

# Mountview Estates P.L.C.

Half Year Report 2021



## *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 in England and Wales and sells such property when it becomes vacant.

# Shareholders' Information

## TURNOVER

**£30.7m**

↑ **36.4%**

(Half year ended  
30.09.2020: £22.5m)

## GROSS PROFIT

**£18.0m**

↑ **12.5%**

(Half year ended  
30.09.2020: £16.0m)

## PROFIT BEFORE TAX

**£15.6m**

↑ **15.5%**

(Half year ended  
30.09.2020: £13.5m)

## EARNINGS PER SHARE

**290.3p**

↑ **3.5%**

(Half year ended  
30.09.2020: 280.4p)

## NET ASSETS PER SHARE

**£101.9**

↑ **3.8%**

(Half year ended  
30.09.2020: £98.2)

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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 exceptional interim dividend payment of 500p per share (which includes a special dividend of 275p per share) are as follows:

Ex-dividend date	17 February 2022
Record date	18 February 2022
Payment date	28 March 2022

# Chief Executive Officer's Statement

At the Annual General Meeting held on 11 August 2021 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 22 November 2021, 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 and Covid-19 have dominated the economic commentary this year and the Government have announced the impending tax increases by which they will seek to recover the vast sums of money which they made available to keep the country afloat. This Company is perhaps fortunate to be trading in a sector that has not been heavily affected by the problems that have beset others and our years of financial prudence have enabled us to continue to make good profits.

Our year ending 31 March 2021 finished with a flourish because all the auctioneers held extra sales in anticipation of the stamp duty holiday finishing at 31 March 2021.

This year may have started quietly but the stamp duty holiday was extended and phased out gently so that sales activity continues strongly.

The results to 30 September 2021 are heavily influenced by the need to provide for deferred taxation at 25%, the rate of Corporation Tax which is to be levied from 1 April 2023. I must emphasize that this taxation only becomes payable following the disposal of the assets concerned and thus the necessary funding will have been generated and this anticipated taxation has no effect on present cash flow.

I am happy to repeat again that we have not furloughed any staff or reduced staff numbers in any other way. The Company has generated strong cash flow and we are thus in a good position to shield ourselves from the difficult times that may lie ahead. I believe that this should include not only our shareholders but also our workforce whose hard work, loyalty and dedication makes all this possible.

## EXCEPTIONAL INTERIM DIVIDEND

The interim dividend is at an exceptional rate of 500p per share in respect of the year ending 31 March 2022 and is payable on 28 March 2022 to shareholders on the Register of Members as at 18 February 2022. This represents an increased interim dividend of 225p per share and a special dividend of 275p per share. Please note that this will be made as one payment of 500p per share. The Board believes a special dividend to be warranted this year because of exceptional cash flow and this puts us in position to not only pay this special dividend and all our regular outgoings but also to be able to take advantage of any purchasing opportunities that may arise. It is not anticipated that this interim dividend will limit the final dividend payable in August 2022 in any way, but it would be prudent to presume that the interim dividend payable in March 2023 will be maintained at the new increased level of 225p per share.

## OUTLOOK

Good purchases are vital to the future prosperity of the Company and our financial strength will enable us to compete when good opportunities occur. We have a long and successful history and we are all working hard for that to continue.



**D.M. SINCLAIR**

Chief Executive Officer  
25 November 2021

# Consolidated Statement of Comprehensive Income (unaudited)

For the half year ended 30 September 2021

	Notes	Half year ended 30.09.2021 £000	Half year ended 30.09.2020 £000	Year ended 31.03.2021 £000
Revenue	2	30,711	22,450	65,730
Cost of sales	2	(12,754)	(6,477)	(22,508)
<b>Gross profit</b>		<b>17,957</b>	<b>15,973</b>	<b>43,222</b>
Administrative expenses		(2,205)	(2,168)	(5,865)
Gain on sale of investment properties		53	–	–
<b>Operating profit before changes in fair value of investment properties</b>		<b>15,805</b>	<b>13,805</b>	<b>37,357</b>
Increase in fair value of investment properties		–	–	1,452
Profit from operations		15,805	13,805	38,809
Net finance costs		(181)	(319)	(675)
<b>Profit before taxation</b>		<b>15,624</b>	<b>13,486</b>	<b>38,134</b>
Taxation – current		(3,062)	(2,555)	(6,966)
Taxation – deferred		(1,242)	–	(275)
Taxation	3	(4,304)	(2,555)	(7,241)
<b>Profit attributable to equity shareholders and total comprehensive income</b>		<b>11,320</b>	<b>10,931</b>	<b>30,893</b>
Basic and diluted earnings per share (pence)	4	290.3p	280.4p	792.3p

# Consolidated Statement of Financial Position (unaudited)

For the half year ended 30 September 2021

	Notes	Half year ended 30.09.2021 £000	Half year ended 30.09.2020 £000	Year ended 31.03.2021 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	1,576	1,638	1,606
Investment properties	7	25,007	24,122	25,574
		26,583	25,760	27,180
<b>Current assets</b>				
Inventories of trading properties	8	394,921	409,295	398,166
Trade and other receivables		1,298	1,825	1,417
Cash and cash equivalents		1,012	608	597
		397,231	411,728	400,180
<b>Total assets</b>		<b>423,814</b>	<b>437,488</b>	<b>427,360</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		397,087	382,376	394,540
		397,418	382,707	394,871
<b>Non-current liabilities</b>				
Long-term borrowings		15,500	44,700	20,600
Deferred tax		5,593	4,076	4,351
		21,093	48,776	24,951
<b>Current liabilities</b>				
Bank overdrafts and other short term loans		1,497	3,011	1,280
Trade and other payables		1,032	528	2,142
Current tax payable		2,774	2,466	4,116
		5,303	6,005	7,538
<b>Total liabilities</b>		<b>26,396</b>	<b>54,781</b>	<b>32,489</b>
<b>Total equity and liabilities</b>		<b>423,814</b>	<b>437,488</b>	<b>427,360</b>

# Consolidated Cash Flow Statement (unaudited)

For the half year ended 30 September 2021

	Notes	Half year ended 30.09.2021 £000	Half year ended 30.09.2020 £000	Year ended 31.03.2021 £000
<b>Cash flows from operating activities</b>				
Profit from operations		15,805	13,805	38,809
Adjustment for:				
Depreciation		30	32	64
(Gain) on sale of investment properties		(53)	–	–
(Increase) in fair value of investment properties		–	–	(1,452)
<b>Operating cash flows before movement in working capital</b>		<b>15,782</b>	<b>13,837</b>	<b>37,421</b>
Decrease/(Increase) in inventories		3,245	(17,226)	(6,097)
Decrease in receivables		119	1,851	2,259
(Decrease) in payables		(1,110)	(4,302)	(2,688)
<b>Cash generated from operations</b>		<b>18,036</b>	<b>(5,840)</b>	<b>30,895</b>
Interest paid		(181)	(319)	(675)
Income taxes paid		(4,404)	(3,539)	(6,300)
<b>Net cash Inflow/(Outflow) from operating activities</b>		<b>13,451</b>	<b>(9,698)</b>	<b>23,920</b>
<b>Investing activities</b>				
Proceeds from disposal of investment properties		620	–	–
<b>Net cash Inflow from investing activities</b>		<b>620</b>	<b>–</b>	<b>–</b>
<b>Cash flows from financing activities</b>				
(Repayment)/Increase of borrowings		(4,552)	13,381	(10,116)
Equity dividend paid	5	(8,773)	(7,798)	(15,596)
<b>Net cash (Outflow)/Inflow from financing activities</b>		<b>(13,325)</b>	<b>5,583</b>	<b>(25,712)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>		<b>746</b>	<b>(4,115)</b>	<b>(1,792)</b>
Opening cash and cash equivalents		266	2,058	2,058
<b>Cash and cash equivalents at end of period</b>	10	<b>1,012</b>	<b>(2,057)</b>	<b>266</b>

# Consolidated Statement of Changes in Equity

For the half year ended 30 September 2021

	Notes	Half year ended 30.09.2021 £000	Half year ended 30.09.2020 £000	Year ended 31.03.2021 £000
Shareholders' funds as at the beginning of the period		394,871	379,574	379,574
Profit for the period		11,320	10,931	30,893
Dividends	5	(8,773)	(7,798)	(15,596)
Shareholders' funds as at the end of the period		397,418	382,707	394,871



# Notes to the Half Year Report

For the half year ended 30 September 2021

## 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 2021 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 2021.

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 2021 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 25 November 2021. 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 2021

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

	Notes	Half year ended 30.09.2021 £000	Half year ended 30.09.2020 £000	Year ended 31.03.2021 £000
<b>Revenue</b>				
Gross sales of properties	2(a) & 2(b)	21,052	12,606	46,672
Gross rental income		9,659	9,844	19,058
		30,711	22,450	65,730
<b>Cost of sales</b>				
Cost of properties sold		9,726	4,403	17,807
Property expenses		3,028	2,074	4,701
		12,754	6,477	22,508
<b>Gross Profit</b>				
Net income from sales of properties		11,326	8,203	28,865
Net rental income		6,631	7,770	14,357
		17,957	15,973	43,222

### 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 2021	8,782	14,467
Properties purchased since 30 September 2014 and sold during the six months to 30 September 2021	–	6,585
Gross sales of properties		21,052

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	11	London
Below 500,000	56	London and other

### 3. INCOME TAX

	Half year ended 30.09.2021 £000	Half year ended 30.09.2020 £000	Year ended 31.03.2021 £000
Current tax:			
UK corporation tax 19%	(3,062)	(2,555)	(6,966)
Deferred tax:			
Current year 25% (2020: 19%)	(1,242)	–	(275)
Taxation attributable to the Group	(4,304)	(2,555)	(7,241)

The deferred tax charge 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 30.09.2021 £000	Half year ended 30.09.2020 £000	Year ended 31.03.2021 £000
Profit for the period (basic and fully diluted)	11,320	10,931	30,893
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	290.3p	280.4p	792.3p

The Company has no dilutive potential Ordinary Shares.

### 5. DIVIDENDS

	Half year ended 30.09.2021 £000	Half year ended 30.09.2020 £000	Year ended 31.03.2021 £000
Ordinary dividends paid			
Final dividend for the year ended 31 March 2021 at 225p per share	8,773	–	–
Interim dividend for the year ended 31 March 2021 at 200p per share	–	–	7,798
Final dividend for the year ended 31 March 2020 at 200p per share	–	7,798	7,798

The Board has proposed an interim dividend of 500p per share (2020: 200p). This interim dividend was announced post 30 September 2021 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 18 February 2022.

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

# Notes to the Half Year Report

For the half year ended 30 September 2021

## 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 30.09.2021 £000	Half year ended 30.09.2020 £000	Year ended 31.03.2021 £000
Fair value at 1 April	25,574	24,122	24,122
Disposals	(567)	–	–
Increase in fair value during the year	–	–	1,452
At the end of the period	25,007	24,122	25,574

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

During the six months to 30 September 2021 there was 1 disposal for £620,000 (30 September 2020: no disposals).

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 30.09.2021		Half year ended 30.09.2020		Year ended 31.03.2021	
	No. of units	Costs £m	No. of units	Costs £m	No. of units	Costs £m
Regulated, ASTs, and other	18	5.07	63	18.96	68	20.19
Assured Tenancies	2	0.38	4	1.21	4	1.21
Life Tenancies	1	0.21	4	0.27	4	0.27
Leasehold Ground Rents	1	0.01	6	0.01	6	0.01
<b>Total Acquisitions</b>	<b>22</b>	<b>5.67</b>	<b>77</b>	<b>20.45</b>	<b>82</b>	<b>21.68</b>
Grounds Rents created	5	–	4	–	16	–
Assured Tenancies created	6	–	8	–	16	–

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 30.09.2021	
	No. of units	Costs £m
London (North)	6	1.48
London (South)	1	0.34
Surrey, Sussex, Kent	4	1.12
Hertfordshire, Middlesex	11	2.73
Remainder of England and Wales	–	–
	<b>22</b>	<b>5.67</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.

# Notes to the Half Year Report

For the half year ended 30 September 2021

## 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 £15,735 (six months ended 30 September 2020: £10,263) 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 £1,056,373 (six months ended 30 September 2020: £246,000). Interest was payable on the loan at the rate of 0.5%. Interest paid in the period on this loan amounted to £1,750 (six months ended 30 September 2020: £2,115).
  - (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 £440,513 (six months ended 30 September 2020: £101,000). Interest was payable on the loan at the rate of 0.5%. Interest paid in the period on this loan amounted to £944 (six months ended 30 September 2020: £254).
  - (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 2021 the Group owed Mr D.M. Sinclair £151,546 (six months ended 30 September 2020 £47,761) 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 4.2.7 and DTR 4.2.8.

The Directors of Mountview Estates PLC are listed in the Mountview Estates PLC Annual Report for 31 March 2021. A list of current Directors is maintained on the Mountview Estates PLC website [www.mountviewplc.co.uk](http://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 11 of our Annual Report and Accounts for the year ended 31 March 2021. 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 – for example arising from bedding in of UK's trade deal with the EU or the longer term impact of Covid 19.
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 changing weather patterns, including extreme weather events, that could lead to increased wear and tear or other property damage.

# Shareholders' Information

## FINANCIAL CALENDAR 2022

Ex-dividend date	17 February
Record date	18 February
Payment date	28 March
Preliminary announcement of the results for the year	16 June
Annual Report and Accounts posted	8 July
Annual General Meeting	10 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  
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