



Mountview Estates P.L.C.

Annual Report and Accounts 2019

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 ↓7% <hr/> £65.4m (2018: £70.3m)	Gross Profit ↓6% <hr/> £40.8m (2018: £43.4m)	Profit before Tax ↓6.2% <hr/> £34.6m (2018: £36.9m)	Profit before Tax <small>*excluding Investment Properties Revaluation</small> ↓8% <hr/> £34.3m (2018: £37.3m)
Shareholders' Equity ↑3.5% <hr/> £366.9m (2018: £354.5m)	Earnings per Share ↓6.3% <hr/> 718.3p (2018: 766.4p)	Net Assets per Share ↑3.5% <hr/> £94.1 (2018: £90.9)	Dividend per Share ↔ <hr/> 400p (2018: 400p)

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 4 July 2019
Record date 5 July 2019
Payment date 12 August 2019

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Chairman's Statement

Dear Shareholder,

INTRODUCTION

I am writing to you as Acting Chairman following Tony Solway's standing down at the end of the financial year. On behalf of the Board, as Chairman I should like to place on record my thanks to Tony for his contribution to Mountview during his time with the Group and wish him every success for the future.

STRATEGY

Mountview's long-established strategy focuses on the regulated tenancy market. This has underpinned the profitable cash generation that enables the replenishment of the trading portfolio supporting the longevity of the company in the face of a diminishing pool of properties. The Board, in the light of market developments, has re-affirmed the fundamentals of this strategy. Duncan's CEO report provides the headlines of our performance against this strategy, our prospects and the proposed dividend.

PEOPLE

We are fortunate at Mountview to have a skilled and dedicated team who, on average, have been in position for close to ten years – a performance that I have rarely seen in other organisations. The workload for the Group is not even throughout the year and this means that times of peak activity put pressure on our small team. These are the times when their skills and experience come to the fore as they rise to these challenges. The Board, is grateful for the hard work and commitment of all our people. Details of employees are disclosed in note 11 of the Directors' Report on page 16.

CORPORATE GOVERNANCE

Your Board believe that we have made strides in the recent past in relation to Corporate Governance and welcome the introduction of the 2018 UK Corporate Governance Code (2018 Code), which will apply to Mountview from the current financial year onwards. Where feasible, given the size of our team, we are adopting provisions early.

MEETINGS WITH SHAREHOLDERS

During the year I met many of our shareholders who, as a group, supported the business strategy, appreciated the inherent volatility in our revenues and earnings which follow from our business model. They also commended the skills shown by our people both in sustaining profitability and in continuing astute purchases and thereby sustaining the business into the future.



A.W. Powell

Acting Non-Executive Chairman
4 July 2019

Chief Executive's Statement

Dear Shareholder,

On 23 June 2016 the British People voted to leave the European Union and every statement that I have written since then has been conscious of the uncertainties that should have been resolved by 29 March 2019. Unfortunately those uncertainties are likely to continue at least until 31 October 2019 but I must write this statement in the belief that we will continue to live in a property owning democracy.

The headline figures in respect of our financial performance for the year ended 31 March 2019 are detailed under the heading "Our Performance" on page 1. There has been a further fall in the number of sales transactions completed and thus I have to report a further, but more modest, fall in the Group's profits. Whilst the number of purchases is less than last year we continue to make good purchases and it is these that secure the future prosperity of the Company. The number of regulated tenancies available for purchase diminishes each year but the number of businesses seeking to acquire these diminishes as well.

The Company's gearing remains low and we continue to scrutinise our expenses keenly whilst ensuring that we reward all our loyal staff for their hard work and expertise which is so vital to the future prosperity of the Company. Also we are comfortable in keeping the final dividend at 200 pence per share, which is payable on 12 August, and thus maintaining the total annual dividend at 400 pence per share which is more than 1.75 times covered.

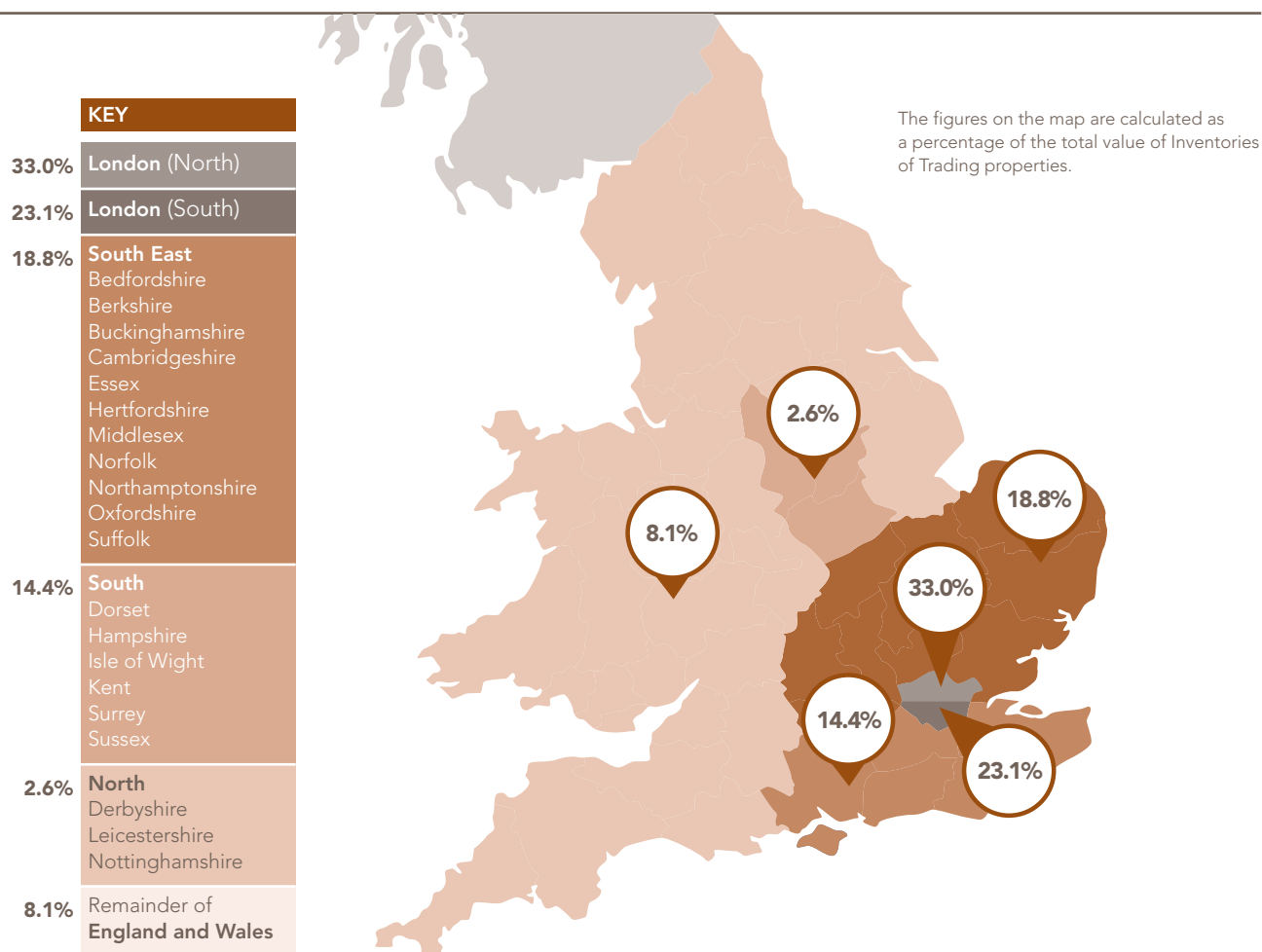
It will be a happier task writing this statement when the various uncertainties have been resolved in such a way that we can again report increased profits and thus an increase in dividends. In the meantime it is, once again, my pleasure to thank my staff and colleagues for the hard work and loyalty which ensures the continuing well-being of Mountview Estates P.L.C.



D.M. Sinclair

Chief Executive Officer
4 July 2019

Where we Operate



Review of Operations

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

Revenue	Gross Profit
£65.4m	£40.8m
(2018: £70.3m)	(2018: £43.4m)

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
- Freehold and leasehold 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 2019

	No. of units	Cost £m
Regulated, Assured Shorthold tenancies, & Other	2,040	317.31
Assured tenancies	245	34.01
Life tenancies	264	34.47
Freehold & leasehold ground rents	1,163	6.59

Analysis of the Group Trading portfolio at the lower of cost and estimated net realisable value by geographical location as at 31 March 2019

	Regulated, Assured Shorthold tenancies, Assured tenancies & other £m	Life tenancies £m	Ground rents £m	Portfolio %
London (North)	123.43	0.60	5.42	32.99
London (South)	74.59	15.17	0.87	23.10
Bedfordshire, Berkshire, Buckinghamshire, Cambridgeshire, Essex, Hertfordshire, Middlesex, Norfolk, Northamptonshire, Oxfordshire, Suffolk	68.54	5.22	0.14	18.83
Dorset, Hampshire, Isle of Wight, Kent, Surrey, Sussex	50.43	5.86	0.06	14.36
Derbyshire, Leicestershire, Nottinghamshire	9.51	0.55	0.10	2.59
Remainder of England and Wales	24.82	7.07	–	8.13

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 £46.4 million (2018: £51.8 million), demonstrating the liquidity of the Portfolio. The average sales price achieved was £301,000 (2018: £305,000).

The Group's sales for financial years 2019 and 2018 are set out below

Sales	2019 £m	2018 £m
Gross sales of properties	46.43	51.84
Cost of properties sold	18.97	21.82

Sales price range – 2019	No of units	Sales price £m	Location
1 million +	3	3.3	London & South East
500,000 – 1 million	19	12.2	London
below 500,000	132	30.9	London & others

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

Further information is provided in Note 4 to the Consolidated Financial Statements on pages 47 and 48.

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 2019 and 2018 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 2019	No. of units	Cost £m
Regulated, ASTs, and other	79	25.21
Assured tenancies	8	1.68
Life tenancies	2	0.71
Leasehold ground rents	2	3.74
Ground rents created	14	0.03
Total	105	31.37

Not included in the above table:

Assured tenancies created	9
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THE TABLE ABOVE INCLUDES THE FOLLOWING:

Leasehold Ground Rents	No. of units	Cost £m
Kensington, London W8	2	3.74

Portfolios	No. of units	Cost £m
Southern, London & South East	19	6.44

The portfolio comprised 17 regulated tenancies and 2 assured tenancies.

	No. of units	Cost £m
Epping	9	3.32

The portfolio comprised 9 regulated tenancies.

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
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THE FOLLOWING PORTFOLIOS ARE INCLUDED IN THE TABLE ON PAGE 6:

Year ended 31 March 2018	No. of units	Cost £m
Willow, London & South East	50	26.20

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 1 assured tenancy.

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 47 and 48.

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 £31.37 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 2019 is as follows:

	2019	2018
Louise Goodwin Limited	31 units	31 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, there were no disposals (2018: £685,000, disposal of one unit).

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.

Review of Operations *(continued)*

The valuation of the investment portfolio increased during the year by £287,000 (2018: decrease (£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 52.

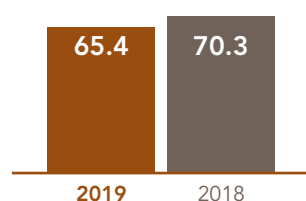
REVIEW OF BUSINESS AND PRINCIPAL RISKS

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

FINANCIAL KEY PERFORMANCE INDICATORS

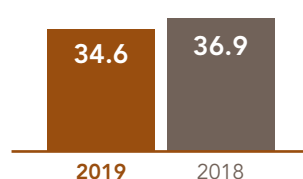
REVENUE (£m)

↓7%

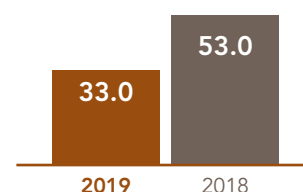


PROFIT BEFORE TAX (£m)

↓6.2%

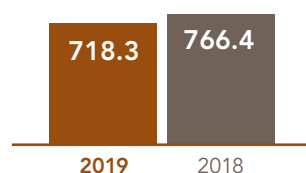


INTEREST COVER IN RELATION TO PROFIT BEFORE INTEREST AND TAXATION



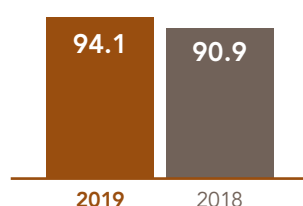
EARNINGS PER SHARE (Pence)

↓6.3%



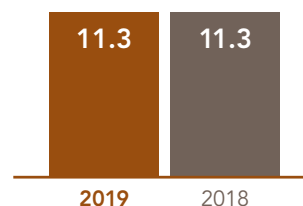
NET ASSETS PER SHARE (£)

↑3.5%



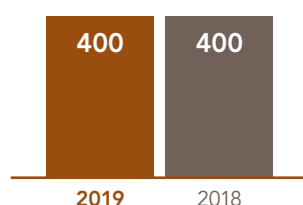
GEARING RATIO (%)

↔



DIVIDEND PER SHARE (Pence)

↔



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 2019, with strong purchasing again during the 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 £20 million five-year revolving loan facility with HSBC from November 2018.

The Group is conservatively geared and operates well within financial covenants. Financial Key Performance indicators are on page 8. Details of the Groups current facilities are set out in Note 18 on page 54 and 55.

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, a great number of our employees have worked for the group for over 10 years. Details of employees and diversity are set out in Notes 10 and 11 of the Directors' Report on page 16.

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, electricity 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.

To address the increasing regulatory workload, the Group recruited a Compliance Officer whose role is to monitor our performance against existing regulations and to track and prepare for new requirements as they are published.

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 2018 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 Note 7 of the Directors' Report on page 14.

Approved and agreed on behalf of the Board by:



D.M. Sinclair

Chief Executive Officer
4 July 2019

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 (CFO)

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.W. POWELL FCA FIMC* (ACTING CHAIRMAN)

Joined the Company as Non-Executive Director on 1 April 2018. Following the announcement on 25 February 2019 that Mr A.C.J. Solway was resigning as Non-Executive Chairman as at 31 March 2019, Mr A.W. Powell became Deputy Chairman with immediate effect and has since 31 March 2019 assumed the role of Acting Chairman, pending the search for a suitable replacement. Mr Powell 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 was considered at the time of his appointment in 2018 to be independent for the purposes of the UK Governance Code.

MRS M.L. JARVIS MRICS* (CHAIR OF THE REMUNERATION COMMITTEE)

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.

PREVIOUS DIRECTORS

Mr A.C.J. Solway resigned as Non-Executive Chairman of the Board as at 31 March 2019.

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 82nd Annual Report together with the Financial Statements for the year ended 31 March 2019. Additional information which is incorporated by reference into this Directors' Report, including information required in accordance with the Companies Act 2006 can be found as follows:

Disclosure	Location
Financial risk management objectives and policies	Notes to the financial statements, pages 46 and 47
Statement of Directors' responsibilities	page 19
Directors' interests in share capital	Remuneration Report, page 35
Compensation for loss of office arrangements.	Remuneration Report, page 31

For the purpose of LR 9.8.4R, the only information required to be disclosed can be found in the following locations:

Disclosure	Location
Agreements with controlling shareholder	Directors' Report, Note 20, page 18

All other sub-section of LR 9.8.4R are not applicable.

1. RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 37.

The Directors recommend the payment of a final dividend of 200 pence per share. The dividend will be paid on 12 August 2019, subject to approval at the Annual General Meeting (AGM) on 7 August 2019, to shareholders on the register at the close of business on 5 July 2019.

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. BOARD OF DIRECTORS

The names of the current Directors, along with their details, are set out on page 11 and are incorporated into this report by reference. Mr A.C.J Solway resigned from the Board as Non-Executive Chairman as at 31 March 2019.

4. APPOINTMENT AND RETIREMENT OF DIRECTORS

The appointment and retirement of Directors is governed by the Company's Articles of Association, the 2018 Corporate Governance Code, the Companies Act 2006 and related legislation. Further details are set out in the Corporate Governance section on pages 20 to 23.

The Board has power to appoint an additional Director to fill a casual vacancy amongst the Directors. Any such Director holds office until the next AGM and may offer himself/herself for re-election. The 2018 Corporate Governance Code recommends that all directors should be subject to re-election. The Board has agreed to adopt this best practice and all Directors will seek re-election at the 2019 AGM.

5. SHARE CAPITAL

The authorised share capital of the Company as at 31 March 2019 was £250,000 divided into 5,000,000 Ordinary Shares of 5p, of which 3,899,014 were in issue (2018: 3,899,014). As at 4 July 2019, 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.

There are no restrictions concerning the transfer of shares in the Company, no special rights with regard to control attached to the shares, no agreements between holders of shares regarding transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

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.

6. NOTIFIABLE INTERESTS IN SHARE CAPITAL

As at 4 July 2019, 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 Wheeler, 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** including:		
• BBTJ 400,000		
• ALFL Ltd 79,350	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
Talisman Dynamic Master Fund Ltd*	197,437	5.06

* Denotes indirect holding.

** Denotes combined direct and indirect holding.

Directors' Report *(Continued)*

7. VIABILITY STATEMENT

The Directors have assessed the viability of the Group over the three year period to 31 March 2022. The Directors conducted this review taking account of the Group's current position, longer term strategy, principal risks and future plans.

A three year period is considered appropriate for the assessment as it corresponds with the Group's internal planning period and, in addition the term of the debt facilities supports an assessment over this period.

The strategy of the business is set at Group level and is reviewed throughout the year at Board meetings in the light of market conditions and investment opportunities. This 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 8 to 10. The Group's Financial Risk Management Objectives and Policies are shown in Note 3 on pages 46 and 47 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 25.

In assessing viability, the Directors considered the principal risks (see pages 9 and 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 three year period used for the assessments. The Directors consider the following factors to be key to this assessment:

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

8. 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.

9. 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 responsible¹ in their Annual Directors' Report. Emissions have been reported in tCO₂e, which accounts for emissions of all the targeted greenhouse gases outlined in the Climate Change Act 2008.

Mountview has employed EcoAct Ltd (EcoAct), formally Carbon Clear Ltd., 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.

EcoAct 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 2018 to 31 March 2019.

9. GREENHOUSE GAS EMISSIONS DISCLOSURE CONTINUED

EXECUTIVE SUMMARY

Total gross GHG emissions in the reporting period were 89.5 tCO₂e, which can be attributed as follows:

- Direct Emissions (Scope 1) 47.3 tCO₂e or 53% of the total
- Indirect Emissions (Scope 2) 26.1 tCO₂e or 29% of the total
- Indirect Other Emissions (Scope 3) 16.1 tCO₂e or 18% of the total.

The results are presented below:

Figure 1: Total Emissions Broken Down by Activity and Scope

Type of Emissions	Activity	tCO ₂ e	% of Total
Direct (Scope 1)	Natural Gas	15.8	18%
	Company Owned Vehicles	31.5	35%
	Subtotal	47.3	53%
Indirect (Scope 2)	Electricity	26.1	29%
	Subtotal	26.1	29%
Indirect (Scope 3)	WTT (All Scopes)	16.1	18%
	Subtotal	16.1	18%
TOTAL (tCO₂e)		89.5	100%

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.
2. An operational control boundary was used to calculate Mountview's carbon footprint

Figure 2: GHG Emissions (tCO₂e) by Activity (2018-19)

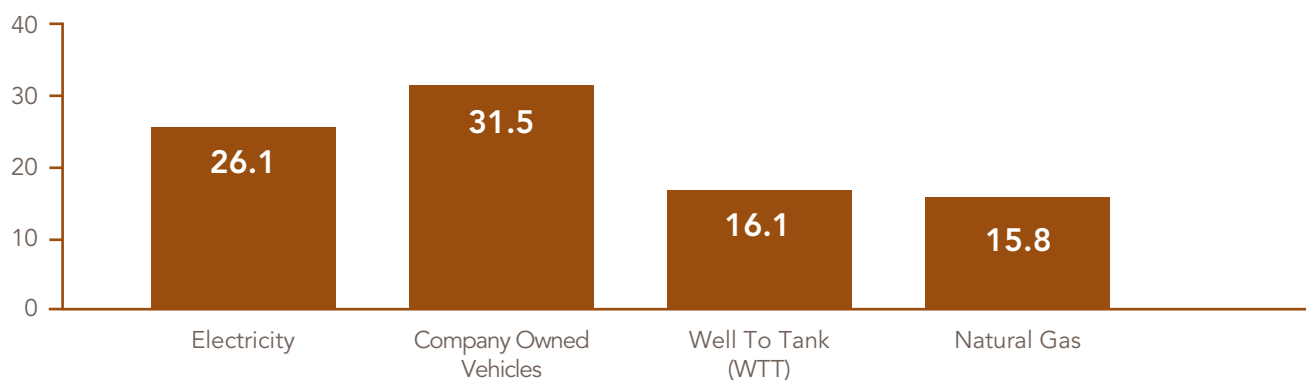


Figure 3: Emissions Intensity Metrics

Figure 3 shows a year-on year comparison of emissions intensities using revenue and number of FTEs as normalisation factors:

Intensity Metric	2018/19	2017/18	% Change
Total Emissions (tCO ₂ e)	89.5	97	-8%
Revenue (£'mil)	65.4	70.3	-7%
Number of employees	29	28	4%
tCO ₂ e per employee	3.1	3.5	-11%
tCO ₂ e per £'mil turnover	1.37	1.38	-1%

Total emissions normalised by the number of employees decreased by 11%, in line with the equivalent decrease in overall emissions, whereas total emissions per million £ of turnover, decreased by 1%.

Directors' Report *(Continued)*

9. GREENHOUSE GAS EMISSIONS DISCLOSURE CONTINUED

YEAR-ON-YEAR ANALYSIS

Emissions produced by Mountview have decreased by 8% compared to last year from, 97.0 tCO₂e to 89.5 tCO₂e.

Scope 1 emissions have increased by 19%, from 39.9 to 47.3 tCO₂e compared with the previous reporting year. This is due to:

- Emissions from company-owned vehicles have increased significantly by 27%. This is because Mountview has improved mileage tracking, there has been a change of roles internally and one additional vehicle added has meant an increase in mileage driven.
- A 5% increase in natural gas consumption at the office.

Scope 2 emissions have decreased by 31% compared to the previous reporting year. This can be attributed to:

- A 20% decrease in the emission factor for UK grid electricity.
- An overall 15% decrease in electricity consumption. 12% at the office and 40% reduction in estimated electricity consumption in the managed flats.

Emissions from electricity accounts for 29% of Mountview's overall carbon footprint. In addition to its head office, Mountview are also responsible for electricity use in the communal areas of 24 managed blocks of flats. Emissions have been estimated for these flats using the following assumptions:

- The company pays an average £37 electricity charge per managed flat towards communal areas.
- The company covers communal area charges for 24 properties.
- The average electricity standard rate is 15.7p/kWh. This is based on the average price of electricity purchased by non-domestic consumers in the UK with "very small" properties, for the last 3 quarters of 2018.

REFERENCES

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

- 'UK Government GHG Conversion Factors for Company Reporting' for 2018, released by Department for Business, Energy and Industrial Strategy and Department for Environmental Food and Rural Affairs, as found in <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2018>.
- 'Prices of fuels purchased by non-domestic consumers in the UK', Table 3.4.2, March 2019, Department for Business, Energy & Industrial Strategy, as found in <https://www.gov.uk/government/statistical-data-sets/gas-and-electricity-prices-in-the-non-domestic-sector>.

10. 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 over ten years, as evidence of our very low turnover of staff.

11. 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 2019, 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 29 total employees in the Group, 11 are male and 18 are female.

12. 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.

13 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.

14. 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.

15. CORPORATE GOVERNANCE

The Directors' statement on Corporate Governance is set out on pages 20 to 23.

16. 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.

17. 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.

18. 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.

Directors' Report (Continued)

19. 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.

20. 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 51% of the Company's voting rights, a reduction from approximately 52% as at 31 March 2018 as a result of a disposal of certain interests.

The Board confirms that, since the entry into the relationship agreement as at 4 July 2019, 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.

21. GENERAL MEETING

At the Annual General Meeting held on 8 August 2018, the resolutions concerning the re-election of both Mr A.C.J. Solway and Mr A.W. Powell as directors 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 Mr Solway and Mr Powell stood for re-election at a general meeting held on 19 November 2018 (**General Meeting**). Both Mr Solway and Mr Powell were re-elected at the General Meeting. Between the Annual General Meeting and the General Meeting certain Board members met with a number of major shareholders. All shareholders (including the Sinclair family concert party members) were entitled to vote on the resolutions to re-elect Mr Solway and Mr Powell at the General Meeting. In addition, at the General Meeting, a resolution to clarify the Remuneration Policy (approved by Shareholders at the AGM in 2017) was proposed to Shareholders. As a result of questions around the interpretation of the Remuneration Policy with regard to executive pay and other points raised by Shareholders at the AGM in 2018, the Board considered the points raised and reviewed the content of the Remuneration Policy as well as the content of the illustration included in the Remuneration Report of the Report and Accounts. The clarified Remuneration Policy was approved by a majority of Shareholders at the General Meeting, details of which are on pages 29 and 30.

The Directors' report was approved by the Board on 4 July 2019 and is signed on its behalf by:



M.M. Bray
Company Secretary
4 July 2019

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, are fair, balanced and understandable and provide 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
Company Secretary
4 July 2019

Corporate Governance

The Company applies the principles and complies with the main provisions set out in the 2016 UK Corporate Governance Code (the **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 2019 we complied with the Code except as disclosed in this section. This section also includes a description of our focus for the coming year with reference to the revised UK Corporate Governance Code, published in July 2018 (the **New Code**).

CONCERT PARTY

Mountview Estates PLC is a family-controlled company. There is a concert party in existence, whose net aggregate shareholdings amount to approximately 51% of the issued share capital of the Company. Further details are available in Note 20 of the Directors' Report.

THE BOARD

LEADERSHIP

The role of the Board is to provide leadership to the Group, set strategy and monitor performance, and to ensure that the necessary financial and human resources are in place to enable the Group to meet its objectives. In addition, the Board ensures the appropriate financial and business systems and controls are in place to safeguard shareholders' interests and maintain an appropriate and effective governance framework. The Board operates in accordance with the Company's Articles of Association and there is a Schedule of Matters Reserved for Board Decision which includes approval of strategy, budgets, financial reports, significant acquisitions of property, major capital expenditure, funding and dividend policy.

The Board meets formally at least four times a year, with ad hoc meetings to discuss particular transactions and events called as and when required. All Directors are expected to attend all meetings of the Board, and any committees they are members of, and devote sufficient time to the Company's affairs to fulfil their duties as Directors.

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 information supplied to the Board and its committees is kept under review to ensure it is fit and proper for purpose, and that it enables sound decision-making.

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.

Day-to-day management is delegated to the Executive Directors with focus 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 Board's work is supported by three sub-committees whose roles and current composition are:

- **The Audit and Risk Committee**
This Committee is responsible for monitoring Mountview's accounting policies and processes, audit arrangements and for reviewing the risk management framework. It is also responsible for the clarity and completeness of the Company's disclosure to shareholders. The Committee is comprised of all the NEDs, two of whom are independent NEDs.
- **The Remuneration Committee**
The Committee is comprised of all NEDs, two of whom are independent 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 and determined by the Board.
- **The Nomination Committee**
This Committee is responsible for reviewing the balance of experience, 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 and Accounts. Attendance at and number of Board and committee meetings is set out below:

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

1. Mr A.C.J. Solway resigned from the Board as at 31 March 2019.

2. 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 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 CEO and the Chairman are separate and distinct.

The Code requires (for smaller companies) there to be at least two independent NEDs. Mr A.W. Powell and Mrs M.L. Jarvis are deemed to be independent NEDs, meeting the requirement of at least two independent NEDs. Dr A.R. Williams is a NED but he is not considered to be independent for the purposes of the 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.

Following Mr Solway's resignation as Non-Executive Chairman as at 31 March 2019, Mr Powell is Acting Non-Executive Chairman for the Board and also chairs the Audit and Risk Committee. Whilst not in keeping with best practice in accordance with the Code, 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.

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. However, the Board has agreed to adopt the best practice recommendation from the New Code that all Directors offer themselves for re-election at the upcoming 2019 AGM as set out in the Directors' Report on page 13.

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

Corporate Governance *(Continued)*

- The total number of Directors (other than any alternate Directors) must not be more than 12 or less than two
- In addition to any power to remove a Director conferred by Section 168 of the Companies Act 2006, the Company may, by ordinary resolution, remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which he or she may have for breach of any contract of service between him or her and the Company. The Company may then appoint another person, who is willing to act, 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 24 to 26.

REMUNERATION

This is covered in the Remuneration Report set out on pages 27 to 35.

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.

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 Note 3 to the Consolidated Financial Statements on pages 46 and 47.

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 2018 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 8 to 10 together with mitigating factors for each risk.

Management structure – The Board has overall responsibility for the Group and, as described on page 20, 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.

The Board is satisfied that the control procedures are adequate to provide accurate information and safeguard the assets of the Group.

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.

CONSIDERATION OF THE 2018 UK CORPORATE GOVERNANCE CODE (THE "NEW CODE")

The Board has considered the New Code, which applies to financial years commencing on or after 1 January 2019 and applies to the Company's financial year from 1 April 2019.

The Board has carried out an analysis of the impact of the New Code and will report further on any changes to the Company's governance framework in next year's Annual Report and Accounts.

By Order of the Board



M.M. Bray

Company Secretary
4 July 2019

Report of the Audit and Risk Committee

MEETINGS

Committee Member	Meetings Attended	Meetings eligible to Attend
Mr A.W. Powell	3	3
Mrs M.L. Jarvis	3	3
Mr A.C.J. Solway ¹	3	3
Dr A.R. Williams	3	3
Non Member		
Mr D.M. Sinclair ²	2	2
Mrs M.M. Bray ²	2	2

1. Mr A.C.J Solway resigned from the Board as at 31 March 2019.

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 2019. The Board considers that I have recent and relevant financial experience as recommended under provision C.3.1 of the Code as it applies to the Company for the financial year under review. In line with the Code, the Audit Committee as a whole is deemed to have competence relevant to the sector in which the Company operates.

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, in reviewing the effectiveness of the internal controls systems within the Group and in considering the scope of the annual audit and the extent of the non-audit work undertaken by the external auditors.

This report details the activities of the Committee that were undertaken during the year to 31 March 2019.

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 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;
- reviewing any incidents of whistleblowing occurring within the Group and ensuring adequate review and investigation; and
- reporting to the Board on how it has discharged its responsibilities.

ACTIVITIES OF THE COMMITTEE

During the year the Committee met on three occasions. These 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 a meeting, in April 2019, the Committee agreed the external audit terms of engagement and the Auditors' scope, proposed approach and fees for the annual audit.

Outside of the formal meeting programme, as Committee chairman I stay in contact with key individuals involved in the Company's governance, including the Chairman, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the external audit lead partner and other external advisers.

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	
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 (last tendered in 2017)
VALUATIONS	
<ul style="list-style-type: none"> Monitoring and reviewing the valuation process for the investment properties Valuer competence and effectiveness 	<ul style="list-style-type: none"> 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	
<ul style="list-style-type: none"> Reviewing the principal risks and uncertainties, 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 	<ul style="list-style-type: none"> 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 Review Report on I.T. security and cyber threat protection prepared by the IT team
OTHER	
<ul style="list-style-type: none"> 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 and related policies including the anti-bribery and gift policy 	<ul style="list-style-type: none"> Reviewed and confirmed the Terms of Reference; execution and effectiveness monitored through a progress table and externally sourced questionnaires Reviewed processes for monitoring new relevant regulation, including discussion with external advisers Review of whistle-blowing arrangements as set out in staff manual. Confirmation from CFO that there have been none during the year

Report of the Audit and Risk Committee

(Continued)

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.

INTERNAL AUDIT

The need for a dedicated internal audit function was reviewed by the Audit Committee during the year and was not felt to be necessary given the size and relatively simple structure of the Group and its operations, the close day to day involvement of the Executive Directors and the internal control procedures in place. This is kept under regular review. The Audit Committee has the power to commission assurance work from time to time as it sees fit.

VIABILITY STATEMENT AND GOING CONCERN

The Committee provides advice to the Board on the form and basis underlying both the going concern and the 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 page 14.

SIGNIFICANT ISSUES CONSIDERED IN RELATION TO THE FINANCIAL STATEMENTS

Significant issues and accounting judgements are identified by the finance team and the external audit process and are considered and reviewed by the Audit and Risk Committee. The significant issues considered by the Committee in respect of the year ended 31 March 2019 are set out in the table below:

Issues	How the issues were addressed
Valuation of investment property portfolio	The Committee discussed the valuation with the valuers independently of management. This provided the opportunity for the valuers to explain the process they follow to value the portfolio and for the Committee to challenge the key assumptions. On the basis of this discussion the Committee concluded that the valuations were independent and an appropriate basis for the year-end financial accounts.
Net realisable value of the trading property portfolio	The Committee's consideration of this aspect focused on the more recent purchases which have the greatest risk and included reviewing the processes used by the property team to assess values and hence consider the need for a provision. On the basis of these discussions the Committee was satisfied that the valuation was in line with the accounting policy for trading properties.

The Committee also considered a number of other judgements made by management, none of which were material in the context of the Group's results or net assets.

KEY ISSUES FOR 2019/20

The Committee is always 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. For 2019/20 this will include work on implementation of the New Code.



A.W. Powell

Chairman of the Audit and Risk Committee
4 July 2019

Remuneration Report

MEETINGS

Committee Member	Meetings Attended	Meetings eligible to Attend
Mr A.C.J. Solway ¹	3	3
Mr A.W. Powell	3	3
Mrs M.L. Jarvis	3	3
Dr A.R. Williams	3	3
Non Member		
Mr D.M. Sinclair ²	2	2
Mrs M.M. Bray ²	2	2

1. Mr A.C.J. Solway resigned from the Board as at 31 March 2019

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 2019 Remuneration Report, for which we are seeking your support at our AGM on 7 August 2019. Mr Tony Solway stood down as Remuneration Committee chairman as at 31 March 2019.

ROLE OF THE REMUNERATION COMMITTEE

The goal of the Remuneration Committee is to formulate and apply remuneration bases 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

The Remuneration Policy which covers this report was approved, by a majority vote in favour of the policy at the AGM held on 9 August 2017. At the General Meeting held on 19 November 2018, a resolution to adopt a clarified Remuneration Policy was approved by a majority of shareholders. Following a number of questions raised by shareholders at the AGM on 8 August 2018, the Remuneration Committee and the Board reviewed the content of the Remuneration Policy as well as the content of the illustration included in the Remuneration Report as a regulatory requirement, although it does not form part of the Remuneration Policy. In light of the fact that a General Meeting was to be held in November 2018 in accordance with the Listing Rules, the Board decided to take the opportunity to propose a resolution to clarify the Remuneration Policy rather than wait until the next AGM in 2019. The clarified Remuneration Policy was approved by a majority of shareholders at the General Meeting and is set out on pages 29 to 30 of the Remuneration Report. Consistent with the regulations, the Directors' Remuneration Policy is next due to be submitted to the Company's AGM for approval in 2020.

The Committee updated the benchmarking data collected during past years. In light of the updated data, the Remuneration Committee carefully considered the Short Term Incentives for 2018/19 and the base salaries for 2019/20 both in the context of these benchmarks, the results in the year under review, where Profit before Tax has declined by 6.2% and non-financial factors as detailed in the Remuneration Policy below.

In approaching the review of the bonus figures for the year the Committee adopted the approach used in prior years taking account of financial metrics of the Company (primarily profit before tax), non-financial factors and peer group and market benchmarks. Applying these principles to the current year the bonus awards for the CEO and CFO were reduced to £421K and £290K.

The committee also considered the views expressed at the AGM, and then the EGM, and as a check on the levels compared the bonuses for 2017/18 and 2018/19 when computed as a percentage of base salary – the predominant practice found within the comparator companies. On this approach the bonus levels for the CEO and CFO, both showed a decrease compared with prior year of just under 7% for the current year and 18% for the 2017/18 figures – both in line with the decrease in PBT.

After taking account of the upward trend in the comparator benchmarks, the Committee has agreed to an increase in Executive Director salaries of 4.6% (effective 1 April 2019), a rate lower than the increase for the general staff.

Remuneration Report *(Continued)*

The Committee revisited the 2016 discussion on malus and clawback provisions for executive bonuses and reaffirmed the conclusion that in view of the experience and long service of the Executive Directors to whom these provisions could be applied they were not appropriate at this time.

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

REMUNERATION AND THE 2018 UK CORPORATE GOVERNANCE CODE (THE “NEW CODE”)

There have been several changes to the UK Corporate Governance Code which affect the remit of this Committee. We intend to adopt the Remuneration provisions of the new code where they apply practically to the group and will further report on this in next year's Annual Report and Account.



M.L. Jarvis

Chairman, Remuneration Committee

4 July 2019

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 Short Term Incentive element of the remuneration of Executive Directors. In order to achieve this, the Remuneration Policy provides for the Executive Directors' total remuneration to comprise the following elements: base salary, a Short Term Incentive award, pension and contractual benefits. Of the total remuneration, the two elements that are reviewed annually by the Remuneration Committee are base salary and the Short Term Incentive award. Base salary is reviewed against seniority, inflationary increases, personal performance, changes in responsibilities and the peer group; whereas the Short Term Incentive award is reviewed and aligned to;

1. The Company's financial metrics (primarily profit before tax);
2. A director's personal contribution, and
3. Non-financial corporate goals to build for long term success, including management development, succession planning and the maintenance of robust business infrastructure.

At the same time the Remuneration Committee reviews market comparators to ensure that reward is appropriate.

The Remuneration Committee considers the relative performance of the Company'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 (LTI) is appropriate. This will be reviewed if other Executive appointments are made in the future. The Executive Directors do not receive a pension, but the 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 the Company.

REMUNERATION POLICY

The Remuneration Policy set out below as clarified and approved by shareholders at the General Meeting held in November 2018 has been in effect from the date of its approval at the 2017 Annual General Meeting.

The tables below summarise the main elements of the remuneration packages of the 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 known and 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, inflationary increases in line with the Consumer Prices Index 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

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

SHORT TERM INCENTIVE

Purpose and link to strategy	Incentive award to be aligned with Group financial performance and reward personal contribution to results.
Operation	Awards are reviewed each year with regard to the individual's performance and their contribution to the Company's performance, financial results and peer group comparators.
Opportunity	Any award under this scheme will be set at a level that aligns the Short Term Incentive award with the Company's financial performance, while also reflecting non-financial contributions and remaining comparable with our peer group. The maximum percentage of base salary payable for an award 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), other non-financial achievements and corresponding movements within the peer group over the course of the financial year under review.

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 may be provided if the Remuneration Committee considers it appropriate.
Opportunity	The benefits are fixed in relation to the Executive's salary. The Remuneration 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

Remuneration Report *(Continued)*

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

APPROACH TO RECRUITMENT REMUNERATION

When setting the remuneration package for a new Executive Director, the Remuneration Committee will apply the same principles and policy as set out above. Depending on individual circumstances, the Remuneration 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 Remuneration Committee considers is required to provide reasonable compensation to the incoming Executive 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.

Non-Executive Directors appointments will be made based on a Non-Executive Director Agreement. Non-Executive Directors 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
M.L. Jarvis	1 July 2017	12 months	None
Dr A.R. Williams	1 December 2018	29 months	None
A.W. Powell	1 April 2018	21 months	None

Non-Executive Directors 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.

Lastly, 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. He is also a Trustee of The Sinclair Charity and a Director of Sinclair Events Ltd.

Non-Executive Directors 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 Non-Executive Directors under review to ensure that the Company is able to access them as required.

Remuneration Report *(Continued)*

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 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 set the Executive Directors' short term incentive award at a level to reflect the Company's financial performance while remaining comparable with our peer group. The award would be referenced to the financial metrics of the Company (primarily profit before tax) and will also take account of such other factors as the Remuneration Committee sees fit such as:

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

ILLUSTRATION OF POSSIBLE OUTCOME IN CEO AND CFO REMUNERATION £000s

		Fixed	Fixed Benefits	Variable	Total
Benchmark	CEO	537 (52.3%)	20 (2.0%)	470 (45.7%)	1027
	CFO	402 (53.1%)	17 (2.2%)	338 (44.7%)	757
FY 18/19	CEO	530 (54.3%)	24 (2.5%)	421 (43.2%)	975
	CFO	402 (58.1%)	290 (41.9%)		692
FY 19/20 (PBT + 15%)*	CEO	555 (52.2%)	24 (2.3%)	484 (45.5%)	1063
	CFO	421 (55.8%)	334 (44.2%)		755
FY 19/20 (PBT - 15%)*	CEO	555 (59.2%)	24 (2.6%)	358 (38.2%)	937
	CFO	421 (63.0%)	247 (37.0%)		668
Minimum** Short term incentive at 0%	CEO	555 (95.9%)	24 (4.1%)		579
	CFO	421 (100%)			421
Maximum*** Short term incentive limited to 250% of salary	CEO	555 (28.2%)	24 (1.2%)	1388 (70.6%)	1967
	CFO	421 (28.6%)		1053 (71.4%)	1474

* As noted above, the quantum of a STI award is referenced to the company's financial performance (primarily PBT) and other non-financial metrics. The above illustration shows the impact on the STI award in the circumstances where PBT is 15% over or 15% below PBT in the previous financial year and no other factors influenced the calculation.

** Minimum is based on fixed remuneration consisting of projected annual salary for 19/20 with fixed benefits but assuming no STI award.

*** Maximum is based on fixed remuneration consisting of projected annual salary for 19/20 with fixed benefits with the maximum STI award opportunity of 250% of base salary.

IMPLEMENTATION REPORT AUDITED INFORMATION

DIRECTORS' TOTAL REMUNERATION SINGLE FIGURE TABLE

2019	Salary £000	Bonus*** £000	Benefits in kind £000	Total £000
Executive				
D.M. Sinclair	530	421	24	975
M.M. Bray	402	290	–	692
Non-Executive				
A.C.J. Solway*	124	–	–	124
A.W. Powell	46	–	–	46
M.L. Jarvis**	39	–	–	39
Dr A.R. Williams**	39	–	–	39
	1,180	711	24	1,915

* A.C.J. Solway's salary was increased to £99k p.a. from 1 April 2018. His remuneration above includes payment until the cessation of his contract at 30 June 2019.

** M.L. Jarvis and Dr A.R. Williams salaries were increased to £39k p.a from 1 April 2018.

*** The approach used for the bonus awards is described in the 'Activities of the Committee' note on page 27.

2018	Salary £000	Bonus £000	Benefits in kind £000	Total £000
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.

UNAUDITED INFORMATION

CEO SINGLE FIGURE

		CEO single figure of total remuneration £000
2019	D.M. Sinclair	975
2018	D.M. Sinclair	977
2017	D.M. Sinclair	1,038
2016	D.M. Sinclair	943
2015	D.M. Sinclair	778

PERCENTAGE CHANGE IN REMUNERATION OF CEO AND EMPLOYEES

The percentage change in remuneration between 2018 and 2019 for the CEO and for all employees, excluding the Directors, in the Group was:

CEO	(0.21%)
Employee population (excluding the Directors)	4.84%

Remuneration Report *(Continued)*

CFO SINGLE FIGURE

CFO single figure of
total remuneration
£000

2019	M.M. Bray	692
2018	M.M. Bray	692
2017	M.M. Bray	730
2016	M.M. Bray	661
2015	M.M. Bray	546

PERCENTAGE CHANGE IN REMUNERATION OF CFO AND EMPLOYEES

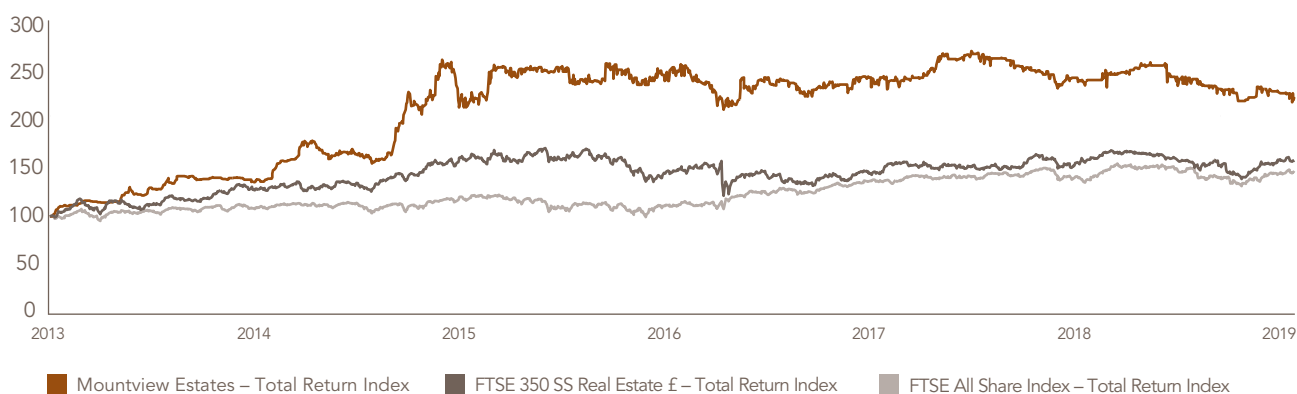
The percentage change in remuneration between 2018 and 2019 for the CFO and for all employees, excluding the Directors, in the Group was:

CFO	0.00%
Employee population (excluding the Directors)	4.84%

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.



RELATIVE IMPORTANCE OF SPEND ON PAY

The difference in actual expenditure between 2018/19 and 2017/18 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:



STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN THE CURRENT FINANCIAL YEAR

With effect from 1 April 2019 the basic salary of CEO will be increased to £555k p.a and the CFO to £421k p.a.

With effect from 1 April 2019 the salary of A.W.Powell will be increased to £99k p.a commensurate with his new role as Acting Chairman.

DETAILS OF THE REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three NEDs of whom two are independent NEDs. During 2018/2019 the committee comprised four NEDs of whom three were independent.

Details of the Directors who were members of the Committee during the year are disclosed on page 27.

STATEMENT OF VOTING AT GENERAL MEETING

At the Annual General Meeting held on 8 August 2018 the Directors' Remuneration Report received the following votes based on Proxy forms from Shareholders.

	Total number of votes	% of votes cast
For	2,171,008	70.06
Against	927,697	29.94
Total votes cast (for and against)	3,098,705	100
Total withheld	5,510	–
Total votes cast (including withheld votes)	3,104,215	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 2019	31 March 2018
Ordinary Shares of 5p each		
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 a trustee of The Sinclair Charity).	595,700	595,700
M.M. Bray	12,302	12,302
A.C.J Solway*	500	500
Dr A.R. Williams	52,916	52,916

*A.C.J.Solway resigned as at 31 March 2019.

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 D.M. Sinclair	2	2
Mrs M.M. Bray	2	2
Mrs M.L. Jarvis	2	2
Mr A.W. Powell	2	2
A.C.J. Solway	0	2
Dr A.R. Williams	2	2

All the Directors of the Company are members of the Nomination Committee. Mr A.C.J Solway withdrew from both meetings as they included discussion of his succession.

Dear Shareholder,

I am pleased to present the Nomination Committee report which sets out its role and activities during the year.

HOW THE NOMINATION COMMITTEE OPERATES

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. The Committee met twice during the year ended 31 March 2019, supplemented by informal meetings and discussions. Only the members of the Committee have the right to attend meetings, but we may invite other executives or advisers to attend all or part of any meeting as appropriate.

ROLE OF THE NOMINATION COMMITTEE

The main roles and responsibilities of the Committee are set out in its Terms of Reference, which are reviewed annually and are available on the Group's website. These responsibilities include assisting the Board in discharging its responsibilities relating to the composition and make-up of the Board and its committees, succession planning, the endorsement of Directors for re-election at the AGM and, when needed, the appointment of additional Directors.

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. These matters are taken into account during recruitment but ultimately we look to appoint the best candidate for the role on the basis of their merit and ability taking into account the needs of the Group. See also note 11 - 'Diversity' in the Directors' report on page 16.

ACTIVITIES OF THE COMMITTEE

The Nomination Committee, and related Board discussions, covered the following matters:

- the composition of the Board and the Board's committees
- the balance of skills, experience and knowledge required by the Board and its committees and the business as a whole
- the re-election of all the Directors at the AGM in 2019

Following the votes at the AGM and General Meeting held in 2018, Mr A.C.J. Solway resigned from the Board as at the end of the financial year. The main role for the Committee during the year was to manage his succession – a process that Mr Solway played no part in. The outcome was that the Committee proposed, and the Board agreed, that Mr A.W. Powell should become Deputy Non-Executive Chairman and take on the role of Acting Non-Executive Chairman with effect from 31 March 2019. The effect of these decisions was that continuity was provided with a minimum of disruption to the Board and the business. The Board plan to review its composition post the 2019 AGM.



D.M. Sinclair

Chairman, Nomination Committee
4 July 2019

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Revenue	4	65,428	70,272
Cost of sales	4	(24,627)	(26,915)
Gross profit		40,801	43,357
Administrative expenses		(5,442)	(5,507)
Gain on sale of investment properties	13	–	145
Operating profit before changes in fair value of investment properties		35,359	37,995
Increase/(Decrease) in fair value of investment properties	13	287	(376)
Profit from operations		35,646	37,619
Net finance costs	8	(1,079)	(714)
Profit before taxation		34,567	36,905
Taxation – current	9	(6,504)	(7,197)
Taxation – deferred	19	(55)	173
Taxation	9	(6,559)	(7,024)
Profit attributable to equity shareholders		28,008	29,881
Basic and diluted earnings per share (pence)	11	718.3p	766.4p

All the activities of the Group are classed as continuing.

The Notes on pages 41 to 58 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

for the year ended 31 March 2019

	Notes	As at 31 March 2019 £000	As at 31 March 2018 £000
Assets			
Non-current assets			
Property, plant and equipment	12	1,710	1,771
Investment properties	13	28,112	27,825
		29,822	29,596
Current assets			
Inventories of trading properties	15	392,384	376,879
Trade and other receivables	16	1,915	1,859
Cash at bank	18	1,981	5,368
		396,280	384,106
Total assets		426,102	413,702
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	366,543	354,131
		366,874	354,462
Non-current liabilities			
Long-term borrowings	18	47,250	49,900
Deferred tax	19	4,751	4,696
		52,001	54,596
Current liabilities			
Short-term loans	18	1,250	463
Trade and other payables	17	2,812	1,843
Current tax payable		3,165	2,338
		7,227	4,644
Total liabilities		59,228	59,240
Total equity and liabilities		426,102	413,702

Approved by the Board on 4 July 2019.

D.M. Sinclair

Chief Executive

M.M. Bray

Director

The Notes on pages 41 to 58 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

	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 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
Changes in equity for year ended 31 March 2019							
Balance as at 1 April 2018		195	25	55	56	354,131	354,462
Profit for the year						28,008	28,008
Dividends	10					(15,596)	(15,596)
Balance at 31 March 2019	23	195	25	55	56	366,543	366,874

The Notes on pages 41 to 58 are an integral part of these consolidated financial statements

Consolidated Cash Flow Statement

for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Cash flows from operating activities			
Profit from operations		35,646	37,619
Adjustment for:			
Depreciation		61	66
(Gain) on disposal of investment properties		–	(145)
(Increase)/Decrease in fair value of investment properties		(287)	376
Operating cash flows before movement in working capital		35,420	37,916
(Increase) in inventories		(15,505)	(29,499)
(Increase) in receivables		(56)	(246)
Increase/(Decrease) in payables		969	(108)
Cash generated from operations		20,828	8,063
Interest paid		(1,079)	(714)
Income tax		(5,677)	(10,110)
Net cash inflow/(outflow) from operating activities		14,072	(2,761)
Investing activities			
Proceeds from disposal of investment properties	13	–	685
Purchase of property, plant and equipment	12	–	(4)
Net cash inflow from investing activities		–	681
Cash flows from financing activities			
(Repayment)/Increase of borrowings		(1,863)	20,483
Equity dividend paid		(15,596)	(11,698)
Net cash (outflow)/inflow from financing activities		(17,459)	8,785
Net (Decrease)/Increase in cash and cash equivalents		(3,387)	6,705
Opening cash and cash equivalents		5,368	(1,337)
Cash and cash equivalents at end of year	18	1,981	5,368

The Notes on pages 41 to 58 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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 4 July 2019.

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 73.

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) 'Critical Accounting Judgements and Key Areas of Estimation Uncertainty'.

(B) BASIS OF CONSOLIDATION

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

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

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

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

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

Consistent accounting policies have been used across the Group.

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 March 2019

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:

- Property Trading
- Property Investment

The 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.

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.

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 March 2019

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 2019 is on pages 47 and 48.

(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 the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

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

The standards IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IAS 40 Investment Property (amendment) were all effective from the current financial year. The Group has assessed the impact of these statements and concluded that in view of the current nature of the Group's business IFRS 9 and IFRS 15 have no material impact on the Group and that under IAS 40 no trading properties need to be reclassified as investment property as a consequence of the amendment.

The Group is continuing to assess the impact of IFRS 16 Leases, effective for the 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). As of 31 March 2019 this standard would apply only to our leased cars – and have no material impact on the Group.

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

2. ACCOUNTING POLICIES CONTINUED

(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 re-negotiated a £20 million (2018: £20 million) revolving loan facility with HSBC Bank. The termination date of this facility is November 2023.

The Group has a £60 million (2018: £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.

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2019

2. ACCOUNTING POLICIES CONTINUED

Inventory expected to be settled in more than 12 months

The Board estimates that inventory of £20.4 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.

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.

	2019 £000	2018 £000
Total borrowings	48,500	50,363
Less cash	(1,981)	(5,368)
Net borrowings	46,519	44,995
Total equity	366,874	354,462
Net borrowings plus equity	413,393	399,457
Gearing ratio	11.3%	11.3%

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.

	2019 £000	2018 £000
Revenue		
Gross sales of properties	46,430	51,840
Gross rental income	18,998	18,432
	65,428	70,272
Cost of sales		
Cost of properties sold	18,973	21,822
Property expenses	5,654	5,093
	24,627	26,915
Gross profit		
Sales of properties	27,457	30,018
Net rental income	13,344	13,339
	40,801	43,357

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2019

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 2019	28,727	41,273
Properties purchased since 30 September 2014 and sold during the year ended 31 March 2019	–	5,157
Gross sales of properties	–	46,430

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:

	2019			2018		
	Property trading £000	Property investment £000	Group £000	Property trading £000	Property investment £000	Group £000
Revenue	64,863	565	65,428	69,716	556	70,272
Operating profit before changes in fair value of investment properties	35,170	189	35,359	37,455	540	37,995
Finance costs	(1,079)	–	(1,079)	(714)	–	(714)
Profit after tax			28,008			29,881
Assets	397,787	28,315	426,102	385,743	27,959	413,702
Liabilities	54,400	4,828	59,228	54,410	4,830	59,240
Fixed assets						
Capital expenditure	–	–	–	4	–	4
Depreciation	53	8	61	58	8	66

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.

6. PROFIT FROM OPERATIONS

	2019 £000	2018 £000
The operating profit is stated after taking into account:		
Depreciation of tangible fixed assets	61	66
Gain on disposal of investment property	–	145
Auditors' remuneration		
– the audit of the Parent Company and Consolidated Financial Statements	36	42
– the audit of the Company's subsidiaries pursuant to legislation	15	15
– tax compliance work	4	4
Operating expenses for investment properties	94	19
And after crediting:		
– net rental income	13,344	13,339
– administrative charges to related companies (Note 24)	42	32

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

	2019	2018
Office and management	29	28

7. STAFF COSTS (INCLUDING DIRECTORS)

	2019 £000	2018 £000
Wages and salaries	3,454	3,293
Social security costs	430	408
Pension costs	44	42
	3,928	3,743
Directors' remuneration		
Total Directors' remuneration including salary, bonuses, benefits in kind amounted to:	1,915	1,825

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

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

8. FINANCE COSTS

	2019 £000	2018 £000
Interest on bank overdrafts and loans	1,079	714

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2019

9. INCOME TAX EXPENSE

	2019 £000	2018 £000
(a) Analysis of charge in the year		
Current tax: UK Corporation Tax 19% (2018: 19%)	6,504	7,197
Deferred tax: Current year 19% (2018: 19%)	55	(173)
Taxation attributable to the Company and its subsidiaries	6,559	7,024
(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	34,567	36,905
Profit on ordinary activities multiplied by rate of tax 19% (2018: 19%)	6,567	7,012
Expenses not deductible for tax	6	9
Depreciation in excess of capital allowances	(14)	9
Taxation on capital gains	–	119
Profit on sale of assets	–	(24)
Fair value adjustments	(55)	71
Deferred tax	55	(173)
Sundry adjusting items	–	1
Taxation attributable to the Company and its subsidiaries	6,559	7,024

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

10. DIVIDENDS

On 13 August 2018, a dividend of 200p per share (2017: 100p per share) was paid to the shareholders. On 25 March 2019 a dividend of 200p per share (2018: 200p per share) was paid to the shareholders. This resulted in total dividends paid in the year of £15.6 million (2018: £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 12 August 2019. 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 2019 is payable to all shareholders on the Register of Members on 5 July 2019. The total estimated final dividend to be paid is £7.8 million.

11. EARNINGS PER SHARE

	2019 £000	2018 £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)	28,008	29,881
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	718.3p	766.4p

The Company has no dilutive potential Ordinary Shares.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2018	2,671	41	–	2,712
Additions	–	–	–	–
Disposals	–	–	–	–
At 31 March 2019	2,671	41	–	2,712
Depreciation				
At 1 April 2018	913	28	–	941
Charge for the year	53	8	–	61
On disposals	–	–	–	–
At 31 March 2019	966	36	–	1,002
Net book value				
At 31 March 2018	1,758	13	–	1,771
At 31 March 2019	1,705	5	–	1,710

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 2017	2,671	49	20	2,740
Additions	–	4	–	4
Disposals	–	(12)	(20)	(32)
At 31 March 2018	2,671	41	–	2,712
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	1,758	13	–	1,771

Property, plant and equipment are located within the UK.

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2019

13. INVESTMENT PROPERTIES

	2019 £000	2018 £000
Fair value at 1 April 2018/(2017)	27,825	28,741
Subsequent expenditure	–	–
Disposals	–	(540)
Increase/(Decrease) in fair value during the year	287	(376)
At 31 March 2019/(2018)	28,112	27,825

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

During the financial year there were no disposals (2018: £685,000). The difference between the sales price of £685,000 and the market fair value of £540,000 of the property sold in the year ended 31 March 2018, resulted in a gain of £145,000. This is shown as a separate line item in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2018.

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 2019 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: £24,807,000 (Twenty-four million, eight hundred and seven thousand pounds).

A.L.G. PROPERTIES LIMITED

- Freehold: £3,305,000 (Three million, three hundred and five 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 revaluation increase of £287,000 has arisen on valuation of investment properties to Market Value as at 31 March 2019 (2018: decrease of £376,000). This is shown as a separate line item in the Consolidated Statement of Comprehensive Income.

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

14. INVESTMENTS

FIXED ASSET INVESTMENTS

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

	Principal activity	Cost 2018 2019 £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

	2019 £000	2018 £000
Residential properties	392,384	376,879

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

	2019 £000	2018 £000
Trade receivables	257	427
Prepayments and accrued income	1,658	1,432
	1,915	1,859

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

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

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2019

17. TRADE AND OTHER PAYABLES

	2019 £000	2018 £000
Trade creditors	1,274	1,255
Other taxes and social security costs	248	216
Other creditors	1,290	372
	2,812	1,843

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

18. BANK OVERDRAFTS, LOANS AND CASH

	2019 £000	2018 £000
Bank loans	47,250	49,900
Other loans	1,250	463
	48,500	50,363

CASH AND CASH EQUIVALENTS

	2019 £000	2018 £000
Cash	1,981	5,368
Cash and cash equivalents as at 31 March	1,981	5,368

Maturity profile of financial liabilities at 31 March 2019 was as follows:

	2019 £000	2018 £000
Amounts repayable:		
In one year or less	1,250	463
Between one and five years	47,250	49,900
	48,500	50,363
Less: amount due for settlement within 12 months (shown under current liabilities)	(1,250)	(463)
Amount due for settlement after 12 months	47,250	49,900

The average interest rates paid were as follows:

	2019 %	2018 %
Bank overdrafts	2.25	1.96
Bank loans	2.62	2.39
Other loans	0.50	0.50

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

18. BANK OVERDRAFTS, LOANS AND CASH CONTINUED

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

1. The Group has a short-term borrowing facility of £10 million (2018: £10 million) with Barclays Bank. This is due for review in November 2019 and the rate of interest payable is:
 - 1.6% over base rate on overdraft
 - Headroom of this facility at 31 March 2019 amounted to £10 million (2018: £10 million).
2. The Group has a £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 2019 amounted to £25 million (2018: £18 million).
3. The Group has re-negotiated a £20 million (2018: £20 million) long-term revolving loan facility with HSBC Bank. The termination date for this facility is November 2023. The rate of interest payable on the loan is 2.1% above LIBOR. The loan includes a Negative Pledge. The loan is not repayable by instalments. As at 31 March 2019 headroom under this facility amounted to £7.75 million (2018: £12.1 million).
4. Other loans consisted of loans from connected persons, and companies of which Mr D.M. Sinclair is a Director. The balance outstanding as at 31 March 2019 was £1,250,000 (2018: £463,000).
 - Interest payable on these loans was at 0.5%.

19. DEFERRED TAX

ANALYSIS FOR FINANCIAL REPORTING PURPOSES

	2019 £000	2018 £000
Deferred tax liabilities	4,751	4,696
Net position at 31 March	4,751	4,696

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

	2019 £000	2018 £000
At 1 April	4,696	4,869
Debit/(credit) to income for the year	55	(173)
At 31 March	4,751	4,696

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

REVALUATION OF PROPERTIES

	2019 £000	2018 £000
At 1 April	4,696	4,869
Debit/(credit) to income for the year	55	(173)
At 31 March	4,751	4,696

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2019

20. FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL ASSETS

The Group's financial assets at the year end consist of cash at bank and in hand of £1.98 million (2018: £5.37 million) and trade receivables.

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

The trade receivables amounted to £1.915 million (2018: £1.859 million).

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

FAIR VALUE OF BORROWINGS

	2019 £000	2018 £000
Short-term loans	1,250	463
Secured bank loans	47,250	49,900
	48,500	50,363

Interest charged in the Income Statement for the above borrowings amounted to £1.08 million (2018: £0.71 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 2019 it is estimated that a general increase of 1 point in interest rates would decrease the Group's profit before tax by approximately £485,000 (2018: £503,630).

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 2019	Less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000	Total £000
Interest-bearing loans and borrowings	1,250	47,250	–	48,500
Trade and other payables	2,812	–	–	2,812

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

20. FINANCIAL INSTRUMENTS CONTINUED

RECONCILIATION OF MATURITY ANALYSIS

	Less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000	Total £000
At 31 March 2019				
Interest bearing loans and borrowings per accounts	1,250	47,250	–	48,500
Interest	14	5,049	–	5,063
Financial liability cash flows	1,264	52,299	–	53,563

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

21. CALLED UP SHARE CAPITAL

	2019 £000	2018 £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

	2019 £000	2018 £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 2019 stood at £56,000 (2018: £56,000).

23. RETAINED EARNINGS

	£000
Balance at 1 April 2018	354,131
Net profit for the year	28,008
Dividends paid	(15,596)
Balance at 31 March 2019	366,543

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2019

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 £41,675 (2018: £31,776) 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 £1,100,015 (2018: £413,473). Interest was payable on the loan at 0.5%. Interest paid in the year on this loan amounted to £4,133 (2018: £2,045).
- (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 £150,000 (2018: £50,000). Interest was payable on the loan at 0.5%. Interest paid in the year on this loan amounted to £505 (2018: £250).
- (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 2019 the group owed Mr D.M. Sinclair £119,014 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:

	2019 £000	2018 £000
Operating lease payments due:		
Not later than one year	39	52
Later than one year and not later than five years	26	48
	65	100

Independent Auditor's Report

for the year ended 31 March 2019

OPINION

We have audited the Group Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement 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 2019 and of its profit 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 PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation in the Annual Report 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 or liquidity;
- the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation in the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider 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.

Independent Auditor's Report (Continued)

to the members of Mountview Estates P.L.C. year ended 31 March 2019

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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. These matters were addressed in the context of our audit of the Group 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 42 for the Group's accounting policy in respect of revenue recognition.

Under International Standard on Auditing (ISA) (UK) 240 there is a presumption that there is a risk of fraud in revenue recognition. Revenue is also one of the Group's key performance indicators. We therefore identified revenue recognition as a significant risk. Our testing of revenue focused on completeness of income. We reconciled property stock movements, verified property sales to completion statements and performed appropriate cut off procedures. Rental income was tested by sampling from property stock, and verifying to the underlying rental agreement. Based on our audit testing we did not identify any material instances of revenue not being recognised in accordance with the Group's accounting policy.

- Carrying value of property inventory – refer to page 45 for the Group's accounting policy in respect of the value of property inventory

Property inventory is the Group's most significant asset and is carried at the lower of cost and net realisable value ("NRV"). NRV is based on vacant possession and is subject to change, largely based on movements in the property market. We therefore determined the valuation of inventory to be a significant risk. We reviewed sales of all properties sold during the year and for a suitable period after the year end to ensure that there was no evidence of properties being sold for less than cost. We also reviewed property purchases during the year to confirm that these were purchased at a discount to market value with vacant possession. We also looked at market data as an indicator of potential impairment. Based on our audit testing we found the carrying value of inventory to be acceptable.

- Valuation of investment properties – refer to page 43 for the Group's accounting policy in respect of the value of investment properties

Investment properties were assessed as a significant risk as these are material to the Group balance sheet and are subject to judgement and estimation in arriving at fair value. The investment properties are valued annually by a suitably independent and qualified valuer as disclosed in note 13 to the financial statements. To address this risk we reviewed the terms of engagement of the valuer and the valuation assumptions used and the valuation workings. We also discussed the methodology used with the valuer and compared the revaluation with our expectation based on market data. Based on our audit testing we consider the valuation of investment property to be acceptable.

OUR APPLICATION OF MATERIALITY

We determined materiality for the Group to be £4.2 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 £654k to the specific income statement items which depict the trading performance of the Group and £62k 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 reviewed the Group's internal controls and obtained our audit evidence through substantive procedures.

How the scope of our audit addressed each key audit matter is described above under Key audit matters.

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 of 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.

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 a relevant provision of the UK Corporate Governance Code.

Independent Auditor's Report (Continued)

to the members of Mountview Estates P.L.C. year ended 31 March 2019

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.

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:

- 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 or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE GROUP 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.

We identified and assessed the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. Our procedures included enquiry of management and the audit committee, together with a review of supporting documentation such as board minutes and audit committee meeting minutes. We also performed analytical review procedures to identify any unusual relationships that may indicate a material misstatement, and additionally tested the appropriateness of journals to address the risk of fraud through management override of controls. We also performed appropriate testing in respect of the risk of fraud in revenue recognition as described in key audit matters. Relevant laws and regulations, together with potential fraud risks, were communicated to the audit engagement team at the planning stage to ensure they remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 for the audit of the Financial Statements is located 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 4 April 2019. The period of total uninterrupted engagement is 13 years for the year ended 31 March 2019.

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 2019. 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.

Norman Strong FCA (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

4 July 2019

Company Balance Sheet under UK GAAP

for the year ended 31 March 2019

	Notes	31 March 2019 £000	31 March 2018 £000
Fixed assets			
Tangible assets	4	1,705	1,758
Investments	5	18,276	18,276
		19,981	20,034
Current assets			
Stocks	6	363,054	347,727
Debtors	7	1,781	2,148
Cash at bank and in hand		1,843	5,253
		366,678	355,128
Creditors: amounts falling due within one year	8	(16,419)	(12,762)
Net current assets		350,259	342,366
Total assets less current liabilities		370,240	362,400
Creditors: amounts falling due after more than one year	9	(47,250)	(49,900)
		322,990	312,500
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	322,676	312,186
		322,990	312,500

Approved by the Board on 4 July 2019.

D.M. Sinclair

Chief Executive

M.M. Bray

Director

The Notes on pages 66 to 73 are an integral part of the Parent Company financial statements.

Company Cash Flow under UK GAAP

for the year ended 31 March 2019

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Cash Flows from Operating Activities		
Profit from operations	26,086	27,615
<i>Adjustments for:</i>		
Depreciation	53	58
Interest payable and similar charges	1,079	714
Tax on profit on ordinary activities	6,107	6,499
Accrued (income)	(10)	(220)
<i>Changes in:</i>		
Stocks	(15,327)	(29,297)
Trade and other debtors	367	1,643
Trade and other creditors	949	111
Cash generated from operations	19,304	7,123
Interest paid	(1,079)	(714)
Tax paid	(5,098)	(9,442)
Net cash inflow/(outflow) from operating activities	13,127	(3,033)
Cash Flows from Financing Activities		
(Repayment)/increase of borrowings	(1,863)	20,483
Increase of loans from Group undertakings	922	1,068
Dividends paid	(15,596)	(11,698)
Net cash used in financing activities	(16,537)	9,853
Net (decrease)/increase in cash and cash equivalents	(3,410)	6,820
Cash and cash equivalents at beginning of the year	5,253	(1,567)
Cash and cash equivalents at end of year	1,843	5,253

Notes to the Financial Statements under UK GAAP

for the year ended 31 March 2019

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.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

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.

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.

PENSION COSTS

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 re-negotiated a £20 million (2018: £20 million) revolving loan facility with HSBC Bank with a termination date of November 2023.

The Company has a £60 million (2018: £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 2019

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 £20.4 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)

	2019 £000	2018 £000
Wages and salaries	3,454	3,293
Social security costs	430	408
Pension costs	44	42
	3,928	3,743

DIRECTORS' REMUNERATION

	2019 £000	2018 £000
Total Directors' remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to:	1,915	1,825

The details of Directors' remuneration are shown in the audited section of the Remuneration Report on page 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:

	2019	2018
Office and management	29	28

4. TANGIBLE ASSETS

	Freehold property £000	Computer equipment £000	Total £000
Cost			
At 1 April 2018	2,671	–	2,671
Additions	–	–	–
Disposals	–	–	–
At 31 March 2019	2,671	–	2,671
Depreciation			
At 1 April 2018	913	–	913
Charge for the year	53	–	53
On disposals	–	–	–
At 31 March 2019	966	–	966
Net book value			
At 31 March 2018	1,758	–	1,758
At 31 March 2019	1,705	–	1,705

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

5. INVESTMENTS

	Shares in Group undertakings £000
Cost	
At 1 April 2018 and 31 March 2019	18,276
Impairment	
At 1 April 2018 and 31 March 2019	–
Carrying amount	
At 31 March 2019	18,276

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

Subsidiary undertaking	Country of incorporation	Principal activity
Hurstway Investment Company Limited 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 2019

6. STOCKS

	2019 £000	2018 £000
Residential properties	363,054	347,727

7. DEBTORS: DUE WITHIN ONE YEAR

	2019 £000	2018 £000
Trade debtors	257	418
Amounts owed by Group undertakings	–	362
Prepayments and accrued income	1,524	1,368
	1,781	2,148

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2018 £000
Amounts owed to Group undertakings	9,426	8,504
Accruals and deferred income	1,198	1,208
Corporation Tax	3,008	1,999
Other taxes and social security costs	248	216
Other creditors	1,289	372
Other loans	1,250	463
	16,419	12,762

Other loans consist of loans from connected persons. Interest payable on these loans was at 0.5%.

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

	2019 £000	2018 £000
Bank loans	47,250	49,900
	47,250	49,900

Maturity profile of financial liabilities at 31 March 2019 was as follows:

	2019 £000	2018 £000
Amounts repayable:		
Between one and five years	47,250	49,900
	47,250	49,900

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.

- The Company has a short-term borrowing facility of £10 million (2018: £10 million) with Barclays Bank. This is due for review in November 2019 and the rate of interest payable is:
 - 1.6% over base rate on overdraft.
 Headroom of this facility at 31 March 2019 amounted to £10 million (2018: £10 million).
- The Company has a £60 million (2018: £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 £25 million (2018: £18 million).
- The Company has re-negotiated a £20 million (2018: £20 million) long-term revolving loan facility with HSBC Bank. The termination date for this facility is November 2023. The rate of interest payable on the loan is 2.1% above LIBOR. The loan includes a Negative Pledge. The loan is not repayable by instalments. As at 31 March 2019 headroom under this facility amounted to £7.75million (2018: £12.1 million).
- 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 2019 was £1,250,000 (2018: £463,000). Interest payable on these loans was at 0.5%.

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

for the year ended 31 March 2019

10. CASH AND CASH EQUIVALENTS

	2019 £000	2018 £000
Cash	1,843	5,253
Cash and cash equivalents as at 31 March	1,843	5,253

Maturity profile of financial liabilities at 31 March 2019 was as follows:

	2019 £000	2018 £000
Amounts repayable:		
In one year or less	1,250	463
Between one and five years	47,250	49,900
	48,500	50,363
Less: amount due for settlement within 12 months (shown under current liabilities)	(1,250)	(463)
Amount due for settlement after 12 months	47,250	49,900

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 £1.843 million (2018: £5.253 million).

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

The trade receivables amounted to £1.781 million (2018: £2.148 million).

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

FAIR VALUE OF BORROWINGS

	2019 £000	2018 £000
Short-term loans	1,250	463
Secured bank loans	47,250	49,900
	48,500	50,363

Interest charged in the Income Statement for the above borrowings amounted to £1.1 million (2018: £0.7 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 2019 it is estimated that a general increase of 1 point in interest rates would decrease the Company's profit before tax by approximately £485,000 (2018: £503,630).

12. CALLED UP SHARE CAPITAL

	2019 £000	2018 £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

	2019 £000	2018 £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 2019 stood at £39,000 (2018: £39,000).

14. PROFIT AND LOSS ACCOUNT

	2019 £000	2018 £000
Balance at 1 April	312,186	296,269
Net profit for the year	26,086	27,615
Dividends paid	(15,596)	(11,698)
Balance at 31 March	322,676	312,186

15. RELATED PARTY TRANSACTIONS

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

- 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 £41,675 (2018: £31,776) were charged for these services.
- 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 £1,100,015 (2018: £413,473). Interest was payable on the loan at 0.5%. Interest paid in the year on this loan amounted to £4,133 (2018: £2,045).
- 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 £150,000 (2018: £50,000). Interest was payable on the loan at 0.5%. Interest paid in the year on this loan amounted to £505 (2018: £250).
- All of the above loans are unsecured.
- Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed in this note.
- 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 £119,014 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.

	2019 £000	2018 £000
Operating lease payments due:		
Not later than one year	39	52
Later than one year and not later than five years	26	48
	65	100

Independent Auditor's Report

to the members of Mountview Estates P.L.C. year ended 31 March 2019

OPINION

We have audited the Parent Company Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2019 which comprises the Company Balance Sheet, 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 Parent Company's affairs as at 31 March 2019;
- 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 matter in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to in relation to:

- the Directors' statement in the Parent Company Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Parent Company Financial Statements and the Directors' identification of any material uncertainties to the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Parent Company Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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. These matters were addressed in the context of our audit of the Parent Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters relating to both the Parent Company and the Group were revenue recognition and valuation of trading properties. An explanation of these matters and how these were addressed during our audit can be found in our audit report on the Group Financial Statements on page 60.

We identified one key audit matter that related solely to the Parent Company, which was the recoverability of investments in subsidiaries. Investments in subsidiaries are stated at cost as described in the Parent Company's accounting policies on page 67. The cost of investment should be supported by the underlying value of the subsidiaries. We tested this by a review of the subsidiaries' year-end financial statements. We used their net assets as an approximation of recoverable value and compared these to the cost of investment in the Parent Company. Based on our audit testing we are satisfied with the recoverability of investments in subsidiaries.

OUR APPLICATION OF MATERIALITY

We determined materiality for the Company to be £3.8 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 £622k to the specific income statement items which depict the trading performance of the Company and £62k 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 Company.

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

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 reviewed the Company's internal controls and obtained our audit evidence through substantive procedures.

How the scope of our audit addressed each key audit matter is described above under Key audit matters.

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 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.

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.

Independent Auditor's Report (Continued)

to the members of Mountview Estates P.L.C. year ended 31 March 2019

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements 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, 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.

We identified and assessed the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. Our procedures included enquiry of management and the audit committee, together with a review of supporting documentation such as board minutes and audit committee meeting minutes. We also performed analytical review procedures to identify any unusual relationships that may indicate a material misstatement, and additionally tested the appropriateness of journals to address the risk of fraud through management override of controls. We also performed appropriate testing in respect of the risk of fraud in revenue recognition as described in key audit matters. Relevant laws and regulations, together with potential fraud risks, were communicated to the audit engagement team at the planning stage to ensure they remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 for the audit of the financial statements is located 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 4 April 2019. The period of total uninterrupted engagement is 13 years for the year ended 31 March 2019.

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

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

We have reported separately on the Group Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2019. That report includes details of the group key audit matters. The opinion in that report is unmodified

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.

Norman Strong FCA (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

4 July 2019

Table of Comparative Figures *(unaudited)*

for the year ended 31 March 2019

	IFRS 2013 £000	IFRS 2014 £000	IFRS 2015 £000	IFRS 2016 £000	IFRS 2017 £000	IFRS 2018 £000	As at 31 March 2019 IFRS 2019 £000
Revenue	56,646	66,150	71,331	79,765	78,232	70,272	65,428
Profit before taxation	28,928	35,394	39,976	48,388	44,986	36,905	34,567
Taxation	6,783	6,952	8,159	9,676	8,761	7,024	6,559
Profit after taxation	22,145	28,442	31,817	38,712	36,225	29,881	28,008
Earnings per share	568.0p	729.5p	816.0p	992.9p	929.1p	766.4p	718.3p
Rate of dividend	175p	200p	275p	300p	300p	400p	400p
Cover	3.25	3.64	2.98	3.31	3.17	1.92	1.75
Cost of dividend	6,823	7,798	10,722	11,698	11,698	15,596	15,596*
Total remuneration (including Directors)	2,479	2,598	3,020	3,631	3,747	3,743	3,928
Executive Directors' remuneration	1,319	1,132	1,324	1,604	1,768	1,669	1,667
Total remuneration (including Directors) as a percentage of dividend	36.33%	33.32%	28.17%	31.04%	32.03%	24.00%	25.19%
Cost of Executive Directors' remuneration as a percentage of total remuneration	53.2%	43.57%	43.84%	44.18%	47.18%	44.59%	42.44%
Cost of Executive Directors' remuneration as a percentage of dividend	19.3%	14.52%	12.35%	13.71%	15.11%	10.70%	10.69%
Executive Directors' remuneration as a percentage of profit before taxation	4.56%	3.20%	3.31%	3.31%	3.93%	4.52%	4.82%

* The £15.6 million dividend in relation to 2019 is made up of the interim dividend of £7.80 million and the final dividend of £7.80 million, which will be paid on 12 August 2019, subject to approval at the AGM on 7 August 2019.

Notice of Meeting

Notice is hereby given that the 82nd 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 7 August 2019 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 2019.
 2. To declare a final dividend of 200 pence per share payable on 12 August 2019 to shareholders on the register at 5 July 2019.
 3. To re-elect Mrs M.M. Bray as a Director of the Company.
 4. To re-elect Mr D.M. Sinclair as a Director of the Company.
 5. To re-elect Mrs M.L. Jarvis as a Director of the Company, provided that resolution 11 is passed.
 6. To re-elect Mr A.W. Powell as a Director of the Company, provided that resolution 12 is passed.
 7. To re-elect Dr A.R. Williams as a Director of the Company.
 8. To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy on pages 29 and 30) in the Annual Report and Accounts for the year ended 31 March 2019.
 9. 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.
 10. 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:
11. To re-elect Mrs. M.L. Jarvis as a Director of the Company, provided that resolution 5 is passed.
 12. To re-elect Mr. A.W. Powell as a Director of the Company, provided that resolution 6 is passed.

By Order of the Board

M.M. Bray

Company Secretary

Mountview House
151 High Street
Southgate
London N14 6EW

4 July 2019

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 5 August 2019 (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 4 July 2019 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 4 July 2019, 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 4 July 2019 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 5, 6, 11 and 12

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, Mrs. M.L. Jarvis and the re-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 a Non-Executive Director is not passed by the Independent Shareholders, the Company may propose a further resolution to re-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.

Shareholder Information

FINANCIAL CALENDAR 2019

Final dividend record date	5 July
Annual Report posted to Shareholders	5 July
Annual General Meeting	7 August
Final dividend payment	12 August
Interim results	21 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



Mountview Estates P.L.C.

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

Tel: +44 (0) 20 8920 5777 Fax: +44 (0) 20 8882 9981

www.mountviewplc.co.uk