

## Regulatory Story

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**Mountview Estates PLC** - MTVW Preliminary Results for year ended 31 March 2018  
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Mountview Estates PLC  
14 June 2018

### **MOUNTVIEW ESTATES P.L.C.**

#### **Preliminary Results for the year ended 31 March 2018**

#### **CHIEF EXECUTIVE OFFICER'S STATEMENT**

It is always disappointing to report profits that have fallen but in the present uncertain economic climate I consider that my team have given a very good performance. In uncertain times transactions usually take longer to complete and so it is that during the year ended 31 March 2018 we completed significantly less sales than in the previous financial year. This fall in the number of sales has caused the fall in profits to a far greater degree than any perceived fall in prices.

Whilst the sales figures have fallen, the cost of the purchases which we have made during this financial year has increased by over 50% compared with the previous year. It is purchases that are the future of the Company and I am pleased to report that it is not only the quantity of purchases but also the quality of the purchases that has improved.

It is now nearly 30 years since regulated tenancies were last created but this asset class continues to exist in sufficient quantities to be the mainstay of our business. The percentage of vacant possession value that has to be paid for such assets has increased over the years but, given our low gearing, we believe that we continue to be able to produce the best returns that are available within our area of expertise in the property industry. We have made modest diversification into life tenancies and as leases become shorter where we are the ground landlord there is money to be made in granting lease extensions. Nevertheless these are only supplementary to our main business of buying residential properties that are subject to regulated tenancies and awaiting vacant possession.

Whilst regulated tenancies continue to exist for longer than may have been anticipated when the 1988 Rent Act became effective a business as narrowly focused as ours does have a finite life. The business will continue to prosper but it will become increasingly difficult to replace stock as it is sold. Some shareholders may wish to pursue their own avenues of diversification without selling Mountview shares and so the final dividend payable on 13 August 2018 will be increased to 200 pence per share. This will make a total of 400 pence per share in respect of the Company's year ended 31 March 2018.

Your Board is aware that the taxation of dividend income has changed and, while 400 pence per share is an increase of a third compared with 300 pence per share last year, the 300 pence per share in respect of the Company's year ended 31 March 2016 was worth 333 pence gross in the hands of ordinary rate taxpayers. Thus your Board are happy to admit that the new total dividend is only an increase of 20% over the total of two years ago. The new dividend will be nearly twice covered.

This Statement does not seek to deny that profits have fallen but the business remains soundly based and financially secure. When Brexit negotiations and other economic uncertainties are resolved the purchases we are presently able to make will realise good profits and we can look forward to future increased earnings.

As has always been the case your Board only increase dividends when they are confident of maintaining that increase and so it is reasonable to expect the increase to 400 pence per share to be maintained in future years.

Finally, it is only possible to maintain the Company's high level of performance because of the quality of the personnel in the team that I have around me. On behalf of all shareholders, I wish to thank all my hard-working and loyal staff and colleagues for the contribution they each make to the continuing well-being of Mountview Estates P.L.C.

Duncan Sinclair  
14 June 2018

## MOUNTVIEW ESTATES P.L.C.

### FINANCIAL HIGHLIGHTS

|   | 2018<br>£ | 2017<br>£ | (Decrease)/Increase<br>% |
|---|-----------|-----------|--------------------------|
| <b>Revenue (millions)</b>   | 70.3      | 78.2      | (10.1)                   |
| <b>Gross Profit (millions)</b>  | 43.4      | 52.1      | (16.7)                   |
| <b>Profit Before Tax (millions)</b>   | 36.9      | 45.0      | (18.0)                   |
| <b>Profit Before Tax excluding investment properties revaluation (millions)</b> | 37.3      | 46.0      | (18.9)                   |
| <b>Equity Holders' Funds (millions)</b>   | 354.5     | 336.3     | 5.4                      |
| <b>Earnings per share (pence)</b>   | 766.4     | 929.1     | (17.5)                   |
| <b>Net assets per share (£)</b>   | 90.91     | 86.25     | 5.4                      |
| <b>Dividend per share (pence)</b>   | 400       | 300       | 33.3                     |

Mountview Estates P.L.C. advises its shareholders that, following the issue of the final results, the relevant dates in respect of the proposed final dividend

payment of 200 pence per share are as follows:

|                  |                |
|------------------|----------------|
| Ex-dividend date | 5 July 2018    |
| Record date      | 6 July 2018    |
| Payment date     | 13 August 2018 |

**MOUNTVIEW ESTATES P.L.C.**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

|   | Year<br>ended<br>31.03.2018<br>£'000 | Year<br>ended<br>31.03.2017<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| <b>REVENUE</b>  | <b>70,272</b>                        | <b>78,232</b>                        |
| Cost of sales   | (26,915)                             | (26,176)                             |
| <b>GROSS PROFIT</b>   | <b>43,357</b>                        | <b>52,056</b>                        |
| Administrative expenses   | (5,507)                              | (5,231)                              |
| Gain on sale of investment properties   | 145                                  | 0                                    |
| <b>Operating profit before changes in<br/>fair value of investment properties</b> | <b>37,995</b>                        | <b>46,825</b>                        |
| (Decrease) in fair value of investment properties                                 | (376)                                | (1,020)                              |
| <b>PROFIT FROM OPERATIONS</b>   | <b>37,619</b>                        | <b>45,805</b>                        |
| Net finance costs   | (714)                                | (819)                                |
| <b>PROFIT BEFORE TAXATION</b>   | <b>36,905</b>                        | <b>44,986</b>                        |
| Taxation - current  | (7,197)                              | (9,234)                              |
| Taxation - deferred   | 173                                  | 473                                  |
| Taxation  | (7,024)                              | (8,761)                              |
| <b>PROFIT ATTRIBUTABLE TO EQUITY<br/>SHAREHOLDERS</b>                             | <b>29,881</b>                        | <b>36,225</b>                        |
| Basic and diluted earnings per share (pence)                                      | <b>766.4p</b>                        | <b>929.1p</b>                        |

**MOUNTVIEW ESTATES P.L.C.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 MARCH 2018**

|                                      | As at<br>31.03.2018<br>£'000 | As at<br>31.03.2017<br>£'000 |
|--------------------------------------|------------------------------|------------------------------|
| <b>ASSETS</b>                        |                              |                              |
| <b>NON-CURRENT ASSETS</b>            |                              |                              |
| Property, plant and equipment        | 1,771                        | 1,833                        |
| Investment properties                | 27,825                       | 28,741                       |
|                                      | <b>29,596</b>                | <b>30,574</b>                |
| <b>CURRENT ASSETS</b>                |                              |                              |
| Inventories of trading properties    | 376,879                      | 347,380                      |
| Trade and other receivables          | 1,859                        | 1,613                        |
| Cash at bank                         | 5,368                        | 825                          |
|                                      | <b>384,106</b>               | <b>349,818</b>               |
| <b>TOTAL ASSETS</b>                  | <b>413,702</b>               | <b>380,392</b>               |
| <b>EQUITY AND LIABILITIES</b>        |                              |                              |
| Share capital                        | 195                          | 195                          |
| Capital redemption reserve           | 55                           | 55                           |
| Capital reserve                      | 25                           | 25                           |
| Other reserve                        | 56                           | 56                           |
| Retained earnings                    | 354,131                      | 335,948                      |
|                                      | <b>354,462</b>               | <b>336,279</b>               |
| <b>NON-CURRENT LIABILITIES</b>       |                              |                              |
| Long-term borrowings                 | 49,900                       | 29,000                       |
| Deferred tax                         | 4,696                        | 4,869                        |
|                                      | <b>54,596</b>                | <b>33,869</b>                |
| <b>CURRENT LIABILITIES</b>           |                              |                              |
| Bank overdrafts and short-term loans | 463                          | 3,042                        |
| Trade and other payables             | 1,843                        | 1,951                        |
| Current tax payable                  | 2,338                        | 5,251                        |
|                                      | <b>4,644</b>                 | <b>10,244</b>                |
| <b>TOTAL LIABILITIES</b>             | <b>59,240</b>                | <b>44,113</b>                |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>413,702</b>               | <b>380,392</b>               |

**MOUNTVIEW ESTATES P.L.C.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 MARCH 2018**

|  | Capital          |                    |                       |                   |                      |       |
|--|------------------|--------------------|-----------------------|-------------------|----------------------|-------|
|  | Share<br>Capital | Capital<br>Reserve | Redemption<br>Reserve | Other<br>Reserves | Retained<br>Earnings | Total |

|                             | £'000 | £'000 | £'000 | £'000 | £'000    | £'000    |
|-----------------------------|-------|-------|-------|-------|----------|----------|
| Balance as at 1 April 2016  | 195   | 25    | 55    | 56    | 311,421  | 311,752  |
| Profit for the year         |       |       |       |       | 36,225   | 36,225   |
| Dividends                   |       |       |       |       | (11,698) | (11,698) |
| Balance as at 31 March 2017 | 195   | 25    | 55    | 56    | 335,948  | 336,279  |

|                             | Share Capital<br>£'000 | Capital Reserve<br>£'000 | Capital Redemption Reserve<br>£'000 | Other Reserves<br>£'000 | Retained Earnings<br>£'000 | Total<br>£'000 |
|-----------------------------|------------------------|--------------------------|-------------------------------------|-------------------------|----------------------------|----------------|
| Balance as at 1 April 2017  | 195                    | 25                       | 55                                  | 56                      | 335,948                    | 336,279        |
| Profit for the year         |                        |                          |                                     |                         | 29,881                     | 29,881         |
| Dividends                   |                        |                          |                                     |                         | (11,698)                   | (11,698)       |
| Balance as at 31 March 2018 | 195                    | 25                       | 55                                  | 56                      | 354,131                    | 354,462        |

**MOUNTVIEW ESTATES P.L.C.**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

|  | Year ended<br>31.03.2018 | Year ended<br>31.03.2017<br>£'000 |
|--|--------------------------|-----------------------------------|
| <b>Cash flow from operating activities</b> |                          |                                   |
| Operating profit                           | 37,619                   | 45,805                            |
| Adjustment for:                            |                          |                                   |
| Depreciation                               | 66                       | 79                                |
| Gain on disposal of investment properties  | (145)                    | -                                 |
| Decrease in fair value of investment       | 376                      | 1,020                             |

|  |          |          |
|--|----------|----------|
| properties   |          |          |
| <b>Cash flow from operations before changes in working capital</b> | 37,916   | 46,904   |
| (Increase) in inventories  | (29,499) | (13,272) |
| (Increase)Decrease in receivables                                  | (246)    | 107      |
| (Decrease) in payables   | (108)    | (1,049)  |
| <b>Cash generated from operations</b>                              | 8,063    | 32,690   |
| Interest paid  | (714)    | (819)    |
| Income taxes paid  | (10,110) | (9,458)  |
| <b>Net cash (outflow)/ inflow from operating activities</b>        | (2,761)  | 22,413   |
| <b>Investing activities</b>  |          |          |
| Proceeds from disposal of investment properties                    | 685      | -        |
| Capital expenditure on investment properties                       | -        | (312)    |
| Purchase of property, plant and equipment                          | (4)      | (1)      |
| <b>Net cash inflow/(outflow) from investing activities</b>         | 681      | (313)    |
| <b>Cash flow from financing activities</b>                         |          |          |
| Increase/(Repayment) of borrowings                                 | 20,483   | (9,820)  |
| Equity dividend paid   | (11,698) | (11,698) |
| <b>Net cash inflow/(outflow) from financing activities</b>         | 8,785    | (21,518) |
| <b>Net increase in cash and cash equivalents</b>                   | 6,705    | 582      |
| Opening cash and cash equivalents                                  | (1,337)  | (1,919)  |
| Cash and cash equivalents at the end of the year                   | 5,368    | (1,337)  |

## Notes to the Preliminary Announcement

### 1. Financial Information

The financial information presented within this document does not comprise the statutory accounts for the financial years ended 31 March 2018 and 31 March 2017, but represents extracts from them.

The statutory accounts for the financial year ended 31 March 2017 have been filed with the Registrar of Companies. The auditor reported on those accounts: their report was (i) unqualified, (ii) did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The statutory accounts for the year ended 31 March 2018 are expected to be finalised and signed following approval by the Board of Directors and delivered to the Registrar of Companies following the Company's Annual General Meeting on 8 August 2018.

## 2. Basis of Preparation

The preliminary announcement has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") but does not contain sufficient information to comply fully with IFRS. The Financial Statements to be presented to Members at the 2018 AGM are expected to comply fully with IFRS.

~ Ends ~

This announcement contains information which, prior to its disclosure, was inside information for the purposes of the Market Abuse Regulation.

For further information on the Company, visit: [www.mountviewplc.co.uk](http://www.mountviewplc.co.uk)

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Preliminary Results for year ended 31 March 2018 - RNS