee.

Dear Shareholder

The Board considers that given its size, it would be unnecessarily burdensome to establish a separate Nomination Committee that did not include the entire Board, and believes that this enables all Directors to be kept fully informed of any issues that arise.

ROLE OF THE NOMINATION COMMITTEE

The role of the Committee is to consider the appointment of an additional Director as and when considered appropriate. Any appointments to the Board are based on merit, but when considering appointments the Nomination Committee also takes into account the ongoing requirements of the Group.

ACTIVITIES OF THE COMMITTEE

Taking into account the advice of the FRC regarding the experience required to chair the Audit and Risk Committee as well as the comments expressed by certain shareholders at the Annual General Meeting in August 2017, the Board decided to search for an additional NED with the skill set and qualifications that would meet the established best practice for the post. During the year an external search was commissioned for the purpose of identifying NED candidates, using an independent Executive search firm, Stephenson Executive Search Ltd., which has no other connection with the Group. Following that search, Mr A.W. Powell was appointed as a NED and Chairman of the Audit and Risk Committee on 1 April 2018, bringing many years of audit, governance and financial experience to the post.

The Board believes in the benefit of having a broad range of skills and backgrounds and the need to have a balance of experience, independence, diversity - including gender, and knowledge of the Group on its Board of Directors. See note 12 - 'Diversity' in the Directors report on page 16.

The Committee met formally twice during the year ended 31 March 2018 supplemented by a number of other less formal meetings and discussions.

Tony Solway.

A.C. J. Solway
Chairman, Nomination Committee
5 July 2018

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2018

	Notes	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Revenue	4	**70,272**	78,232
Cost of sales	4	**(26,915)**	(26,176)
Gross profit		**43,357**	52.056
Administrative expenses		**(5,507)**	(5,231)
Gain on sale of investment properties	13	**145**	–
Operating profit before changes in fair value of investment properties		**37,995**	46,825
(Decrease) in fair value of investment properties	13	**(376)**	(1,020)
Profit from operations		**37,619**	45,805
Net finance costs	8	**(714)**	(819)
Profit before taxation		**36,905**	44,986
Taxation – current	9	**(7,197)**	(9,234)
Taxation – deferred	19	**173**	473
Taxation	9	**(7,024)**	(8,761)
Profit attributable to equity shareholders		**29,881**	36,225
Basic and diluted earnings per share (pence)	11	**766.4p**	929.1p

All the activities of the Group are classed as continuing.

The Notes on pages 40 to 58 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

for the year ended 31 March 2018

	Notes	As at 31 March 2018 £000	As at 31 March 2017 £000
Assets			
Non-current assets			
Property, plant and equipment	12	**1,771**	1,833
Investment properties	13	**27,825**	28,741
		29,596	30,574
Current assets			
Inventories of trading properties	15	**376,879**	347,380
Trade and other receivables	16	**1,859**	1,613
Cash at bank		**5,368**	825
		384,106	349,818
Total assets		**413,702**	380,392
Equity and liabilities			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	**195**	195
Capital reserve	22	**25**	25
Capital redemption reserve	22	**55**	55
Other reserves	22	**56**	56
Retained earnings	23	**354,131**	335,948
		354,462	336,279
Non-current liabilities			
Long-term borrowings	18	**49,900**	29,000
Deferred tax	19	**4,696**	4,869
		54,596	33,869
Current liabilities			
Bank overdrafts and loans	18	**463**	3,042
Trade and other payables	17	**1,843**	1,951
Current tax payable		**2,338**	5,251
		4,644	10,244
Total liabilities		**59,240**	44,113
Total equity and liabilities		**413,702**	380,392

Approved by the Board on 5 July 2018.

D.M. Sinclair
Chief Executive

M.M. Bray
Director

The Notes on pages 40 to 58 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2018

	Notes	Share capital £000	Capital reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total £000
Changes in equity for year ended 31 March 2017							
Balance as at 1 April 2016		195	25	55	56	311,421	311,752
Profit for the year						36,225	36,225
Dividends	10					(11,698)	(11,698)
Balance at 31 March 2017	23	195	25	55	56	335,948	336,279
Changes in equity for year ended 31 March 2018							
Balance as at 1 April 2017		**195**	**25**	**55**	**56**	**335,948**	**336,279**
Profit for the year						**29,881**	**29,881**
Dividends	10					**(11,698)**	**(11,698)**
Balance at 31 March 2018	23	**195**	**25**	**55**	**56**	**354,131**	**354,462**

The Notes on pages 40 to 58 are an integral part of these consolidated financial statements

Consolidated Cash Flow Statement

for the year ended 31 March 2018

	Notes	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Cash flows from operating activities			
Profit from operations		**37,619**	45,805
Adjustment for:			
Depreciation		**66**	79
(Gain) on disposal of investment properties		**(145)**	–
Decrease in fair value of investment properties		**376**	1,020
Operating cash flows before movement in working capital		**37,916**	46,904
(Increase) in inventories		**(29,499)**	(13,272)
(Increase)/Decrease in receivables		**(246)**	107
(Decrease) in payables		**(108)**	(1,049)
Cash generated from operations		**8,063**	32,690
Interest paid		**(714)**	(819)
Income taxes paid		**(10,110)**	(9,458)
Net cash (outflow)/inflow from operating activities		**(2,761)**	22,413
Investing activities			
Proceeds from disposal of investment properties	13	**685**	–
Capital expenditure on investment properties	13	**–**	(312)
Purchase of property, plant and equipment	12	**(4)**	(1)
Net cash inflow/(outflow) from investing activities		**681**	(313)
Cash flows from financing activities			
Increase/(Repayment) of borrowings		**20,483**	(9,820)
Equity dividend paid		**(11,698)**	(11,698)
Net cash inflow/(outflow) from financing activities		**8,785**	(21,518)
Net increase in cash and cash equivalents		**6,705**	582
Opening cash and cash equivalents		**(1,337)**	(1,919)
Cash and cash equivalents at end of year	18	**5,368**	(1,337)

The Notes on pages 40 to 58 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2018

1. GENERAL INFORMATION

Mountview Estates P.L.C. (the Company) and its subsidiaries (the Group) is a property trading company with a portfolio in England and Wales.

The Company is a public limited liability company incorporated, domiciled and registered in England.

The address of its registered office is: 151 High Street, Southgate, London N14 6EW. The Company website is: www.mountviewplc.co.uk.

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

These consolidated financial statements have been approved for issue by the Board of Directors on 5 July 2018.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) BASIS OF PREPARATION

The Group's financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable International Financial Reporting Standards (IFRS), as adopted by the EU.

The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP. These are presented on pages 64 to 74.

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

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

(B) BASIS OF CONSOLIDATION

The Group's financial statements incorporate the results of Mountview Estates P.L.C. and all of its subsidiary undertakings made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The Group exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The purchase method has been used in consolidating the subsidiary financial statements.

All significant inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation within the consolidated accounts.

Consistent accounting policies have been used across the Group.

2. ACCOUNTING POLICIES CONTINUED

(C) SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Group has identified two such segments as follows:

- core portfolio
- residential investments

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

(D) INCOME TAX

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(E) REVENUE

Revenue includes proceeds from sales of properties, rental income from properties held as trading stock, investment and other sundry items of revenue before charging expenses.

Rental income is recognised over the rental period.

Sales of properties are recognised on legal completion as in the Directors' opinion this is the point at which the substantial risks and rewards of ownership have been transferred.

(F) DIVIDEND DISTRIBUTION

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

(G) INTEREST EXPENSE

Interest expense for borrowings is recognised within 'finance costs' in the income statement using the effective interest rate method. The effective interest method is a method of calculating the financial liability and of allocating the interest expense over the relevant period.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 March 2018

2. ACCOUNTING POLICIES CONTINUED

(H) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset using the straight-line method as follows:

Freehold property	– 2%
Fixtures and fittings and office equipment	– 20%
Computer equipment	– 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Income Statement.

(I) IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Any impairment is recognised in the Income Statement in the year in which it occurs.

(J) INVESTMENT PROPERTY

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property.

Investment property is measured initially at its cost including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specified asset. If this information is not available the Group uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections.

Subsequent expenditure is included in the carrying amount of the property when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Gains or losses arising from changes in the fair value of the Group's investment properties are included in the Income Statement of the period in which they arise.

2. ACCOUNTING POLICIES CONTINUED

(K) INVENTORIES – TRADING PROPERTIES

These comprise residential properties, all of which are held for resale, and are shown in the financial statements at the lower of cost and estimated net realisable value. Cost includes legal fees and commission charges incurred during acquisition together with improvement costs. Net realisable value is the net sale proceeds which the Group expects on sale of a property in its current condition with vacant possession. The analysis of the Group revenue as at 31 March 2018 is on pages 46 and 47.

(L) PENSION COSTS

The Group operates a stakeholder contribution pension scheme for employees. The annual contributions payable are charged to the Income Statement. The Group has no further payment obligations once the contributions have been paid.

(M) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument. Trade and other receivables, trade and other payables, and cash and cash equivalents are measured at their net realisable value.

(N) BANK BORROWINGS

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

(O) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(P) LEASING

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

(Q) ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

There are no new standards, amendments or interpretations that are effective for the first time for the current financial year that have a material impact on the Group.

The Group is assessing the impact of the following revised standards and interpretations that are not yet effective. Where already endorsed by the EU, these changes will be adopted on the effective dates noted. Where not yet endorsed by the EU the adoption date is less certain.

- IFRS 9 Financial Instruments: Classification and Measurement, effective 2019 financial year;
- IFRS 15 Revenue from Contracts with Customers, effective 2019 financial year;
- IFRS 16 Leases, effective 2020 financial year. This standard replaces the existing standard, IAS 17 Leases, where lessees are required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet); and
- IAS 40 Investment Property, proposed amendment. In November 2015 the IASB issued an Exposure Draft on a proposed amendment to clarify situations in which properties can be transferred from investment property to trading property and vice versa. The IASB further announced in July 2016 that it has now recommended finalising this amendment. The Group confirms, that no trading properties will be reclassified as investment property as a consequence of the amendment.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2018

2. ACCOUNTING POLICIES CONTINUED

Of the other IFRSs that are available for early adoption, none are expected to have a material impact on the financial statements.

(R) CRITICAL ACCOUNTING JUDGEMENTS AND KEY AREAS OF ESTIMATION UNCERTAINTY

Going concern

The Directors are required to make an assessment of the Group's ability to continue to trade as a going concern.

The two main considerations were as follows:

1. Refinancing of banking facilities

The Group has a £20 million (2017: £20 million) revolving loan facility with HSBC Bank. The termination date is November 2019.

The Group has re-negotiated a £60 million (2017: £60 million) revolving loan facility with Barclays Bank. The termination date of this facility is December 2022.

2. Covenant compliance

The core facility has two covenants, Consolidated Gross Borrowings as a percentage of Consolidated Net Tangible Assets, and the ratio of Consolidated PBIT to Consolidated Gross Financing Costs. The Group has remained well within both of these covenants during the year.

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

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

Distinction between investment and trading property

The Group considers the intention at the outset when each property is acquired in order to classify the property as either an investment or a trading property. Where the intention is to either trade the property or where the property is held for immediate sale upon receiving vacant possession within the ordinary course of business, the property is classified as trading property. Where the intention is to hold the property for its long-term rental yield and/or capital appreciation, the property is classified as an investment property.

Investment properties

In considering the values attributable to the investment portfolio, the following factors are taken into consideration:

- sales of properties within the Group's portfolio during the preceding 12 months
- sales of properties in the same district whenever the information is available
- published market research concerning the performance of the property market in this region and district
- factors affecting individual properties and units in relation to value, and factors in the district which might affect the values of individual properties and units.

The valuation of the portfolios was made in accordance with the requirements of the RICS Valuation – Professional Standards – Global and UK Edition, 2017 as amended.

Carrying value of trading stock

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

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

2. ACCOUNTING POLICIES CONTINUED

Inventory expected to be settled in more than 12 months

The Board estimates that inventory of £20.5 million will be settled within the next 12 months, with the remaining inventory value expected to be settled in more than 12 months. This estimation is based on the average cost of sales of inventory over the last three year period. Mountview's business, both historic and current, has involved the purchase for sale of residential properties subject to regulated tenancies, such properties being sold when vacant possession is obtained.

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

1. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including price risk and cash flow risk), credit risk and liquidity risk. The Group's policies on financial risk management are to minimise the risk of adverse effect on performance and to ensure the ability of the Group to continue as a going concern.

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

(A) MARKET RISK

The Group is exposed to market risk through interest rates and availability of credit.

Price risk

- The Group is exposed to property price and property rental risk.

Cash flow and fair value interest rate risk

- As the Group has no significant interest bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

Long-term borrowings

- Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow and fair value interest rate risk is constantly monitored by the Group's management.

The Board is confident that based on the historical performance of the Group, the finance costs are sufficiently covered by the rental income.

The Group has two covenants covering Consolidated Gross Borrowings as a percentage of Consolidated Net Tangible Assets, and the ratio of Consolidated PBIT to Consolidated Gross Financing Costs. These covenants were complied with during the financial year.

(B) CREDIT RISK

Exposure to credit risk and interest risk arises in the normal course of the Group's business.

The Group has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers, including outstanding receivables. The Directors are of the opinion that credit risk is minimal due to the low level of trade receivables relative to the Balance Sheet totals. Regulated tenants are incentivised through the benefit of their tenancy agreement to avoid default on their rent.

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

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 March 2018

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

(C) LIQUIDITY RISK

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

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

(D) CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total debt and equity.

	2018 £000	2017 £000
Total borrowings	**50,363**	32,042
Less cash	**(5,368)**	(825)
Net borrowings	**44,995**	31,217
Total equity	**354,462**	336,279
Net borrowings plus equity	**399,457**	367,496
Gearing ratio	**11.3%**	8.5%

4. ANALYSIS OF REVENUE AND COST OF SALES

All revenue arises in the United Kingdom.

1. Rental income from tenancies of occupied properties. The income is recognised on an accruals basis.
2. Sale of stock properties. This is recognised on the date of legal completion.

	2018 £000	2017 £000
Revenue		
Gross sales of properties	**51,840**	60,154
Gross rental income	**18,432**	18,078
	70,272	78,232
Cost of sales		
Cost of properties sold	**21,822**	20,287
Property expenses	**5,093**	5,889
	26,915	26,176
Gross profit		
Sales of properties	**30,018**	39,867
Net rental income	**13,339**	12,189
	43,357	52,056

4. ANALYSIS OF REVENUE AND COST OF SALES CONTINUED

Sales of properties included in the Market Valuation undertaken by Allsop LLP as at 30 September 2014.

	Allsop Valuation £000	Sales Price £000
Value of the Properties included in the Market Valuation as at 30 September 2014 and sold during the year ended 31 March 2018	30,594	45,156
Properties purchased since 30 September 2014 and sold during the year ended 31 March 2018	–	6,684
Gross sales of properties	–	51,840

The Market Values were on the basis that properties would be sold subject to any then existing leases and tenancies.

5. SEGMENTAL INFORMATION

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group monitors its operations in the following segments:

	2018			2017		
	Property trading £000	Property investment £000	Group £000	Property trading £000	Property investment £000	Group £000
Revenue	**69,716**	**556**	**70,272**	77,710	522	78,232
Operating profit before changes in fair value of investment properties	**37,455**	**540**	**37,995**	46,597	228	46,825
Finance costs	**(714)**	**–**	**(714)**	(819)	–	(819)
Profit after tax			**29,881**			36,225
Assets	**385,743**	**27,959**	**413,702**	351,422	28,970	380,392
Liabilities	**54,410**	**4,830**	**59,240**	39,204	4,909	44,113
Fixed assets						
Capital expenditure	**4**	**–**	**4**	–	313	313
Depreciation	**58**	**8**	**66**	59	20	79

Revenue of the property investment segment is derived entirely from rental income.

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

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 March 2018

6. PROFIT FROM OPERATIONS

	2018 £000	2017 £000
The operating profit is stated after taking into account:		
Depreciation of tangible fixed assets	**66**	79
Gain on disposal of investment property	**145**	–
Auditors' remuneration		
– the audit of the Parent Company and Consolidated Financial Statements	**42**	42
– the audit of the Company's subsidiaries pursuant to legislation	**15**	15
– tax compliance work	**4**	4
Operating expenses for investment properties	**19**	23
And after crediting:		
– net rental income	**13,339**	12,189
– administrative charges to related companies (Note 24)	**32**	40

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

	2018	2017
Office and management	**28**	27

7. STAFF COSTS (INCLUDING DIRECTORS)

	2018 £000	2017 £000
Wages and salaries	**3,293**	3,295
Social security costs	**408**	415
Pension costs	**42**	37
	3,743	3,747
Directors' remuneration		
Total Directors' remuneration including salary, bonuses, benefits in kind amounted to:	**1,825**	1,912

The details of Directors' remuneration are shown in the audited section of the Remuneration Report on pages 26 to 34.

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

8. FINANCE COSTS

	2018 £000	2017 £000
Interest on bank overdrafts and loans	**714**	819

9. INCOME TAX EXPENSE

	2018 £000	2017 £000
(a) Analysis of charge in the year		
Current tax: UK Corporation Tax 19% (2017: 20%)	**7,197**	9,234
Deferred tax: Current year 19% (2017: 19%)	**(173)**	(473)
Taxation attributable to the Company and its subsidiaries	**7,024**	8,761
(b) Factors affecting income tax expense		
The charge for the year can be reconciled to the profit per the income statement as follows:		
Profit on ordinary activities before taxation	**36,905**	44,986
Profit on ordinary activities multiplied by rate of tax 19% (2017: 20%)	**7,012**	8,997
Expenses not deductible for tax	**9**	21
Depreciation in excess of capital allowances	**9**	12
Taxation on capital gains	**119**	–
Profit on sale of assets	**(24)**	–
Fair value adjustments	**71**	204
Deferred tax	**(173)**	(473)
Sundry adjusting items	**1**	–
Taxation attributable to the Company and its subsidiaries	**7,024**	8,761

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

10. DIVIDENDS

On 14 August 2017, a dividend of 100p per share (2016: 100p per share) was paid to the shareholders. On 26 March 2018 a dividend of 200p per share (2017: 200p per share) was paid to the shareholders. This resulted in total dividends paid in the year of £11.7 million (2017: £11.7 million).

In respect of the current year, the Directors propose that a final dividend of 200p per share will be paid to the shareholders on 13 August 2018. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The proposed final dividend for 2018 is payable to all shareholders on the Register of Members on 6 July 2018. The total estimated final dividend to be paid is £7.8 million.

11. EARNINGS PER SHARE

	2018 £000	2017 £000
The calculations of earnings per share are based on the following profits and number of shares:		
Net profit for financial year (basic and fully diluted)	**29,881**	36,225
Weighted average number of Ordinary Shares for basic and fully diluted earnings per share	**3,899,014**	3,899,014
Basic and diluted earnings per share	**766.4p**	929.1p

The Company has no dilutive potential Ordinary Shares.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 March 2018

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2017	2,671	49	20	2,740
Additions	–	4	–	4
Disposals	–	(12)	(20)	(32)
At 31 March 2018	**2,671**	**41**	**–**	**2712**
Depreciation				
At 1 April 2017	860	32	15	907
Charge for the year	53	8	5	66
On disposals	–	(12)	(20)	(32)
At 31 March 2018	**913**	**28**	**–**	**941**
Net book value				
At 31 March 2017	1,811	17	5	1,833
At 31 March 2018	**1758**	**13**	**–**	**1771**

Property, plant and equipment are located within the UK.

	Freehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2016	2,671	115	20	2,806
Additions	–	1	–	1
Disposals	–	(67)	–	(67)
At 31 March 2017	2,671	49	20	2,740
Depreciation				
At 1 April 2016	807	78	10	895
Charge for the year	53	21	5	79
On disposals	–	(67)	–	(67)
At 31 March 2017	860	32	15	907
Net book value				
At 31 March 2016	1,864	37	10	1,911
At 31 March 2017	1,811	17	5	1,833

Property, plant and equipment are located within the UK.

13. INVESTMENT PROPERTIES

	2018 £000	2017 £000
Fair value at 1 April 2017/(2016)	**28,741**	29,448
Subsequent expenditure	**–**	313
Disposals	**(540)**	–
(Decrease) in fair value during the year	**(376)**	(1,020)
At 31 March 2018/(2017)	**27,825**	28,741

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

During the financial year we disposed of one unit for £685,000 (2017: no disposals). The difference between the sales price of £685,000 and the market fair value of £540,000 resulted in a gain of £145,000 and this is shown in the Consolidated Income Statement as a separate item.

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

LOUISE GOODWIN LIMITED AND A.L.G. PROPERTIES LIMITED

The companies' freehold properties were valued on 31 March 2018 by an external valuer Jeremy Mayhew – Sanders MRICS of Allsop LLP. The valuations are in accordance with the requirements of the RICS Valuation – Professional Standards – Global and UK Edition, 2017 as amended. The properties are all held for investment and Market Values are on the basis that the properties would be sold subject to any existing leases and tenancies. The valuer's opinion of Market Value was primarily derived using comparable recent market transactions on arm's length terms.

Allsop LLP has undertaken work for Mountview Estates P.L.C. for in excess of 20 years including acquisitions, disposals and valuations.

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

The aggregate Market Value of the Group's interests in its investment portfolios was:

LOUISE GOODWIN LIMITED

- Freehold: £24,606,000 (Twenty-four million, six hundred and six thousand pounds).

A.L.G. PROPERTIES LIMITED

- Freehold: £3,219,000 (Three million, two hundred and nineteen thousand pounds).

Information relating to the basis of valuation of investment properties and the judgements and assumption adopted by management is set out in Note 2(R) "Critical accounting judgements and key areas of estimation uncertainty".

A negative revaluation of £376,000 has arisen on valuation of investment properties to Market Value as at 31 March 2018 (2017: a negative revaluation of £1.020 million) and this has been taken to the Income Statement.

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

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 March 2018

14. INVESTMENTS

FIXED ASSET INVESTMENTS

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

	Principal activity	Cost 2017 2018 £000
Hurstway Investment Company Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW Registered in England 344034	Property Trading	1
Louise Goodwin Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW Registered in England 691455	Property Investment	15,351
A.L.G. Properties Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW Registered in England 508842	Property Investment	2,924
		18,276

15. INVENTORIES OF TRADING PROPERTIES

	2018 £000	2017 £000
Residential properties	**376,879**	347,380

The Company's freehold and long leasehold interests in its portfolio of properties held as Trading Stock were valued on 30 September 2014 at £665,866,266 (Six hundred and sixty-five million, eight hundred and sixty-six thousand, two hundred and sixty-six pounds) by an External Valuer, Martin Angel FRICS of Allsop LLP. The valuation showed a spectacular increase in the value of our trading stock, but to a large degree this was because we held the stock over an extended period of years. The individual values were not finely accurate, even though we have no reason to doubt the overall total of the valuation. Thus the valuation is not a useful tool for running the business because we are always going to await vacant possession, and no perceived uplift in value can justify selling a tenanted property. The nature of our business and the rules and conventions under which we operate place no obligation upon us to value our trading stock at any given time.

16. TRADE AND OTHER RECEIVABLES

	2018 £000	2017 £000
Trade receivables	**427**	296
Prepayments and accrued income	**1,432**	1,317
	1,859	1,613

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

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

17. TRADE AND OTHER PAYABLES

	2018 £000	2017 £000
Trade creditors	**1,255**	1,472
Other taxes and social security costs	**216**	249
Other creditors	**372**	230
	1,843	1,951

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

18. BANK OVERDRAFTS AND LOANS

	2018 £000	2017 £000
Bank overdrafts	**–**	2,162
Bank loans	**49,900**	29,000
Other loans	**463**	880
	50,363	32,042

CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Bank overdrafts	**–**	(2,162)
Cash	**5,368**	825
Cash and cash equivalents as at 31 March	**5,368**	(1,337)

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 March 2018

Maturity profile of financial liabilities at 31 March 2018 was as follows:

	2018 £000	2017 £000
Amounts repayable:		
In one year or less	**463**	3,042
Between one and five years	**49,900**	29,000
	50,363	32,042
Less: amount due for settlement within 12 months (shown under current liabilities)	**(463)**	(3,042)
Amount due for settlement after 12 months	**49,900**	29,000

The average interest rates paid were as follows:

	2018 %	2017 %
Bank overdrafts	**1.96**	1.93
Bank loans	**2.39**	2.37
Other loans	**0.5**	0.5

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

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

1. The Group has a short-term borrowing facility of £10 million (2017: £10 million) with Barclays Bank. This is due for review in November 2018 and the rate of interest payable is:
   - 1.6% over base rate on overdraft
   - Headroom of this facility at 31 March 2018 amounted to £10 million (2017: £7.8 million).
2. The Group has re-negotiated a £60 million (2017: £60 million) long-term revolving loan facility with Barclays Bank with a termination date of December 2022. The rate of interest payable on the loan is 1.9% above LIBOR. The loan is secured by a cross guarantee between Mountview Estates P.L.C. and its subsidiaries. The loan is not repayable by instalments. Headroom under this facility at 31 March 2018 amounted to £18 million (2017: £38 million).
3. The Group has a £20 million (2017: £20 million) long-term revolving loan facility with HSBC Bank. The termination date for this facility is November 2019. The rate of interest payable on the loan is 2.25% above LIBOR. The loan includes a Negative Pledge. The loan is not repayable by instalments. As at 31 March 2018 headroom under this facility amounted to £12.1 million (2017: £13.0 million).
4. Other loans which were repaid during the year consisted of loans from connected persons, and companies of which Mr D.M. Sinclair is a Director. The balance outstanding as at 31 March 2018 was £463,000 (2017: £880,000).
   - Interest payable on these loans was at Barclays Bank PLC base rate.

19. DEFERRED TAX

ANALYSIS FOR FINANCIAL REPORTING PURPOSES

	2018 £000	2017 £000
Deferred tax liabilities	**4,696**	4,869
Net position at 31 March	**4,696**	4,869

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

	2018 £000	2017 £000
At 1 April	**4,869**	5,342
(Credit) to income for the year	**(173)**	(473)
At 31 March	**4,696**	4,869

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

REVALUATION OF PROPERTIES

	2018 £000	2017 £000
At 1 April	**4,869**	5,342
(Credit) to income for the year	**(173)**	(473)
At 31 March	**4,696**	4,869

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 March 2018

20. FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL ASSETS

The Group's financial assets at the year end consist of trade receivables and cash at bank and in hand of £5.37 million (2017: £825,000).

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

The trade receivables amounted to £1.859 million (2017: £1.613 million).

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

FAIR VALUE OF BORROWINGS

	2018 £000	**2017 £000**
Bank overdrafts and short-term loans	**463**	3,042
Secured bank loans	**49,900**	29,000
	50,363	32,042

Interest charged in the Income Statement for the above borrowings amounted to £0.71 million (2017: £0.82 million).

The Directors consider that the carrying amount of borrowings approximates their fair value. The details of the terms of the borrowings together with the average interest rates can be seen in Note 18.

As at 31 March 2018 it is estimated that a general increase of 1 point in interest rates would decrease the Group's profit before tax by approximately £503,630 (2017: £320,420).

UNDISCOUNTED MATURITY PROFILE OF FINANCIAL LIABILITIES

The following table analyses the Group's financial liabilities and derivative financial liabilities at the Balance Sheet date into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not always equal the amounts disclosed on the Balance Sheet for borrowings, derivative financial instruments, and trade and other payables.

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

At 31 March 2018	**Less than 1 year £000**	**Between 1 and 5 years £000**	**Over 5 years £000**	**Total £000**
Interest-bearing loans and borrowings	**463**	**49,900**	**–**	**50,363**
Trade and other payables	**1,843**	**–**	**–**	**1,843**

At 31 March 2017	**Less than 1 year £000**	**Between 1 and 5 years £000**	**Over 5 years £000**	**Total £000**
Interest-bearing loans and borrowings	3,042	29,000	–	32,042
Trade and other payables	1,951	–	–	1,951

RECONCILIATION OF MATURITY ANALYSIS

At 31 March 2018	Less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000	Total £000
Interest bearing loans and borrowings per accounts	**463**	**49,900**	**–**	**50,363**
Interest	**17**	**5,149**	**–**	**5,166**
Financial liability cash flows as above	**480**	**55,049**	**–**	**55,529**

At 31 March 2017	Less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000	Total £000
Interest bearing loans and borrowings per accounts	3,042	29,000	–	32,042
Interest	40	1,243	–	1,283
Financial liability cash flows as above	3,082	30,243	–	33,325

21. CALLED UP SHARE CAPITAL

	2018 £000	2017 £000
Authorised:		
5,000,000 Ordinary Shares of 5p each	**250**	250
Allotted, issued and fully paid:		
3,899,014 Ordinary Shares of 5p each	**195**	195

22. OTHER RESERVES

	2018 £000	2017 £000
Capital reserve	**25**	25
Capital redemption reserve	**55**	55
Other reserves	**56**	56
	136	136

Capital redemption reserve relates to buy-back of the Company’s own shares.

The Group does not maintain insurance cover against other risks except where several properties are located in close physical vicinity.
A reserve is maintained to deal with such non-insured risks and at 31 March 2018 stood at £56,000 (2017: £56,000).

23. RETAINED EARNINGS

	£000
Balance at 1 April 2017	335,948
Net profit for the year	29,881
Dividends paid	(11,698)
Balance at 31 March 2018	**354,131**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 March 2018

24. RELATED PARTY TRANSACTIONS

1. During the financial year there were no key management personnel emoluments, other than remuneration.

2. (a) Mountview Estates P.L.C. provides general management and administration services to Ossian Investors Limited and Sinclair Estates Limited, companies of which Mr D.M. Sinclair is a Director. Fees of £31,776 (2017: £40,180) were charged for these services.

   (b) Included within other loans repayable in less than one year and on demand was a loan from Sinclair Estates Limited. The balance outstanding at the balance sheet date was £413,473 (2017: £830,000). Interest was payable on the loan at Barclays Bank PLC base rate. Interest paid in the year on this loan amounted to £2,045 (2017: £1,723).

   (c) Included within other loans repayable in less than one year and on demand was a loan from Ossian Investors Limited. The balance outstanding at the balance sheet date was £50,000 (2017: £50,000). Interest was payable on the loan at Barclays Bank PLC base rate. Interest paid in the year on this loan amounted to £250 (2017: £28).

   (d) All of the above loans are unsecured.

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

   (f) The only key management are the Directors.

25. DIRECTORS' ADVANCE CREDITS AND GUARANTEES

As at 31 March 2018 the group owed Mr D.M. Sinclair £6,591 in relation to an informal loan.

26. OPERATING LEASE COMMITMENTS

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

	2018 £000	2017 £000
Operating lease payments due:		
Not later than one year	**52**	34
Later than one year and not later than five years	**48**	30
	100	64

Independent Auditors' Report

to the members of Mountview Estates P.L.C

OPINION

We have audited the Group Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Statement of Consolidated Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the Group Financial Statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2018 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Group Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 2 to the Group Financial Statements on the use of going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's use of that basis for a period of at least twelve months from the date of approval of the Group Financial Statements; or
- if the same statement is materially inconsistent with our knowledge.

We have nothing to report in these respects.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Revenue recognition – refer to page 41 (accounting policies), notes 4 and 5 on pages 46 and 47.

Our testing of revenue transactions focused on understanding whether cash had been received and reading extracts of the related contracts – for example a property sale completion statement or a rental contract.

Independent Auditors' Report *(continued)*

to the members of Mountview Estates P.L.C

We have tested a sample of completion statements to income received from sale of properties and a sample of rental agreements to rental income receivable. We also tested rental income stream for a sample of properties in inventories.

- Valuation of investment and trading properties – refer to pages 42 and 43 (accounting policies), pages 44 and 45 (critical accounting judgements and key areas of estimation uncertainty) and note 13 on page 51.

For investment properties we checked that the property database information supplied to external valuers by management was consistent with the underlying property records held by the Group and tested during our audit.

Our assessment of the net realisable value of trading properties held as inventories focused on the critical accounting assumptions disclosed in Note 2 to the Financial Statements. In addition, we reviewed recent comparable market data.

OUR APPLICATION OF MATERIALITY

We determined materiality for the Group to be £4.1 million, which is approximately 1% of gross assets. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatements and determining the nature, timing and extent of further audit procedure.

We concluded that determining materiality based on gross assets was more consistent with industry peers and appropriately reflects the nature of the business.

In addition, we applied lower materiality of 703k to the specific income statement items which depict the trading performance of the Group and £66k for Directors transactions. We believe misstatement of these specific income statement items and directors' transactions of a lesser amount than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Group.

We agreed with the Audit Committee that we would report to them corrected and uncorrected differences in excess of 5% of the materiality level, as well as differences below that threshold that in our view warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The Group reports its operating results and financial position along two business lines, being UK residential trading properties and investment properties. The Parent Company and all three subsidiaries are audited by BSG Valentine (UK) LLP. The accounting books and records for all business lines are located at the Group's head office in North London.

In our audit we tested and examined information, using sampling and other techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Group Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DISCLOSURES OF PRINCIPAL RISKS AND LONGER-TERM VIABILITY

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on pages 13-14 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

CORPORATE GOVERNANCE DISCLOSURES

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the Directors that they consider the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the Directors' Statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from relevant provision of the UK Corporate Governance Code.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Group Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report *(continued)*

to the members of Mountview Estates P.L.C

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the Group Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group Company Financial Statements and the part of the Director's Remuneration report to be audited are not in agreement with the accounting records; or
- certain disclosures of Directors' Remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of the Group Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group Financial Statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group Companies or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Group Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group Financial Statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A further description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were appointed by the Directors on 26 March 2018. The period of total uninterrupted engagement is 12 years for the year ended 31 March 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

We have reported separately on the Parent Company Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2018. The opinion in that report is unmodified.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Burke (Senior Statutory Auditor)
For and on behalf of
BSG Valentine (UK) LLP
Chartered Accountants & Statutory Auditor
Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

5 July 2018

Company Balance Sheet under UK GAAP

for the year ended 31 March 2018

	Notes	31 March 2018 £000	31 March 2017 £000
Fixed assets			
Tangible assets	4	**1,758**	1,816
Investments	5	**18,276**	18,276
		20,034	20,092
Current assets			
Stocks	6	**347,727**	318,430
Debtors	7	**2,148**	3,791
Cash at bank and in hand		**5,253**	595
		355,128	322,816
Creditors: amounts falling due within one year	8	**(12,762)**	(17,325)
Net current assets		**342,366**	305,491
Total assets less current liabilities		**362,400**	325,583
Creditors: amounts falling due after more than one year	9	**(49,900)**	(29,000)
		312,500	296,583
Capital and reserves			
Called up share capital	12	**195**	195
Capital redemption reserve	13	**55**	55
Capital reserve	13	**25**	25
Other reserves	13	**39**	39
Profit and loss account	14	**312,186**	296,269
		312,500	296,583

Approved by the Board on 5 July 2018.

D.M. Sinclair *M.M. Bray*
Chief Executive Director

The Notes on pages 66 to 74 are an integral part of the Parent Company financial statements.

Company Cash Flow under UK GAAP

for the year ended 31 March 2018

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Cash Flows from Operating Activities		
Profit from operations	**27,615**	34,130
Adjustments for:		
Depreciation	**58**	59
Interest payable and similar charges	**714**	819
Tax on profit on ordinary activities	**6,499**	8,571
Accrued (income)/expenses	**(220)**	23
Changes in:		
Stocks	**(29,297)**	(13,272)
Trade and other debtors	**1,643**	2,098
Trade and other creditors	**111**	(1,066)
Cash generated from operations	**7,123**	31,362
Interest paid	**(714)**	(819)
Tax paid	**(9,442)**	(8,405)
Net cash (outflow)/inflow from operating activities	**(3,033)**	22,138
Cash Flows from Financing Activities		
Increase/(repayment) of borrowings	**20,483**	(9,820)
Increase/(repayment) of loans from Group undertakings	**1,068**	(181)
Dividends paid	**(11,698)**	(11,698)
Net cash used in financing activities	**9,853**	(21,699)
Net increase in cash and cash equivalents	**6,820**	439
Cash and cash equivalents at beginning of the year	**(1,567)**	(2,006)
Cash and cash equivalents at end of year	**5,253**	(1,567)

Notes to the Financial Statements under UK GAAP

for the year ended 31 March 2018

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

REVENUE RECOGNITION

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

Rental income is recognised over the rental period.

Sales of properties are recognised on completion.

INCOME TAX

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

OPERATING LEASES

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

TANGIBLE ASSETS

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

DEPRECIATION

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	– 2% straight-line
Fixtures and fittings	– 20% straight-line
Computer equipment	– 25% straight-line

INVESTMENTS

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

IMPAIRMENT OF FIXED ASSETS

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units.

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 Company includes legal fees and commission charges incurred during acquisition together with improvement costs. Net realisable value is the net sale proceeds which the Company expects on sale of the property with vacant possession in its current condition.

DEFINED CONTRIBUTION PLANS

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY AREAS OF ESTIMATION UNCERTAINTY

Going concern

The Directors are required to make an assessment of the Company's ability to continue to trade as a going concern.

The two main considerations were as follows:

1. Refinancing of banking facilities

The Company has a £20 million (2017: £20 million) revolving loan facility with HSBC Bank. The termination date is November 2019.

The Company has re-negotiated a £60 million (2017: £60 million) revolving loan facility with Barclays Bank. The term termination date of this facility is December 2022.

Notes to the Financial Statements under UK GAAP (continued)

for the year ended 31 March 2018

2. ACCOUNTING POLICIES CONTINUED

2. Covenant compliance

The core facility has two covenants, Consolidated Gross Borrowing as a percentage of Consolidated Net Tangible Assets, and the ratio of Consolidated PBIT to Gross Financing Costs. The Company has remained well within both of these covenants during the year.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

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

Carrying value of trading stock

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

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

Inventory expected to be settled in more than 12 months

The Board estimates that inventory of £20.5 million will be settled within the next 12 months, with the remaining inventory value expected to be settled in more than 12 months. This estimation is based on the average cost of sales of inventory over the last three year period. Mountview's business, historic and current has involved the purchase for sale of residential properties subject to regulated tenancies, such properties being sold when vacant possession is obtained.

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

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

3. STAFF COSTS (INCLUDING DIRECTORS)

	2018 £000	2017 £000
Wages and salaries	**3,293**	3,295
Social security costs	**408**	415
Pension costs	**42**	37
	3,743	3,747

DIRECTORS' REMUNERATION

	2018 £000	2017 £000
Total Directors' remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to:	**1,825**	1,912

The details of Directors' remuneration are shown in the audited section of the Remuneration Report on pages 32 and 33.

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

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

	2018	2017
Office and management	**28**	27

4. TANGIBLE ASSETS

	Freehold property £000	Computer equipment £000	Total £000
Cost			
At 1 April 2017	2,671	20	2,691
Additions	–	–	–
Disposals	–	(20)	(20)
At 31 March 2018	**2,671**	**–**	**2,671**
Depreciation			
At 1 April 2017	860	15	875
Charge for the year	53	5	58
On disposals	–	(20)	(20)
At 31 March 2018	**913**	**–**	**913**
Net book value			
At 31 March 2017	1,811	5	1,816
At 31 March 2018	**1,758**	**–**	**1,758**

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

5. INVESTMENTS

	Shares in Group undertakings £000
Cost At 1 April 2017 and 31 March 2018	18,276
Impairment At 1 April 2017 and 31 March 2018	–
Carrying amount At 31 March 2018	18,276
Subsidiaries	

The Company owns 100% of the Ordinary Share capital of the following companies:

Subsidiary undertaking	Country of incorporation	Principal activity
Hurstway Investment Company Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW	England, UK No: 344034	Property Trading
Louise Goodwin Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW	England, UK No: 691455	Property Investment
A.L.G. Properties Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW	England,UK No: 508842	Property Investment

Notes to the Financial Statements under UK GAAP *(continued)*

for the year ended 31 March 2018

6. STOCKS

	2018 £000	2017 £000
Residential properties	**347,727**	318,430

7. DEBTORS: DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade debtors	**418**	184
Amounts owed by Group undertakings	**362**	2,355
Prepayments and accrued income	**1,368**	1,252
	2,148	3,791

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Bank loans and overdrafts	**–**	2,162
Amounts owed to Group undertakings	**8,504**	7,436
Accruals and deferred income	**1,208**	1,425
Corporation Tax	**1,999**	4,944
Other taxes and social security costs	**216**	249
Other creditors	**372**	229
Other loans	**463**	880
	12,762	17,325

Other loans consist of loans from connected persons. Interest payable on these loans was at Barclays Bank PLC base rate.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £000	2017 £000
Bank loans	**49,900**	29,000
	49,900	29,000

Maturity profile of financial liabilities at 31 March 2018 was as follows:

	2018 £000	2017 £000
Amounts repayable:		
Between one and five years	**49,900**	29,000
	49,900	29,000

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

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

1. The Company has a short-term borrowing facility of £10 million (2017: £10 million) with Barclays Bank. This is due for review in November 2018 and the rate of interest payable is:
   - 1.6% over base rate on overdraft.

   Headroom of this facility at 31 March 2018 amounted to £10 million (2017: £7.8 million).

2. The Company has re-negotiated a £60 million (2017: £60 million) long-term revolving loan facility with Barclays Bank with a termination date of December 2022. The rate of interest payable on the loan is 1.9% above LIBOR. The loan is secured by a cross guarantee between Mountview Estates P.L.C. and its subsidiaries. The loan is not repayable by instalments. Headroom under this facility at 31 March 2018 amounted to £18 million (2017: £38 million).

3. The Company has a £20 million (2017: £20 million) long-term revolving loan facility with HSBC Bank. The termination date for this facility is November 2019. The rate of interest payable on the loan is 2.25% above LIBOR. The loan includes a Negative Pledge. The loan is not repayable by instalments. As at 31 March 2018 headroom under this facility amounted to £12.1 million (2017: £13.0 million).

4. Other loans which were repaid during the year consisted of loans from connected persons, and companies of which Mr D.M. Sinclair is a Director. The balance outstanding as at 31 March 2018 was £463,000 (2017: £880,000). Interest payable on these loans was at Barclays Bank PLC base rate.

Notes to the Financial Statements under UK GAAP *(continued)*

for the year ended 31 March 2018

10. CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Bank overdrafts	–	(2,162)
Cash	5,253	595
Cash and cash equivalents as at 31 March	5,253	(1,567)

Maturity profile of financial liabilities at 31 March 2018 was as follows:

	2018 £000	2017 £000
Amounts repayable:		
In one year or less	463	3,042
Between one and five years	49,900	29,000
	50,363	32,042
Less: amount due for settlement within 12 months (shown under current liabilities)	(463)	(3,042)
Amount due for settlement after 12 months	49,900	29,000

11. FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL ASSETS

The Company's financial assets at the year end consist of trade receivables and cash at bank and in hand of £5.253 million (2017: £0.595 million).

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

The trade receivables amounted to £2.148 million (2017: £3.791 million).

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

FAIR VALUE OF BORROWINGS

	2018 £000	2017 £000
Bank overdrafts and short-term loans	463	3,042
Secured bank loans	49,900	29,000
	50,363	32,042

Interest charged in the Income Statement for the above borrowings amounted to £0.7 million (2017: £0.8 million).

The Directors consider that the carrying amount of borrowing approximates their fair value. The details of the terms of the borrowings can be seen in Note 9.

As at 31 March 2018 it is estimated that a general increase of 1 point in interest rates would decrease the Company's profit before tax by approximately £503,630 (2017: £320,420).

12. CALLED UP SHARE CAPITAL

	2018 £000	2017 £000
Authorised:		
5,000,000 Ordinary Shares of 5p each	**250**	250
Allotted, issued and fully paid:		
3,899,014 Ordinary Shares of 5p each	**195**	195

13. OTHER RESERVES

	2018 £000	2017 £000
Capital redemption reserve	**55**	55
Capital reserve	**25**	25
Other reserves	**39**	39
Balance at 31 March	**119**	119

Capital redemption reserve relates to buy-back of the Company's own shares.

The Company does not maintain insurance cover against other risks except where several properties are located in close physical vicinity. A reserve is maintained to deal with such non-insured risks and at 31 March 2018 stood at £39,000 (2017: £39,000).

14. PROFIT AND LOSS ACCOUNT

	2018 £000	2017 £000
Balance at 1 April	**296,269**	273,837
Net profit for the year	**27,615**	34,130
Dividends paid	**(11,698)**	(11,698)
Balance at 31 March	**312,186**	296,269

Notes to the Financial Statements under UK GAAP *(continued)*

for the year ended 31 March 2018

15. RELATED PARTY TRANSACTIONS

During the financial year there were no key management personnel emoluments, other than remuneration.

a. Mountview Estates P.L.C. provides general management and administration services to Ossian Investors Limited and Sinclair Estates Limited, companies of which Mr D.M. Sinclair is a Director. Fees of £31,776 (2017: £40,180) were charged for these services.

b. Included within other loans repayable in less than one year and on demand was a loan from Sinclair Estates Limited. The balance outstanding at the balance sheet date was £413,473 (2017: £830,000). Interest was payable on the loan at Barclays Bank PLC base rate. Interest paid in the year on this loan amounted to £2,045 (2017: £1,723).

c. Included within other loans repayable in less than one year and on demand was a loan from Ossian Investors Limited. The balance outstanding at the balance sheet date was £50,000 (2017: £50,000). Interest was payable on the loan at Barclays Bank PLC base rate. Interest paid in the year on this loan amounted to £250 (2017: £28).

d. All of the above loans are unsecured.

e. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed in this note.

f. The only key management are the Directors.

16. DIRECTOR'S ADVANCE, CREDITS AND GUARANTEES

As at 31 March 2018 the Company owed Mr D.M. Sinclair £6,591 in relation to an informal loan.

17. OPERATING LEASE COMMITMENTS

At 31 March 2018 the Company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2018 £000	2017 £000
Operating lease payments due:		
Not later than one year	**52**	34
Later than one year and not later than five years	**48**	30
	100	64

Independent Auditors' Report

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

OPINION

We have audited the Parent Company Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2018 which comprises the Parent Company Balance Sheet, Parent Company Cash Flow and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Parent Company Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Financial Statements section of our report. We are independent of the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Parent Company Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the Parent Company Financial Statements is not appropriate; or
- the Directors have not disclosed in the Parent Company Financial Statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Parent Company Financial Statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the Parent Company Financial Statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the Parent Company Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Parent Company Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Parent Company Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Parent Company Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report *(continued)*

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the Parent Company Financial Statements are prepared is consistent with the Parent Company Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' Remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 19, the Directors are responsible for the preparation of the Parent Company Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company Financial Statements, the Directors are responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Parent Company Financial Statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Parent Company Financial Statements, including the disclosures, and whether the Parent Company Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

OTHER MATTER

We have reported separately on the Group Financial Statements of Mountview Estatates P.L.C. for the year ended 31 March 2018.

Daniel Burke (Senior Statutory Auditor)
For and on behalf of
BSG Valentine (UK) LLP
Chartered Accountants & Statutory Auditors
Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

5 July 2018

Table of Comparative Figures

for the year ended 31 March 2018

	IFRS 2012 £000	IFRS 2013 £000	IFRS 2014 £000	IFRS 2015 £000	IFRS 2016 £000	IFRS 2017 £000	As at 31 March 2018 IFRS 2018 £000
Revenue	42,931	56,646	66,150	71.331	79,765	78,232	**70,272**
Profit before taxation	22,805	28,928	35,394	39,976	48,388	44,986	**36,905**
Taxation	5,350	6,783	6,952	8,159	9,676	8,761	**7,024**
Profit after taxation	17,455	22,145	28,442	31,817	38,712	36,225	**29,881**
Earnings per share	447.7p	568.0p	729.5p	816.0p	992.9p	929.1p	**766.4p**
Rate of dividend	165p	175p	200p	275p	300p	300p	**400p**
Cover	2.71	3.25	3.64	2.98	3.31	3.17	**1.92**
Cost of dividend	6,432	6,823	7,798	10,722	11,698	11,698	**15,596***
Total remuneration (including Directors)	2,184	2,479	2,598	3,020	3,631	3,747	**3,743**
Executive Directors' remuneration	1,117	1,319	1,132	1,324	1,604	1,768	**1,669**
Total remuneration (including Directors) as a percentage of dividend	33.95%	36.33%	33.32%	28.17%	31.04%	32.03%	**24.00%**
Cost of Executive Directors' remuneration as a percentage of total remuneration	51.14%	53.2%	43.57%	43.84%	44.18%	47.18%	**44.59%**
Cost of Executive Directors' remuneration as a percentage of dividend	17.3%	19.3%	14.52%	12.35%	13.71%	15.11%	**10.70%**
Executive Directors' remuneration as a percentage of profit before taxation	4.90%	4.56%	3.20%	3.31%	3.31%	3.93%	**4.52%**

* The £15.6 million dividend in relation to 2018 is made up of the interim dividend of £7.80 million and the final dividend of £7.80 million, which will be paid on 13 August 2018, subject to approval at the AGM on 8 August 2018.

Notice of Meeting

Notice is hereby given that the 81st Annual General Meeting of the Members of Mountview Estates P.L.C. (incorporated in England and Wales with registered number 00328020) (the **Company**) will be held at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ on 8 August 2018 at 11.30 am. Shareholders will be asked to consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions.

1. To receive and consider the Reports of the Directors and the Auditors and the audited Statements of Accounts of the Company for the year ended 31 March 2018.
2. To declare a final dividend of 200 pence per share payable on 13 August 2018 to shareholders on the register at 6 July 2018.
3. To re-elect Mr A.C.J. Solway as a Director of the Company, provided that resolution 8 is passed.
4. To elect Mr A.W. Powell as a Director of the Company provided that resolution 9 is passed.
5. To approve the Directors' Remuneration Report in the Annual Report and Accounts for the year ended 31 March 2018.
6. To elect Messrs BSG Valentine as Auditors of the Company to hold office from the conclusion of the Meeting to the conclusion of the next meeting at which the accounts are laid before the meeting.
7. To authorise the Directors to determine the Auditors' remuneration for the ensuing year.

In accordance with Listing Rule 9.2.2ER notice is also hereby given for the independent shareholders of the Company only:

8. To re-elect Mr A.C.J. Solway as a Director of the Company, provided that resolution 3 is passed.
9. To elect Mr A.W. Powell as a Director of the Company provided that resolution 4 is passed.

By Order of the Board

M.M. Bray
Company Secretary

Mountview House
151 High Street
Southgate
London N14 6EW

5 July 2018

Notice of Meeting *(continued)*

NOTES:

1. A Member who is entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A proxy need not also be a Member of the Company. If a Member appoints more than one proxy to attend the Meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the Member. If a Member wishes to appoint more than one proxy and so requires additional Forms of Proxy, the Member should contact Link Asset Services (PXS1), 34 Beckenham Road, Beckenham, Kent, BR3 4ZF.

2. A Form of Proxy is enclosed with this Annual Report and Accounts and should be completed in accordance with the instructions contained therein. Completion and return of the Form of Proxy will not prevent a Member from attending the Meeting and voting in person. To be effective, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited at the office of the Company's Registrars, Link Asset Services (PXS1), 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, not later than 48 hours before the time of the Meeting or any adjournment thereof. Amended instructions must also be received by the Company's Registrars by the deadline for receipt of Forms of Proxy.

3. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by no later than 48 hours before the time of the Meeting or any adjournment thereof. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 (as amended). In any case your proxy instruction must be received by the Company's Registrars no later than 48 hours before the time of the Meeting or any adjournment thereof.

4. Any person receiving a copy of this Notice as a person nominated by a Member to enjoy information rights under Section 146 of the Companies Act 2006 (a **Nominated Person**) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the Meeting in place of a Member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the Member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the Member as to the exercise of voting rights at the Meeting.

   Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the Member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that Member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of Section 360B of the Companies Act 2006, entitlement to attend and vote at the Meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company as at close of business on 6 August 2018 (the **Specified Time**) or 48 hours (excluding any day or part of any day that is not a working day) before the date of any adjourned Meeting. If the Meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of Members to attend and vote and for the purpose of determining the number of votes they may cast at the adjourned Meeting. Changes to entries on the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

6. Any corporation which is a Member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Member, provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares.
7. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any Member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
8. Under Section 527 of the Companies Act 2006, Members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
   a. the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the meeting; or
   b. any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.

   The Company may not require the Members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 Companies Act 2006, it must forward the statement to the Company's Auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 Companies Act 2006 to publish on a website.
9. Any Member attending the Meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the Meeting put by a Member attending the Meeting. However, Members should note that no answer need be given in the following circumstances:
   a. if to do so would interfere unduly with the preparation of the Meeting or would involve a disclosure of confidential information;
   b. if the answer has already been given on a website in the form of an answer to a question; or
   c. if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
10. This Notice, together with information about the total numbers of shares in the Company in respect of which Members are entitled to exercise voting rights at the Meeting as at 5 July 2018 being the last business day prior to the printing of this Notice and, if applicable, any Members' statements, Members' resolutions or Members' matters of business received by the Company after the date of this Notice, will be available on the Company's website www.mountviewplc.co.uk.
11. Any electronic address provided either in this Notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.
12. As at 5 July 2018, being the last business day prior to the printing of this Notice, the Company's issued capital consisted of 3,899,014 ordinary shares carrying one vote each. Therefore, the total voting rights in the Company as at 5 July 2018 are 3,899,014.
13. Copies of the Directors' service contracts and letters of appointment with the Company are available for inspection at the registered office at Mountview House, 151 High Street, Southgate, London N14 6EW during normal business hours on weekdays (Saturdays, Sundays and English public holidays excepted) from the date of this Notice until the conclusion of the Meeting and will also be available for inspection on the date and at the place of the Meeting from 15 minutes prior to the commencement of the Meeting until the conclusion of the Meeting.

Notice of Meeting *(continued)*

14. Explanatory note for resolutions 3, 4, 8 and 9

Changes to the Financial Conduct Authority's Listing Rules (**LR**) in 2014 introduced new voting requirements for the election of independent Directors in listed companies with a controlling shareholder (a shareholder who exercises 30% or more of the votes). Under the rules, the election or re-election of any Director whom the Company has determined to be independent under the UK Corporate Governance Code (the **Code**) must be approved by the shareholders as a whole, and separately by all shareholders excluding the Sinclair family concert party which is collectively deemed to be a controlling shareholder (the **Independent Shareholders**). Therefore at this year's Meeting there will be two votes each in relation to the re-election of the Non-Executive Director, Mr. A.C.J. Solway and the election of the Non-Executive Director, Mr. A.W. Powell, one vote by the shareholders as a whole and another vote by the Independent Shareholders.

If a vote to re-elect or elect a Non-Executive Director is not passed by the Independent Shareholders, the Company may propose a further resolution to re-elect or elect the relevant Directors between 90 and 120 days from the date of the original vote. This further resolution in respect of each Non-Executive Director must be passed by a majority of the shareholders as a whole only, and there is no requirement for an additional vote by the Independent Shareholders. LR 9.2.2DG allows any Non-Executive Director who is not re-elected by the Independent Shareholders to remain in office until the further resolution has been voted on.

Shareholders' Information

FINANCIAL CALENDAR 2018

Final dividend record date	6 July
Annual Report posted to Shareholders	6 July
Annual General Meeting	8 August
Final dividend payment	13 August
Interim results	22 November

Copies of this statement are being sent to Shareholders. Copies may be obtained from the Company's registered office:

Mountview House
151 High Street
Southgate
London N14 6EW

All administrative enquiries relating to shareholdings should be addressed to the Company's Registrars:

Link Asset Services (UK) Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

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