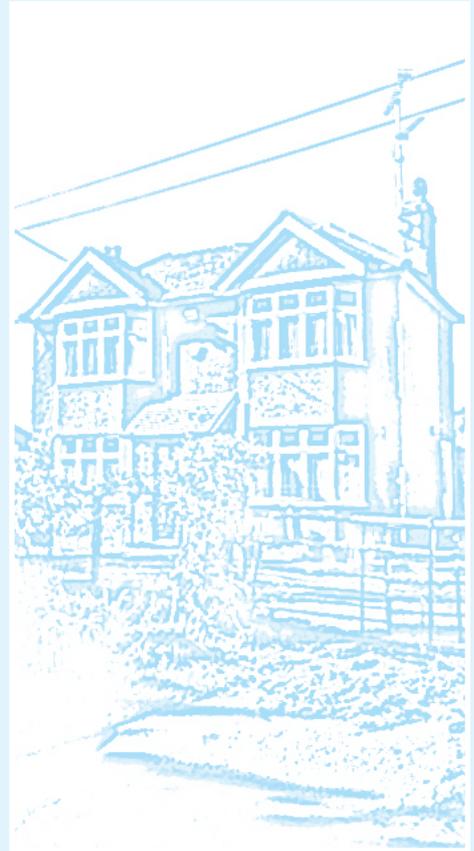


Mountview Estates P.L.C.

Half Year Report 2020



About Us

Mountview Estates P.L.C. 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 in England and Wales and sells such property when it becomes vacant.

Shareholders' Information

TURNOVER

£22.5m

↓ 24.7%

(Half year ended
30.09.2019: £29.9m)

GROSS PROFIT

£16.0m

↓ 16.2%

(Half year ended
30.09.2019: £19.1m)

PROFIT BEFORE TAX

£13.5m

↓ 22.4%

(Half year ended
30.09.2019: £17.4m)

EARNINGS PER SHARE

280.4p

↓ 22.4%

(Half year ended
30.09.2019: 361.1p)

NET ASSETS PER SHARE

£98.2

↑ 2.6%

(Half year ended
30.09.2019: £95.7)

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

Ex-dividend date	18 February 2021
Record date	19 February 2021
Payment date	29 March 2021

Chief Executive Officer's Statement

At the Annual General Meeting held on 12 August 2020 those shareholders deemed to be independent exercised their right to reject the re-election of Mr Anthony Powell and Ms Mhairi Archibald as independent Non-Executive Directors. At the General Meeting held in accordance with the Listing Rules of the Financial Conduct Authority on 23 November 2020, when all shareholders were entitled to vote, it was resolved to re-elect Mr Anthony Powell and Ms Mhairi Archibald as Directors of the Company. Thus the status quo is maintained.

TRADING

Brexit is nearly with us so it is probably appropriate that my next comments on this subject are made next July when we can consider the effects of whatever takes place from the beginning of January 2021.

It is Covid-19 which dominates everything worldwide and has influenced the figures that we are able to present in this Half Year Report. I am happy that I can repeat that we have not had to furlough any staff or reduce staff numbers in any other way and that I remain confident that our years of financial prudence will enable us to continue to conduct the business successfully and to maintain our dividend payments.

The first lockdown started shortly before the beginning of our financial year and had the effect of delaying the procedures that are necessary to bring a vacant property to market. This delay was about a month or six weeks and is commensurate with our fall in turnover. In so far as we have all become accustomed to coping with the present circumstances I am hopeful that the delays may even lessen as time goes on.

In note 9 on page 11 you can see that we have already made substantial purchases this year and our financial stability puts us in position to make further purchases if the opportunities arise.

INTERIM DIVIDEND

The interim dividend is maintained at 200p per share in respect of the year ending 31 March 2021 and is payable on 29 March 2021 to shareholders on the Register of Members as at 19 February 2021.

OUTLOOK

It is good purchases that will contribute so much to the future prosperity of the Company and it is in difficult times that our financial prudence gives us the ability to take advantage of exceptional opportunities that may arise.



D.M. SINCLAIR

Chief Executive Officer
26 November 2020

Group Statement of Comprehensive Income (unaudited)

For the half year ended 30 September 2020

	Notes	Half year ended 30.09.2020 £000	Half year ended 30.09.2019 £000	Year ended 31.03.2020 £000
Revenue	2	22,450	29,921	64,873
Cost of sales	2	(6,477)	(10,821)	(23,519)
Gross profit		15,973	19,100	41,354
Administrative expenses		(2,168)	(2,247)	(5,630)
Gain on sale of investment properties		–	1,174	1,174
Operating profit before changes in fair value of investment properties		13,805	18,027	36,898
(Decrease) in fair value of investment properties		–	–	(969)
Profit from operations		13,805	18,027	35,929
Net finance costs		(319)	(590)	(988)
Profit before taxation		13,486	17,437	34,941
Taxation – current		(2,555)	(3,854)	(7,320)
Taxation – deferred		–	495	675
Taxation	3	(2,555)	(3,359)	(6,645)
Profit attributable to equity Shareholders		10,931	14,078	28,296
Basic and diluted earnings per share (pence)	4	280.4p	361.1p	725.7p

Group Statement of Financial Position (unaudited)

For the half year ended 30 September 2020

	Notes	Half year ended 30.09.2020 £000	Half year ended 30.09.2019 £000	Year ended 31.03.2020 £000
Assets				
Non-current assets				
Property, plant and equipment	6	1,638	1,700	1,670
Investment properties	7	24,122	25,091	24,122
		25,760	26,791	25,792
Current assets				
Inventories of trading properties	8	409,295	392,454	392,069
Trade and other receivables		1,825	2,032	3,676
Cash and cash equivalents		608	639	3,553
		411,728	395,125	399,298
Total assets		437,488	421,916	425,090
Equity and liabilities				
Capital and reserves attributable to equity holders of the Company				
Share capital		195	195	195
Capital reserve		25	25	25
Capital redemption reserve		55	55	55
Other reserves		56	56	56
Retained earnings		382,376	372,823	379,243
		382,707	373,154	379,574
Non-current liabilities				
Long-term borrowings		44,700	38,700	31,100
Deferred tax		4,076	4,256	4,076
		48,776	42,956	35,176
Current liabilities				
Bank overdrafts and other short term loans		3,011	1,255	2,060
Trade and other payables		528	783	4,830
Current tax payable		2,466	3,768	3,450
		6,005	5,806	10,340
Total liabilities		54,781	48,762	45,516
Total equity and liabilities		437,488	421,916	425,090

Group Cash Flow Statement (unaudited)

For the half year ended 30 September 2020

	Notes	Half year ended 30.09.2020 £000	Half year ended 30.09.2019 £000	Year ended 31.03.2020 £000
Cash flows from operating activities				
Profit from operations		13,805	18,027	35,929
Adjustment for:				
Depreciation		32	38	64
(Gain) on sale of investment properties		–	(1,174)	(1,174)
Decrease in fair value of investment properties		–	–	969
Operating cash flows before movement in working capital		13,837	16,891	35,788
(Increase)/Decrease in inventories		(17,226)	(70)	315
Decrease/(Increase) in receivable		1,851	(117)	(1,761)
(Decrease)/Increase in payables		(4,302)	(2,029)	2,018
Cash generated from operations		(5,840)	14,675	36,360
Interest paid		(319)	(590)	(988)
Income taxes paid		(3,539)	(3,251)	(7,035)
Net cash (Outflow)/Inflow from operating activities		(9,698)	10,834	28,337
Investing activities				
Proceeds from disposal of investment properties		–	4,195	4,195
Purchase of property, plant and equipment		–	(28)	(24)
Net cash Inflow from investing activities		–	4,167	4,171
Cash flows from financing activities				
Increase/(Repayment) of borrowings		13,381	(8,545)	(16,835)
Equity dividend paid	5	(7,798)	(7,798)	(15,596)
Net cash Inflow/(Outflow) from financing activities		5,583	(16,343)	(32,431)
Net (Decrease)/Increase in cash and cash equivalents		(4,115)	(1,342)	77
Opening cash and cash equivalents		2,058	1,981	1,981
Cash and cash equivalents at end of period	10	(2,057)	639	2,058

Consolidated Statement of Changes in Equity

For the half year ended 30 September 2020

	Notes	Half year ended 30.09.2020 £000	Half year ended 30.09.2019 £000	Year ended 31.03.2020 £000
Shareholders' funds as at the beginning of the period		379,574	366,874	366,874
Profit for the period		10,931	14,078	28,296
Dividends	5	(7,798)	(7,798)	(15,596)
Shareholders' funds as at the end of the period		382,707	373,154	379,574

Notes to the Half Year Report

For the half year ended 30 September 2020

1. ACCOUNTING POLICIES

1. (a) BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2020 which have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The accounting policies used are consistent with those contained in the Group's last Annual Report and Accounts for the year ended 31 March 2020.

The Directors have reviewed the current and projected financial position of the Group and are satisfied that the Group has adequate resources to cover current liabilities. Therefore, the Directors continue to adopt the going concern basis in preparing the half year report.

1. (b) BASIS OF CONSOLIDATION

The Group's financial statements incorporate the results of Mountview Estates P.L.C. and all of its subsidiary undertakings. 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.

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 intercompany transactions and balances between Group enterprises are eliminated on consolidation within the consolidated accounts. Consistent accounting policies have been used across the Group.

1. (c) STATUS OF THE INTERIM FINANCIAL INFORMATION

These condensed consolidated interim financial statements are unaudited and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group's published financial statements for the year ended 31 March 2020 have been reported on by the Group's auditors and filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements were approved by the Board of Directors on 23 November 2020. The preparation of the interim financial information requires management to make assumptions and estimates about future events which are uncertain, the actual outcome of which may result in a materially different outcome from that anticipated.

2. ANALYSIS OF REVENUE AND COST OF SALES

Revenue comprises proceeds of sales of its trading properties, rental income and other sundry items of revenue before charging expenses.

Legal fees and agents' commission costs directly involved with the sales of properties are included in the cost of sales.

Rental income is recognised on a straight line and accruals basis over the rental period.

Sales of properties are recognised on legal completion, as in the Directors' opinion this is the point at which control passes to the buyer.

Notes to the Half Year Report

For the half year ended 30 September 2020

2. ANALYSIS OF REVENUE AND COST OF SALES CONTINUED

	Notes	Half year ended 30.09.2020 £000	Half year ended 30.09.2019 £000	Year ended 31.03.2020 £000
Revenue				
Gross sales of properties	2(a) & 2(b)	12,606	20,199	45,651
Gross rental income		9,844	9,722	19,222
		22,450	29,921	64,873
Cost of sales				
Cost of properties sold		4,403	7,928	17,686
Property expenses		2,074	2,893	5,833
		6,477	10,821	23,519
Gross Profit				
Net income from sales of properties		8,203	12,271	27,965
Net rental income		7,770	6,829	13,389
		15,973	19,100	41,354

2. (a)

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 six months to 30 September 2020	6,995	11,290
Properties purchased since 30 September 2014 and sold during the six months to 30 September 2020	–	1,316
Gross sales of properties		12,606

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

2. (b)

During the half year the Group has sold the following number of units:

Sale price (£)	No. of units	Location
500,000 – 1 million	2	London
Below 500,000	48	London and other

3. INCOME TAX

	Half year ended 30.09.2020 £000	Half year ended 30.09.2019 £000	Year ended 31.03.2020 £000
Current tax:			
UK corporation tax 19%	2,555	3,854	7,320
Deferred tax:			
Current year	–	(495)	(675)
Taxation attributable to the Group	2,555	3,359	6,645

The tax rate of 19% was applicable for the half year ended 30 September 2020 and the full year ended 31 March 2020.

4. EARNINGS PER SHARE

The calculations of earnings per share are based on the following profits and number of shares:

	Half year ended 30.09.2020 £000	Half year ended 30.09.2019 £000	Year ended 31.03.2020 £000
Profit for the period (basic and fully diluted)	10,931	14,078	28,296
Weighted average number of Ordinary Shares for basic and fully diluted earnings per share	3,899,014	3,899,014	3,899,014
Basic and diluted earnings per share	280.4p	361.1p	725.7p

The Company has no dilutive potential Ordinary Shares.

5. DIVIDENDS

	Half year ended 30.09.2020 £000	Half year ended 30.09.2019 £000	Year ended 31.03.2020 £000
Ordinary dividends paid			
Final dividend for the year ended 31 March 2020 at 200p per share	7,798	–	–
Interim dividend for the year ended 31 March 2020 at 200p per share	–	–	7,798
Final dividend for the year ended 31 March 2019 at 200p per share	–	7,798	7,798

The Board has proposed an interim dividend of 200p per share (2020: 200p). This interim dividend was announced post 30 September 2020 and under IFRS no provision is made for dividends declared after the balance sheet date. The interim dividend is payable to all Shareholders on the Register of Members on 19 February 2021.

The total estimated interim dividend to be paid is £7.798 million.

Notes to the Half Year Report

For the half year ended 30 September 2020

6. PROPERTY, PLANT AND EQUIPMENT

The Group occupies a freehold property, and its value is measured at cost less accumulated depreciation.

Plant and equipment comprise computers, fixtures and fittings and office equipment. These assets are stated at cost less accumulated depreciation.

7. INVESTMENT PROPERTIES

Investment properties are included in the balance sheet at their fair value. Additions to investment properties are costs of a capital nature.

	Half year ended 30.09.2020 £000	Half year ended 30.09.2019 £000	Year ended 31.03.2020 £000
Fair value at 1 April	24,122	28,112	28,112
Disposals	–	(3,021)	(3,021)
(Decrease) in fair value during the year	–	–	(969)
At the end of the period	24,122	25,091	24,122

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

During the six months to 30 September 2020 there were no disposals (30 September 2019: 4 units for £4.195 million).

8. INVENTORIES OF TRADING PROPERTIES

Trading properties are held for sale and are shown at the lower of cost and net realisable value.

Net realisable value is the estimated selling price less estimated costs of completion if the property were to be vacant at the date of the balance sheet.

9. ANALYSIS OF ACQUISITIONS BY TYPE OF TENANCY

	Half year ended 30.09.2020 Costs £m		Half year ended 30.09.2019 Costs £m		Year ended 31.03.2020 Costs £m	
	No. of units		No. of units		No. of units	
Regulated, ASTs, and other	63	18.96	23	6.97	38	13.08
Assured Tenancies	4	1.21	–	–	5	1.30
Life Tenancies	4	0.27	1	0.12	2	0.24
Leasehold Ground Rents	6	0.01	–	–	5	0.80
Total Acquisitions	77	20.45	24	7.09	50	15.42
Grounds Rents created	4	–	4	–	7	–
Assured Tenancies created	8	–	4	–	13	–

The above analysis does not include legal and commission expense directly related to the acquisition of properties.

Properties are treated as acquired or sold on the date of completion.

All of the acquisitions were in London and the South of England.

BY GEOGRAPHIC LOCATION

	Half year ended 30.09.2020 Costs £m	
	No. of units	
London (North)	22	5.88
London (South)	5	1.53
Surrey, Sussex	7	0.75
Hertfordshire, Middlesex	43	12.29
Remainder of England and Wales	0	–
	77	20.45

10. CASH AND CASH EQUIVALENTS

These comprise cash balances and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

11. FINANCIAL INSTRUMENTS

Bank loans and overdrafts are included as financial liabilities on the Group balance sheet at the amounts drawn on the particular facilities.

Interest payable on those facilities is charged to income in the period to which it relates.

Notes to the Half Year Report

For the half year ended 30 September 2020

12. RELATED PARTY TRANSACTIONS

1. During the period 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 £10,263 (six months ended 30 September 2019: £25,945) 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 £246,000 (six months ended 30 September 2019: £681,000). Interest was payable on the loan at the rate of 0.5%. Interest paid in the period on this loan amounted to £2,115 (six months ended 30 September 2019: £1,786).
 - (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 £101,000 (six months ended 30 September 2019: £50,000). Interest was payable on the loan at the rate of 0.5%. Interest paid in the period on this loan amounted to £254 (six months ended 30 September 2019: £166).
 - (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.

13. STATEMENT OF DIRECTORS RESPONSIBILITIES

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Mountview Estates PLC are listed in the Mountview Estates PLC Annual Report for 31 March 2020. A list of current Directors is maintained on the Mountview Estates PLC website www.mountviewplc.co.uk

14. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties we face, which include the risks posed by Covid-19, are described in detail on pages 9 to 10 of our Annual Report and Accounts for the year ended 31 March 2020. The Board considers that those risks and uncertainties were unchanged during the period. These risks and uncertainties are described in the Annual Report and Accounts and are summarized below.

1. Trading stock – Regulated tenancies – Reduced opportunity to replace asset sales of vacant properties due to the reducing number of regulated tenancies available for purchase.
2. Market – Weak macro-economic conditions and the impact of political/Brexit uncertainty.
3. Financial – Reduced availability of financing options resulting in inability to meet business plans.
4. Dividends – 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.
5. People – Capacity to maintain strategy is compromised due to inability to attract and retain suitably experienced employees.
6. Regulatory – 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.
7. Operations and property management – Legal action against the Group for failure to meet its obligations under current legislation including health and safety, fire risk and gas safety.

Shareholders' Information

FINANCIAL CALENDAR 2021

Ex-dividend date	18 February
Record date	19 February
Payment date	29 March
Preliminary announcement of the results for the year	17 June
Annual Report and Accounts posted	9 July
Annual General Meeting	11 August

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 the Shareholders should be addressed to the Company's Registrars:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
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