

MOUNTVIEW ESTATES P.L.C.

Half Year Report 2017

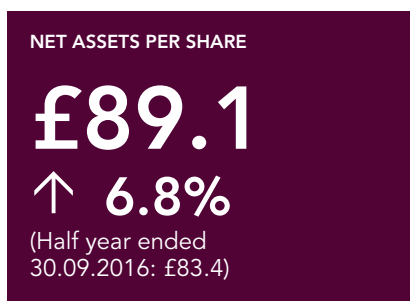
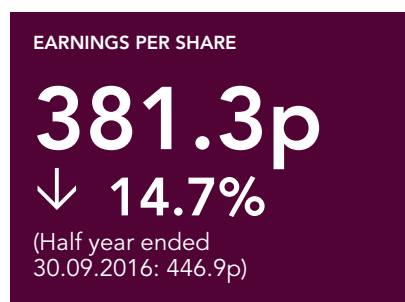
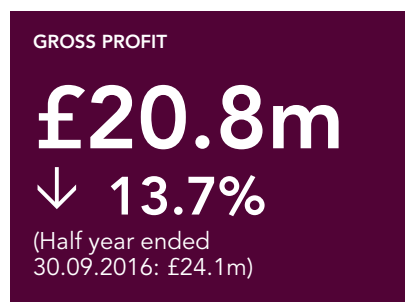
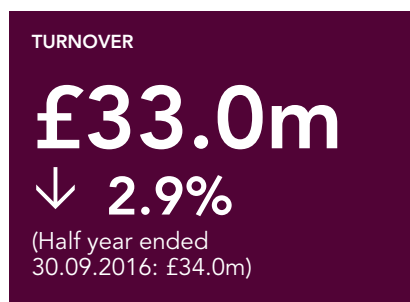


About Us

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

Our Performance



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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	15 February 2018
Record date	16 February 2018
Payment date	26 March 2018

Chief Executive Officer's Statement

At the Annual General Meeting held on 9 August 2017 those shareholders deemed to be independent exercised their right to reject the re-election of Mrs M. L. Jarvis as an independent non-executive director. At the General Meeting held in accordance with the UKLA Listing Rules on 13 November 2017, when all shareholders were entitled to vote, it was resolved to re-appoint Mrs M. L. Jarvis as a director of the Company. Thus the balance and stability of the Board is maintained.

TRADING

I have written before of the uncertainties overshadowing the economic situation and until the bureaucrats in Brussels agree to meaningful negotiations with our government those uncertainties will remain. Whilst this Company conducts its business entirely within the borders of the United Kingdom it cannot isolate itself from the macroeconomic situation. It is against this background that, with the exception of net assets per share, the figures of Our Performance on the previous page are down. The Company remains financially sound with low gearing and has made good purchases during the six months ended 30 September 2017.

INTERIM DIVIDEND

The interim dividend is maintained at 200p per share in respect of the year ending 31 March 2018 and is payable on 26 March 2018 to shareholders on the Register of Members as at 16 February 2018.

OUTLOOK

Since 30 September 2017 the Company has completed the purchase of more than 50 properties in the London area investing over £25 million. As purchasing the right properties is the most important part of our business I believe that we have reasons for optimism.



D.M. SINCLAIR

Chief Executive Officer
23 November 2017

Group Statement of Comprehensive Income (unaudited)

For the half year ended 30 September 2017

	Notes	Half year ended 30.09.2017 £000	Half year ended 30.09.2016 £000	Year ended 31.03.2017 £000
Revenue	2	33,027	34,047	78,232
Cost of sales	2	(12,257)	(9,908)	(26,176)
Gross profit		20,770	24,139	52,056
Administrative expenses		(2,141)	(1,930)	(5,231)
Operating profit before changes in fair value of investment properties		18,629	22,209	46,825
(Decrease) in fair value of investment properties		–	–	(1,020)
Profit from operations		18,629	22,209	45,805
Net finance costs		(270)	(482)	(819)
Profit before taxation		18,359	21,727	44,986
Taxation – current		(3,499)	(4,356)	(9,234)
Taxation – deferred		7	54	473
Taxation	3	(3,492)	(4,302)	(8,761)
Profit attributable to equity Shareholders		14,867	17,425	36,225
Basic and diluted earnings per share (pence)	4	381.3p	446.9p	929.1p

Group Statement of Financial Position (unaudited)

For the half year ended 30 September 2017

	Notes	Half year ended 30.09.2017 £000	Half year ended 30.09.2016 £000	Year ended 31.03.2017 £000
Assets				
Non-current assets				
Property, plant and equipment	6	1,803	1,878	1,833
Investment properties	7	28,741	29,698	28,741
		30,544	31,576	30,574
Current assets				
Inventories of trading properties	8	346,467	338,921	347,380
Trade and other receivables		4,119	1,559	1,613
Cash and cash equivalents		1,261	675	825
		351,847	341,155	349,818
Total assets		382,391	372,731	380,392
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		346,916	324,947	335,948
		347,247	325,278	336,279
Non-current liabilities				
Long-term borrowings		22,700	35,600	29,000
Deferred tax		4,862	5,287	4,869
		27,562	40,887	33,869
Current liabilities				
Bank overdrafts and loans		3,430	1,467	3,042
Trade and other payables		692	415	1,951
Current tax payable		3,460	4,684	5,251
		7,582	6,566	10,244
Total liabilities		35,144	47,453	44,113
Total equity and liabilities		382,391	372,731	380,392

Group Cash Flow Statement (unaudited)

For the half year ended 30 September 2017

	Half year ended 30.09.2017 £000	Half year ended 30.09.2016 £000	Year ended 31.03.2017 £000
Cash flows from operating activities			
Profit from operations	18,629	22,209	45,805
Adjustment for:			
Depreciation	32	34	79
Decrease in fair value of investment properties	–	–	1,020
Operating cash flows before movement in working capital	18,661	22,243	46,904
Decrease/(Increase) in inventories	913	(4,813)	(13,272)
(Increase)/Decrease in receivables	(2,506)	161	107
(Decrease) in payables	(1,259)	(1,999)	(1,049)
Cash generated from operations	15,809	15,592	32,690
Interest paid	(270)	(482)	(819)
Income taxes paid	(5,293)	(5,147)	(9,458)
Net cash inflow from operating activities	10,246	9,963	22,413
Investing activities			
Capital expenditure on investment properties	–	(250)	(312)
Purchase of property, plant and equipment	–	(2)	(1)
Net cash (outflow) from investing activities	–	(252)	(313)
Cash flows from financing activities			
Repayment of borrowings	(6,867)	(4,100)	(9,820)
Equity dividend paid	(3,899)	(3,899)	(11,698)
Net cash (outflow) from financing activities	(10,766)	(7,999)	(21,518)
Net (decrease)/increase in cash and cash equivalents	(520)	1,712	582
Opening cash and cash equivalents	(1,337)	(1,919)	(1,919)
Cash and cash equivalents at end of period	(1,857)	(207)	(1,337)

Consolidated Statement of Changes in Equity

For the half year ended 30 September 2017

	Half year ended 30.09.2017 £000	Half year ended 30.09.2016 £000	Year ended 31.03.2017 £000
Shareholders' funds as at the beginning of the period	336,279	311,752	311,752
Profit for the period	14,867	17,425	36,225
Dividends	(3,899)	(3,899)	(11,698)
Shareholders' funds at the end of the period	347,247	325,278	336,279

Notes to the Half Year Report

For the half year ended 30 September 2017

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 2017 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 2017.

The Group's published financial statements for the year ended 31 March 2017 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 2017

2. ANALYSIS OF REVENUE AND COST OF SALES CONTINUED

	Notes	Half year ended 30.09.2017 £000	Half year ended 30.09.2016 £000	Year ended 31.03.2017 £000
Revenue				
Gross sales of properties	2(a) & 2(b)	23,953	25,133	60,154
Gross rental income		9,074	8,914	18,078
		33,027	34,047	78,232
Cost of sales				
Cost of properties sold		9,656	7,290	20,287
Property expenses		2,601	2,618	5,889
		12,257	9,908	26,176
Gross Profit				
Net income from sales of properties		14,297	17,843	39,867
Net rental income		6,473	6,296	12,189
		20,770	24,139	52,056

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 2017	14,767	22,496
Properties purchased since 30 September 2014 and sold during the six months to 30 September 2017	–	1,457
Gross sales of properties		23,953

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	10	London
Below 500,000	73	London and other

3. INCOME TAX

	Half year ended 30.09.2017 £000	Half year ended 30.09.2016 £000	Year ended 31.03.2017 £000
Current tax:			
UK corporation tax 19%	3,499	4,356	9,234
Deferred tax:			
Current year	(7)	(54)	(473)
Taxation attributable to the Group	3,492	4,302	8,761

The tax rate of 20% was applicable for the half year ended 30 September 2016 and the full year ended 31 March 2017.

4. EARNINGS PER SHARE

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

	Half year ended 30.09.2017 £000	Half year ended 30.09.2016 £000	Year ended 31.03.2017 £000
Profit for the period (basic and fully diluted)	14,867	17,425	36,225
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	381.3p	446.9p	929.1p

The Company has no dilutive potential Ordinary Shares.

5. DIVIDENDS

	Half year ended 30.09.2017 £000	Half year ended 30.09.2016 £000	Year ended 31.03.2017 £000
Ordinary dividends paid			
Final dividend for the year ended 31 March 2017 at 100p per share	3,899	–	–
Interim dividend for the year ended 31 March 2017 at 200p per share	–	–	7,798
Final dividend for the year ended 31 March 2016 at 100p per share	–	3,899	–

The Board has proposed an interim dividend of 200p per share (2016: 200p). This interim dividend was announced post 30 September 2017 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 2018.

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 2017

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 30.09.2017 £000	Half year ended 30.09.2016 £000	Year ended 31.03.2017 £000
Fair value at 1 April	28,741	29,448	29,448
Additions:			
Subsequent expenditure	–	250	313
(Decrease) in fair value during the year	–	–	(1,020)
At the end of the period	28,741	29,698	28,741

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

There were no disposals during the six months to 30 September 2017.

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 30.09.2017		Half year ended 30.09.2016		Year ended 31.03.2017	
	No. of units	Costs £m	No. of units	Costs £m	No. of units	Costs £m
Regulated, ASTs, and other	11	5.95	17	9.87	87	28.27
Assured Tenancies	3	1.53	1	0.45	2	0.64
Life Tenancies	–	–	2	0.22	3	0.34
Ground Rents	1	–	–	–	1	0.50
Total Acquisitions	15	7.48	20	10.54	93	29.75
Grounds Rents created	10	0.02	10	0.02	24	0.05
Assured Tenancies created	5	–	4	–	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 30.09.2017	
	No. of units	Costs £m
London (North)	11	6.40
London (South)	1	0.35
Kent, Surrey, Sussex, Dorset, Hampshire, Isle of Wight	2	0.54
Remainder of England and Wales	1	0.19
	15	7.48

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 2018

Ex-dividend date	15 February
Record date	16 February
Payment date	26 March
Preliminary announcement of the results for the year	14 June
Annual Report and Accounts posted	12 July
Annual General Meeting	8 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:

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34 Beckenham Road
Beckenham
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