

Mountview Estates P.L.C.

Half Year Report 2023



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.

Our Performance

TURNOVER

£39.2m

↑ 5.5%

(Half year ended
30.09.2022: £37.2m)

GROSS PROFIT

£24.2m

↑ 13.9%

(Half year ended
30.09.2022: £21.3m)

PROFIT BEFORE TAX

£19.9m

↑ 9.3%

(Half year ended
30.09.2022: £18.2m)

EARNINGS PER SHARE

382.7p

↑ 1.1%

(Half year ended
30.09.2022: 378.4p)

NET ASSETS PER SHARE

£101.5

↓ 0.7%

(Half year ended
30.09.2022: £102.2)

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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 250p per share are as follows:

Ex-dividend date	15 February 2024
Record date	16 February 2024
Payment date	25 March 2024

Chief Executive Officer's Statement

At the Annual General Meeting held on 9 August 2023 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 20 November 2023, 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

Despite the economic difficulties being suffered throughout the country the Company's gross profit for the six months ended 30 September 2023 has increased by 13.9% and profit before tax by 9.3%. The rise of over 30% in corporation tax from 19% to 25% is the main, if not only, reason that earnings per share have risen only by 1.1%.

Our purchasing activity has remained strong during these six months and our financial strength should enable us to continue to take advantage of good purchasing opportunities.

With a staff of less than thirty we are a tiny company but the increased taxation and the ever expanding regulatory and administrative burden imposed by various authorities is disproportionate to a company of this size. We will not abandon our financial prudence, but I am determined that we shall protect our staff from the worst economic misfortunes. Many of our staff have been loyal to the Company for many years and they deserve our loyalty.

INTERIM DIVIDEND

In March 2022 and March 2023 the Company paid an exceptional interim dividend totalling 500p per share but it would not be possible to continue at this level without compromising the Company's financial prudence. At this time last year I advised that it would be prudent to only anticipate an interim dividend payable in March 2024 at the increased basic rate of 250p per share.

The Company has continued to make good purchases which are the future of the Company and so an interim dividend of 250p per share is the prudent option and still represents a good return on your investment.

This dividend is payable on 25 March 2024 to shareholders on the Register of Members as at 16 February 2024.

OUTLOOK

We live in difficult times, but I believe that this Company will continue to prosper and can continue to care for its staff and its shareholders.



D.M. SINCLAIR

Chief Executive Officer
23 November 2023

Consolidated Statement of Comprehensive Income (unaudited)

For the half year ended 30 September 2023

	Notes	Half year ended 30.09.2023 £000	Half year ended 30.09.2022 £000	Year ended 31.03.2023 £000
Revenue	2	39,236	37,192	73,593
Cost of sales	2	(15,007)	(15,912)	(32,993)
Gross profit		24,229	21,280	40,600
Administrative expenses		(2,718)	(2,734)	(6,592)
Operating profit before changes in fair value of investment properties		21,511	18,546	34,008
(Decrease) in fair value of investment properties		–	–	(36)
Profit from operations		21,511	18,546	33,972
Net finance costs		(1,609)	(336)	(1,208)
Profit before taxation		19,902	18,210	32,764
Taxation – current		(4,982)	(3,455)	(6,233)
Taxation – deferred		–	–	(66)
Taxation	3	(4,982)	(3,455)	(6,299)
Profit attributable to equity shareholders and total comprehensive income		14,920	14,755	26,465
Basic and diluted earnings per share (pence)	4	382.7p	378.4p	678.8p

Consolidated Statement of Financial Position (unaudited)

For the half year ended 30 September 2023

	Notes	Half year ended 30.09.2023 £000	Half year ended 30.09.2022 £000	Year ended 31.03.2023 £000
Assets				
Non-current assets				
Property, plant and equipment	6	1,464	1,517	1,493
Investment properties	7	25,415	25,451	25,415
		26,879	26,968	26,908
Current assets				
Inventories of trading properties	8	442,231	406,812	422,742
Trade and other receivables		2,593	1,684	6,656
Cash and cash equivalents		1,908	1,628	776
		446,732	410,124	430,174
Total assets		473,611	437,092	457,082
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		395,550	398,163	390,377
		395,881	398,494	390,708
Non-current liabilities				
Long-term borrowings		66,200	28,700	56,700
Deferred tax		5,766	5,700	5,766
		71,966	34,400	62,466
Current liabilities				
Bank overdrafts and other short term loans		–	–	60
Trade and other payables		841	889	1,984
Current tax payable		4,923	3,309	1,864
		5,764	4,198	3,908
Total liabilities		77,730	38,598	66,374
Total equity and liabilities		473,611	437,092	457,082

Consolidated Cash Flow Statement (unaudited)

For the half year ended 30 September 2023

	Notes	Half year ended 30.09.2023 £000	Half year ended 30.09.2022 £000	Year ended 31.03.2023 £000
Cash flows from operating activities				
Profit from operations		21,511	18,546	33,972
Adjustment for:				
Depreciation		29	29	53
(Decrease) in fair value of investment properties		–	–	36
Operating cash flows before movement in working capital		21,540	18,575	34,061
(Increase) in inventories		(19,489)	(13,537)	(29,467)
Decrease/(Increase) in receivables		4,063	(358)	(5,330)
(Decrease)/Increase in payables		(1,143)	(581)	514
Cash generated from operations		4,971	4,099	(222)
Interest paid		(1,609)	(336)	(1,208)
Income taxes paid		(1,923)	(2,531)	(6,754)
Inflow/(Outflow) from operating activities		1,439	1,232	(8,184)
Cash flow from financing activities				
Increase of borrowings		9,500	9,500	37,500
Equity dividend paid	5	(9,747)	(9,747)	(29,243)
Net cash (Outflow)/Inflow from financing activities		(247)	(247)	8,257
Net Increase in cash and cash equivalents		1,192	985	73
Opening cash and cash equivalents		716	643	643
Cash and cash equivalents at end of period	10	1,908	1,628	716

Consolidated Statement of Changes in Equity (unaudited)

For the half year ended 30 September 2023

		Half year ended 30.09.2023 £000	Half year ended 30.09.2022 £000	Year ended 31.03.2023 £000
	Notes			
Shareholders' funds as at the beginning of the period		390,708	393,486	393,486
Profit for the period		14,920	14,755	26,465
Dividends	5	(9,747)	(9,747)	(29,243)
Shareholders' funds as at the end of the period		395,881	398,494	390,708

Notes to the Half Year Report

For the half year ended 30 September 2023

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 2023 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 2023.

The Directors have reviewed the current and projected financial position of the Group and are satisfied that the Group has adequate resources to cover all liabilities becoming payable for the foreseeable future. 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 2023 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 2023. 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 2023

2. ANALYSIS OF REVENUE AND COST OF SALES CONTINUED

	Notes	Half year ended 30.09.2023 £000	Half year ended 30.09.2022 £000	Year ended 31.03.2023 £000
Revenue				
Gross sales of properties	2(a) & 2(b)	29,268	27,689	54,196
Gross rental income		9,968	9,503	19,397
		39,236	37,192	73,593
Cost of sales				
Cost of properties sold		11,957	12,986	26,957
Property expenses		3,050	2,926	6,036
		15,007	15,912	32,993
Gross Profit				
Net income from sales of properties		17,311	14,703	27,239
Net rental income		6,918	6,577	13,361
		24,229	21,280	40,600

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 2023	72	13,840	22,572
Properties purchased since 30 September 2014 and sold during the six months to 30 September 2023	10	–	6,696
Gross sales of properties	82		29,268

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	15	London and other
Below 500,000	66	London and other

3. INCOME TAX

	Half year ended 30.09.2023 £000	Half year ended 30.09.2022 £000	Year ended 31.03.2023 £000
Current tax:			
UK corporation tax 25% (2022: 19%)	4,982	3,455	6,233
Deferred tax 25% (2022: 25%)			66
Taxation attributable to the Group	4,982	3,455	6,299

The Corporation tax rate increase from 19% to 25% was effective from 1 April 2023.

4. EARNINGS PER SHARE

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

	Half year ended 30.09.2023 £000	Half year ended 30.09.2022 £000	Year ended 31.03.2023 £000
Profit for the period (basic and fully diluted)	14,920	14,755	26,465
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	382.7p	378.4p	678.8p

The Company has no dilutive potential Ordinary Shares.

5. DIVIDENDS

	Half year ended 30.09.2023 £000	Half year ended 30.09.2022 £000	Year ended 31.03.2023 £000
Ordinary dividends paid			
Final dividend for the year ended 31 March 2023 at 250p per share	9,747	–	–
Interim dividend for the year ended 31 March 2023 at 500p per share	–	–	19,496
Final dividend for the year ended 31 March 2022 at 250p per share	–	9,747	9,747

The Board has proposed an interim dividend of 250p per share (2022: 500p). This interim dividend was announced post 30 September 2023 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 16 February 2024.

The total estimated interim dividend to be paid is £9.747 million.

Notes to the Half Year Report *(Continued)*

For the half year ended 30 September 2023

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 30.09.2023 £000	Half year ended 30.09.2022 £000	Year ended 31.03.2023 £000
Fair value at 1 April	25,415	25,451	25,451
(Decrease) in fair value during the year	–	–	(36)
At the end of the period	25,415	25,451	25,415

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

During the six months to 30 September 2023 there were no disposals (30 September 2022: NIL).

The investment properties represent less than 5.5% 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 30.09.2023		Half year ended 30.09.2022		Year ended 31.03.2023	
	No. of units	Costs £m	No. of units	Costs £m	No. of units	Costs £m
Regulated, ASTs, and other	68	22.80	77	20.05	145	41.85
Assured Tenancies	17	6.35	17	3.76	33	9.31
Life Tenancies	–	–	4	0.92	7	1.48
Leasehold Ground Rents	1	0.07	1	0.01	2	–
Total Acquisitions	86	29.22	99	24.74	187	52.64
Grounds Rents created	4	–	3	–	6	–
Assured Tenancies created	4	–	6	–	10	–

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 30.09.2023	
	No. of units	Costs £m
London (North)	31	11.35
London (South)	18	7.74
Surrey, Sussex, Kent	19	5.61
Hertfordshire, Middlesex	18	4.52
	86	29.22

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 2023

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 £9,428 (six months ended 30 September 2022: £12,477) were charged for these services.
 - (b) Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed in this note.
 - (c) The only key management are the Directors.
 - (d) As at 30 September 2023 the Group owed Mr D.M. Sinclair £12,632 (six months ended 30 September 2022: £245,900) 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 2023. 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, are described in detail on pages 10 to 13 of our Annual Report and Accounts for the year ended 31 March 2023. 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 the after effects of Brexit, the war in Ukraine and the cost of living crisis driven by rising inflation and interest rates.
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 that 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 on the Group of climate related matters. For example changing regulations or 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 2024

Ex-dividend date	15 February
Record date	16 February
Payment date	25 March
Preliminary announcement of the results for the year	20 June
Annual Report and Accounts posted	12 July
Annual General Meeting	14 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:

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