

Mountview Estates P.L.C.

Half Year Report 2022



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

£37.2m

↑ **21.2%**

(Half year ended
30.09.2021: £30.7m)

GROSS PROFIT

£21.3m

↑ **18.3%**

(Half year ended
30.09.2021: £18.0m)

PROFIT BEFORE TAX

£18.2m

↑ **16.7%**

(Half year ended
30.09.2021: £15.6m)

EARNINGS PER SHARE

378.4p

↑ **30.4%**

(Half year ended
30.09.2021: 290.3p)

NET ASSETS PER SHARE

£102.2

↑ **0.3%**

(Half year ended
30.09.2021: £101.9)

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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 exceptional interim dividend payment of 500p per share (which includes a special dividend of 250p per share) are as follows:

Ex-dividend date	16 February 2023
Record date	17 February 2023
Payment date	27 March 2023

Chief Executive Officer's Statement

At the Annual General Meeting held on 10 August 2022 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 21 November 2022, 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

The vote in favour of Brexit was made nearly six and a half years ago. Boris Johnson "got Brexit done" nearly three years ago. We have learnt to live with Covid although it will never have just gone away. Last Thursday (17 November 2022) we were told how the Government plan to recover the vast sums of money that bureaucratic profligacy spent in trying to help the country through the various economic travails.

This Company did not furlough any staff, did not reduce staff numbers in any other way and did not take any government assistance. However as a successful company we are obliged to help repay the government's debt. Earnings per share for the half year ended 30 September 2022 have increased by more than 30%. Our purchasing activity has been strong during these six months and our long standing financial prudence keeps us in position to take advantage of further good purchasing opportunities.

We are all aware that difficult times lie ahead but the financial strength of this Company should enable us to weather the economic storms that lie ahead better than most. Many of our staff have been with the Company for a long time and I am determined that we should protect them as best we can from the ravages of inflation.

EXCEPTIONAL INTERIM DIVIDEND

Not only has the Company made almost £25million of purchases during the six months ended 30 September 2022 but cash flow has also been very strong and I am very happy to be able to again declare an interim dividend at the exceptional rate of 500p per share in respect of the year ending 31 March 2023. This dividend is payable on 27 March 2023 to shareholders on the Register of Members as at 17 February 2023. This represents an increased interim dividend of 250p per share and a special dividend of a further 250p per share. Please note that this will be made as one payment of 500p per share.

The Board is confident that the Company remains in a strong position to make further purchases and to meet all its regular outgoings including the final dividend payable in August 2023. However it would be prudent to only anticipate an interim dividend payable in March 2024 at the increased basic rate of 250p per share.

OUTLOOK

We all know that times are going to be tough, but I believe that this Company is better placed than most to survive the difficulties and indeed prosper. And my belief is supported by these Accounts.



D.M. SINCLAIR

Chief Executive Officer

24 November 2022

Consolidated Statement of Comprehensive Income (unaudited)

For the half year ended 30 September 2022

	Notes	Half year ended 30.09.2022 £000	Half year ended 30.09.2021 £000	Year ended 31.03.2022 £000
Revenue	2	37,192	30,711	66,010
Cost of sales	2	(15,912)	(12,754)	(25,144)
Gross profit		21,280	17,957	40,866
Administrative expenses		(2,734)	(2,205)	(6,197)
Gain on sale of investment properties		–	53	53
Operating profit before changes in fair value of investment properties		18,546	15,805	34,722
Increase in fair value of investment properties		–	–	444
Profit from operations		18,546	15,805	35,166
Net finance costs		(336)	(181)	(298)
Profit before taxation		18,210	15,624	34,868
Taxation – current		(3,455)	(3,062)	(6,637)
Taxation – deferred		–	(1,242)	(1,349)
Taxation	3	(3,455)	(4,304)	(7,986)
Profit attributable to equity shareholders and total comprehensive income		14,755	11,320	26,882
Basic and diluted earnings per share (pence)	4	378.4p	290.3p	689.5p

Consolidated Statement of Financial Position (unaudited)

For the half year ended 30 September 2022

	Notes	Half year ended 30.09.2022 £000	Half year ended 30.09.2021 £000	Year ended 31.03.2022 £000
Assets				
Non-current assets				
Property, plant and equipment	6	1,517	1,576	1,546
Investment properties	7	25,451	25,007	25,451
		26,968	26,583	26,997
Current assets				
Inventories of trading properties	8	406,812	394,921	393,275
Trade and other receivables		1,684	1,298	1,326
Cash and cash equivalents		1,628	1,012	643
		410,124	397,231	395,244
Total assets		437,092	423,814	422,241
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		398,163	397,087	393,155
		398,494	397,418	393,486
Non-current liabilities				
Long-term borrowings		28,700	15,500	19,200
Deferred tax		5,700	5,593	5,700
		34,400	21,093	24,900
Current liabilities				
Bank overdrafts and other short term loans		–	1,497	–
Trade and other payables		889	1,032	1,470
Current tax payable		3,309	2,774	2,385
		4,198	5,303	3,855
Total liabilities		38,598	26,396	28,755
Total equity and liabilities		437,092	423,814	422,241

Consolidated Cash Flow Statement (unaudited)

For the half year ended 30 September 2022

	Notes	Half year ended 30.09.2022 £000	Half year ended 30.09.2021 £000	Year ended 31.03.2022 £000
Cash flows from operating activities				
Profit from operations		18,546	15,805	35,166
Adjustment for:				
Depreciation		29	30	60
(Gain) on sale of investment properties		–	(53)	(53)
(Increase) in fair value of investment properties		–	–	(444)
Operating cash flows before movement in working capital		18,575	15,782	34,729
(Increase)/Decrease in inventories		(13,537)	3,245	4,891
(Increase)/Decrease in receivables		(358)	119	91
(Decrease) in payables		(581)	(1,110)	(672)
Cash generated from operations		4,099	18,036	39,039
Interest paid		(336)	(181)	(298)
Income taxes paid		(2,531)	(4,404)	(8,368)
Net cash Inflow from operating activities		1,232	13,451	30,373
Investing activities				
Proceeds from disposal of investment properties		–	620	620
Net cash Inflow from investing activities		–	620	620
Cash flows from financing activities				
Increase/(Repayment) of borrowings		9,500	(4,552)	(2,349)
Equity dividend paid	5	(9,747)	(8,773)	(28,267)
Net cash (Outflow) from financing activities		(247)	(13,325)	(30,616)
Net Increase in cash and cash equivalents		985	746	377
Opening cash and cash equivalents		643	266	266
Cash and cash equivalents at end of period	10	1,628	1,012	643

Consolidated Statement of Changes in Equity

For the half year ended 30 September 2022

	Notes	Half year ended 30.09.2022 £000	Half year ended 30.09.2021 £000	Year ended 31.03.2022 £000
Shareholders' funds as at the beginning of the period		393,486	394,871	394,871
Profit for the period		14,755	11,320	26,882
Dividends	5	(9,747)	(8,773)	(28,267)
Shareholders' funds as at the end of the period		398,494	397,418	393,486

Notes to the Half Year Report

For the half year ended 30 September 2022

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 in accordance with UK adopted International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2022 which have been prepared in accordance with UK adopted International Accounting Standards.

The accounting policies used are consistent with those contained in the Group's last Annual Report and Accounts for the year ended 31 March 2022.

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 made up to the reporting date.

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

Control is recognised when the Group is exposed to, or has rights to, variable returns from its investment in the entity and has the ability to affect these returns through its power over relevant activities of the entity.

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.

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 2022 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 24 November 2022. 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 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 (Continued)

For the half year ended 30 September 2022

2. ANALYSIS OF REVENUE AND COST OF SALES CONTINUED

	Notes	Half year ended 30.09.2022 £000	Half year ended 30.09.2021 £000	Year ended 31.03.2022 £000
Revenue				
Gross sales of properties	2(a) & 2(b)	27,689	21,052	46,819
Gross rental income		9,503	9,659	19,191
		37,192	30,711	66,010
Cost of sales				
Cost of properties sold		12,986	9,726	19,281
Property expenses		2,926	3,028	5,863
		15,912	12,754	25,144
Gross Profit				
Net income from sales of properties		14,703	11,326	27,538
Net rental income		6,577	6,631	13,328
		21,280	17,957	40,866

2. (a)

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

	No of Units	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 2022	57	13,410	20,687
Properties purchased since 30 September 2014 and sold during the six months to 30 September 2022	17	–	7,002
Gross sales of properties	74		27,689

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
1 million +	1	London
500,000 – 1 million	19	London
Below 500,000	54	London and other

3. INCOME TAX

	Half year ended 30.09.2022 £000	Half year ended 30.09.2021 £000	Year ended 31.03.2022 £000
Current tax:			
UK corporation tax 19%	(3,455)	(3,062)	(6,637)
Deferred tax:			
Current year 25% (2020: 19%)	–	(1,242)	(1,349)
Taxation attributable to the Group	(3,455)	(4,304)	(7,986)

The deferred tax charge in the corresponding period includes an adjusting charge of £1.2m reflecting the remeasurement of the Group's deferred tax liabilities arising from the increase in the corporation tax rate from 19% to 25% from 1 April 2023, which was substantively enacted at the reporting date.

4. EARNINGS PER SHARE

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

	Half year ended 30.09.2022 £000	Half year ended 30.09.2021 £000	Year ended 31.03.2022 £000
Profit for the period (basic and fully diluted)	14,755	11,320	26,882
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	378.4p	290.3p	689.5p

The Company has no dilutive potential Ordinary Shares.

5. DIVIDENDS

	Half year ended 30.09.2022 £000	Half year ended 30.09.2021 £000	Year ended 31.03.2022 £000
Ordinary dividends paid			
Final dividend for the year ended 31 March 2022 at 250p per share	9,747	–	–
Interim dividend for the year ended 31 March 2022 at 500p per share	–	–	19,495
Final dividend for the year ended 31 March 2021 at 225p per share	–	8,772	8,772

The Board has proposed an interim dividend of 500p per share (2021: 500p). This interim dividend was announced post 30 September 2022 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 17 February 2023.

The total estimated interim dividend to be paid is £19.495 million.

Notes to the Half Year Report (Continued)

For the half year ended 30 September 2022

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 30.09.2022 £000	Half year ended 30.09.2021 £000	Year ended 31.03.2022 £000
Fair value at 1 April	25,451	25,574	25,574
Disposals	–	(567)	(567)
Increase in fair value during the year	–	–	444
At the end of the period	25,451	25,007	25,451

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

During the six months to 30 September 2022 there were no disposals (30 September 2021: £620,000).

The difference between the sales price of £620,000 and the market value of £567,000 resulted in gain of £53,000.

This is shown as a separate line item in the Consolidated Statement of Comprehensive Income for the half year ended 30 September 2021.

The investment properties represent less than 5% of the Group's portfolio.

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 30.09.2022		Half year ended 30.09.2021		Year ended 31.03.2022	
	No. of units	Costs £m	No. of units	Costs £m	No. of units	Costs £m
Regulated, ASTs, and other	77	20.05	18	5.07	38	10.44
Assured Tenancies	17	3.76	2	0.38	7	1.82
Life Tenancies	4	0.92	1	0.21	1	0.21
Leasehold Ground Rents	1	0.01	1	0.01	7	0.08
Total Acquisitions	99	24.74	22	5.67	53	12.55
Grounds Rents created	3	–	5	–	11	–
Assured Tenancies created	6	–	6	–	11	–

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.

BY GEOGRAPHIC LOCATION

	Half year ended 30.09.2022	
	No. of units	Costs £m
London (North)	7	2.89
London (South)	8	3.22
Surrey, Sussex, Kent	22	6.84
Hertfordshire, Middlesex	6	1.47
Remainder of England and Wales	56	10.32
	99	24.74

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 *(Continued)*

For the half year ended 30 September 2022

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 £12,477 (six months ended 30 September 2021: £15,735) 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 £NIL (six months ended 30 September 2021: £1,056,373). Interest was payable on the loan at the rate of 0.5%. Interest paid in the period on this loan amounted to £NIL (six months ended 30 September 2021: £1,750).
 - (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 £NIL (six months ended 30 September 2021: £440,513). Interest was payable on the loan at the rate of 0.5%. Interest paid in the period on this loan amounted to £NIL (six months ended 30 September 2021: £944).
 - (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.
 - (g) As at 30 September 2022 the Group owed Mr D.M. Sinclair £245,900 (six months ended 30 September 2021: £151,546) in relation to an informal loan.

13. STATEMENT OF DIRECTORS RESPONSIBILITIES

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with the UK adopted International Accounting Standard 34 (IAS 34), and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The Directors of Mountview Estates PLC are listed in the Mountview Estates PLC Annual Report for 31 March 2022. 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 10 to 12 of our Annual Report and Accounts for the year ended 31 March 2022. 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 – triggered by external events including for example Brexit, Covid 19, the war in Ukraine and the cost of living crisis.
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 maintenance – Legal action against the Group for failure to meet its obligations under current property management and safety legislation.
8. Climate – The impact of climate related matters. For example physical risks following changing weather patterns, including extreme weather events, that could lead to increased wear and tear or other property damage and transition risks, for example following Regulatory changes.

Shareholders' Information

FINANCIAL CALENDAR 2023

Ex-dividend date	16 February
Record date	17 February
Payment date	27 March
Preliminary announcement of the results for the year	15 June
Annual Report and Accounts posted	7 July
Annual General Meeting	9 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 shareholdings should be addressed to the Company's Registrars:

Link Group
Central Square
29 Wellington Street
Leeds
LS1 4DL

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