

# Mountview Estates P.L.C.

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Half Year Report  
**2016**



## *About Us*

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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 throughout the UK and sells such property when it becomes vacant.

# Our Performance

## TURNOVER

**£34.0m**

↓ 20.6%

(Half-year ended  
30.09.2015: £42.8m)

## GROSS PROFIT

**£24.1m**

↓ 14.8%

(Half-year ended  
30.09.2015: £28.3m)

## PROFIT BEFORE TAX

**£21.7m**

↓ 16.2%

(Half-year ended  
30.09.2015: £25.9m)

## EARNINGS PER SHARE

**446.9p**

↓ 15.8%

(Half-year ended  
30.09.2015: 531.0p)

## NET ASSETS PER SHARE

**£83.4**

↑ 7.9%

(Half-year ended  
30.09.2015: £77.3)

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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 200p per share are as follows:

Ex-dividend date	16 February 2017
Record date	17 February 2017
Payment date	27 March 2017

## *Chief Executive Officer's Statement*

One must admit to a degree of disappointment when profits go down but the Company remains financially sound. With these interim results comparing favourably with those of two years ago we may consider that we have survived quite well the fiscal measures enacted by the then Chancellor of the Exchequer before 1 April 2016.

### TRADING

The legislation which was to be effective from 1 April caused an acceleration of transactions in March this year. These transactions would normally have completed in our new financial year but their early completion resulted in a drop of over 20% in the number of transactions in the six months ended 30 September 2016. Turnover is down by £2.9 million compared with the half year ended 30 September 2014 but Gross Profit at £24.1 million is exactly the same. Profit before tax and earnings per share both compare favourably with those of two years ago and net assets per share have risen by 17.5%.

### INTERIM DIVIDEND

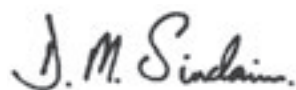
The interim dividend is maintained at 200p per share in respect of the year ending 31 March 2017 and is payable on 27 March 2017 to shareholders on the Register of Members as at 17 February 2017.

### CURRENT TRADING

Whilst fewer acquisitions have been made during the first six months they have been of higher average value with the exception of one outstanding life tenancy acquired during the six months ended 30 September 2015. Gearing remains at a comfortably modest level.

### OUTLOOK

The reduction in base rate has helped but it was more about undoing the effects of legislation which came into effect on 1 April 2016 than any perceived effects of "Brexit". With the possibility of a more balanced attitude towards property taxation we can view the Company's prospects with equanimity.



**D.M. SINCLAIR**

Chief Executive Officer

24 November 2016

# Group Statement of Comprehensive Income (unaudited)

For the half year ended 30 September 2016

	Notes	Half year ended 30.09.2016 £000	Half year ended 30.09.2015 £000	Year ended 31.03.2016 £000
Revenue	2	34,047	42,769	79,765
Cost of sales	2	(9,908)	(14,448)	(26,751)
<b>Gross profit</b>		<b>24,139</b>	<b>28,321</b>	<b>53,014</b>
Administrative expenses		(1,930)	(2,010)	(5,148)
Gain on sale of investment properties		–	197	197
<b>Operating profit before changes in fair value of investment properties</b>		<b>22,209</b>	<b>26,508</b>	<b>48,063</b>
Increase in fair value of investment properties		–	–	1,504
<b>Profit from operations</b>		<b>22,209</b>	<b>26,508</b>	<b>49,567</b>
Net finance costs		(482)	(606)	(1,179)
<b>Profit before taxation</b>		<b>21,727</b>	<b>25,902</b>	<b>48,388</b>
Taxation – current		(4,356)	(5,400)	(9,593)
Taxation – deferred		54	202	(83)
Taxation	3	(4,302)	(5,198)	(9,676)
<b>Profit attributable to equity Shareholders</b>		<b>17,425</b>	<b>20,704</b>	<b>38,712</b>
Basic and diluted earnings per share (pence)	4	446.9p	531.0p	992.9p

# Group Statement of Financial Position (unaudited)

For the half year ended 30 September 2016

	Notes	Half year ended 30.09.2016 £000	Half year ended 30.09.2015 £000	Year ended 31.03.2016 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	1,878	1,954	1,911
Investment properties	7	29,698	27,896	29,448
		31,576	29,850	31,359
<b>Current assets</b>				
Inventories of trading properties	8	338,921	330,867	334,108
Trade and other receivables		1,559	1,760	1,720
Cash and cash equivalents		675	682	1,706
		341,155	333,309	337,534
<b>Total assets</b>		<b>372,731</b>	<b>363,159</b>	<b>368,893</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital		195	195	195
Capital reserve		25	25	25
Capital redemption reserve		55	55	55
Other reserves		56	56	56
Retained earnings		324,947	301,211	311,421
		325,278	301,542	311,752
<b>Non-current liabilities</b>				
Long-term borrowings		35,600	49,600	39,700
Deferred tax		5,287	5,055	5,342
		40,887	54,655	45,042
<b>Current liabilities</b>				
Bank overdrafts and loans		1,467	991	3,625
Trade and other payables		415	628	3,000
Current tax payable		4,684	5,343	5,474
		6,566	6,962	12,099
<b>Total liabilities</b>		<b>47,453</b>	<b>61,617</b>	<b>57,141</b>
<b>Total equity and liabilities</b>		<b>372,731</b>	<b>363,159</b>	<b>368,893</b>

# Group Cash Flow Statement (unaudited)

For the half year ended 30 September 2016

	Half year ended 30.09.2016 £000	Half year ended 30.09.2015 £000	Year ended 31.03.2016 £000
<b>Cash flows from operating activities</b>			
Profit from operations	22,209	26,508	49,567
Adjustment for:			
Depreciation	34	55	113
(Gain) on disposal of investment properties	–	(197)	(197)
(Increase) in fair value of investment properties	–	–	(1,504)
<b>Operating cash flows before movement in working capital</b>	<b>22,243</b>	<b>26,366</b>	<b>47,979</b>
(Increase) in inventories	(4,813)	(7,847)	(11,088)
Decrease in receivables	161	188	228
(Decrease)/Increase in payables	(1,999)	(1,715)	657
<b>Cash generated from operations</b>	<b>15,592</b>	<b>16,992</b>	<b>37,776</b>
Interest paid	(482)	(606)	(1,179)
Income taxes paid	(5,147)	(1,633)	(5,693)
<b>Net cash inflow from operating activities</b>	<b>9,963</b>	<b>14,753</b>	<b>30,904</b>
<b>Investing activities</b>			
Proceeds from disposal of investment properties	–	1,700	1,700
Capital expenditure on investment properties	(250)	–	(48)
Purchase of property, plant and equipment	(2)	(1)	(16)
<b>Net cash inflow from investing activities</b>	<b>(252)</b>	<b>1,699</b>	<b>1,636</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(4,100)	(10,649)	(20,725)
Equity dividend paid	(3,899)	(6,823)	(14,621)
<b>Net cash (outflow) from financing activities</b>	<b>(7,999)</b>	<b>(17,472)</b>	<b>(35,346)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,712</b>	<b>(1,020)</b>	<b>(2,806)</b>
Opening cash and cash equivalents	(1,919)	887	887
<b>Cash and cash equivalents at end of period</b>	<b>(207)</b>	<b>(133)</b>	<b>(1,919)</b>

# Consolidated Statement of Changes in Equity

For the half year ended 30 September 2016

	Half year ended 30.09.2016 £000	Half year ended 30.09.2015 £000	Year ended 31.03.2016 £000
Shareholders' funds as at the beginning of the period	311,752	287,661	287,661
Profit for the period	17,425	20,704	38,712
Dividends	(3,899)	(6,823)	(14,621)
Shareholders' funds at the end of the period	325,278	301,542	311,752



# *Notes to the Half Year Report*

For the half year ended 30 September 2016

## **1. (A) BASIS OF PREPARATION**

These condensed interim financial statements are unaudited and do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. This condensed consolidated interim financial information has 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 interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2016 which have been prepared in accordance with 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 2016.

The Group's published financial statements for the year ended 31 March 2016 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.

## **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.

## **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 over the rental period.

Sales of properties are recognised on legal completion, as this is the date at which the substantial risks and rewards of ownership have been transferred.

# Notes to the Half Year Report

For the half year ended 30 September 2016

## 2. ANALYSIS OF REVENUE AND COST OF SALES CONTINUED

	Notes	Half year ended 30.09.2016 £000	Half year ended 30.09.2015 £000	Year ended 31.03.2016 £000
<b>Revenue</b>				
Gross sales of properties	2(a) & 2(b)	25,133	33,665	61,442
Gross rental income		8,914	9,104	18,323
		34,047	42,769	79,765
<b>Cost of sales</b>				
Cost of properties sold		7,290	11,535	21,033
Property expenses		2,618	2,913	5,718
		9,908	14,448	26,751
<b>Gross Profit</b>				
Net income from sales of properties		17,843	22,130	40,409
Net rental income		6,296	6,191	12,605
		24,139	28,321	53,014

### 2. (a)

Properties sold for the six months to 30 September 2016 which were included in the market Valuation by Allsop LLP as at 30 September 2014 are as follows:

	No. of units	Sales Price £m	Valuation by Allsop as at 30.09.2014 £m
	73	23.87	16.70

One further unit sold during the period was purchased after the valuation was undertaken. 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
Below 500,000	58	London and other

### 3. INCOME TAX

	Half year ended 30.09.2016 £000	Half year ended 30.09.2015 £000	Year ended 31.03.2016 £000
Current tax:			
UK corporation tax 20%	4,356	5,400	9,593
Deferred tax:			
Current year	(54)	(202)	83
Taxation attributable to the Group	4,302	5,198	9,676

The tax rate of 20% was applicable for the half year ended 30 September 2015 and the full year ended 31 March 2016.

### 4. EARNINGS PER SHARE

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

	Half year ended 30.09.2016 £000	Half year ended 30.09.2015 £000	Year ended 31.03.2016 £000
Profit for the period (basic and fully diluted)	17,425	20,704	38,712
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	446.9p	531.0p	992.9p

The Company has no dilutive potential Ordinary Shares.

### 5. DIVIDENDS

	Half year ended 30.09.2016 £000	Half year ended 30.09.2015 £000	Year ended 31.03.2016 £000
Ordinary dividends paid			
Final dividend for the year ended 31 March 2016 at 100p per share	3,899	–	–
Interim dividend for the year ended 31 March 2016 at 200p per share	–	–	7,798
Final dividend for the year ended 31 March 2015 at 175p per share	–	6,823	6,823

The Board has proposed an interim dividend of 200p per share (2015: 200p). This interim dividend was announced post 30 September 2016 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 2017.

The total estimated interim dividend to be paid is £7.8 million.

# Notes to the Half Year Report

For the half year ended 30 September 2016

## 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 30.09.2016 £000	Half year ended 30.09.2015 £000	Year ended 31.03.2016 £000
Fair value at 1 April	29,448	29,399	29,399
Additions:			
Subsequent expenditure	250	–	48
Disposals	–	(1,503)	(1,503)
Increase in fair value during the year	–	–	1,504
At the end of the period	29,698	27,896	29,448

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

There were no disposals during the six months to 30 September 2016.

## 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 30.09.2016		Half year ended 30.09.2015		Year ended 31.03.2016	
	No. of units	Costs £m	No. of units	Costs £m	No. of units	Costs £m
Regulated, ASTs, and other	17	9.87	37	9.75	49	14.38
Life Tenancies	2	0.22	5	7.00	10	12.16
Assured Tenancies	1	0.45	2	0.57	7	1.75
Ground Rents	–	–	–	–	2	–
<b>Total Acquisitions</b>	<b>20</b>	<b>10.54</b>	<b>44</b>	<b>17.32</b>	<b>68</b>	<b>28.29</b>
Grounds Rents created	10	0.02	13	0.03	22	0.04
Assured Tenancies created	4	–	5	–	8	–

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.

The majority of the acquisitions were in London and the South.

### BY GEOGRAPHIC LOCATION

	Half year ended 30.09.2016	
	No. of units	Costs £m
London (North)	8	4.20
London (South)	8	5.45
Kent, Surrey, Sussex, Dorset, Hampshire, Isle of Wight	3	0.41
Bedfordshire, Berkshire, Essex, Buckinghamshire, Cambridgeshire Hertfordshire, Oxfordshire, Norfolk, Suffolk, Middlesex, Northamptonshire	1	0.48
	<b>20</b>	<b>10.54</b>

## 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.

## *Shareholders' Information*

### FINANCIAL CALENDAR 2017

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

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU



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