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Mountview Estates P.L.C.

Annual Report and Accounts 2020

About Us

Mountview Estates 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

Revenue	*Gross Profit*	*Profit before Tax*	*Profit before Tax* *excluding Investment Properties Revaluation
↓0.8%	↑1.5%	↑ 0.9%	↑4.7%
£64.9m	£41.4m	£34.9m	£35.9m
(2019: £65.4m)	(2019: £40.8m)	(2019: £34.6m)	(2019: £34.3m)

Shareholders' Equity	*Earnings per Share*	*Net Assets per Share*	*Dividend per Share*
↑3.5%	↑1.0%	↑3.5%	↔
£379.6m	725.7p	£97.4	400p
(2019: £366.9m)	(2019: 718.3p)	(2019: £94.1)	(2019: 400p)

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 9 July 2020
Record date 10 July 2020
Payment date 17 August 2020

Contents

Chairman's Statement

Dear Shareholder,

INTRODUCTION

In my statement this year I would first like to refer to the Covid-19 pandemic where the UK restrictions were introduced shortly before our year end. As such this did not affect the 2019-20 financial year, but it has meant that we have had to adapt in the new year to accommodate working within the Government restrictions. Inevitably these restrictions have had an immediate effect on our operations and it is a huge credit to the Executive Directors and our staff that we have been able to reorganise to accommodate a mix of home and office working, social distancing and other safety measures. These have allowed us to continue to serve our tenants and other stakeholders in as seamless a way as possible at very short notice.

Further details of how we have responded to the virus are included in the Annual Report notably, in a separate report on our operational response to the virus, and in our discussions on risk and also the impact on the Annual General Meeting – which this year will not be possible as the usual 'ballroom' event, but will still permit shareholders the key aspects of voting and being able to ask questions of the Board. The detailed arrangements for the current year are described more fully in the Notice of the Meeting on pages 89 to 94.

OPERATIONAL PERFORMANCE

This year has seen an increase in profit after the recent falls – something that we welcome. As we have noted in the past, once properties have been purchased, their conversion into realised value is dependent on a range of factors covering timing, location of properties coming vacant and market conditions, all of which are outside the Group's control. The key aspect that lies within our control is purchasing, in particular ensuring that the purchases are made at an appropriate value – which can mean turning down properties offered to us. During the year we had fewer purchasing opportunities which is reflected in the level of purchases made as we sought to ensure that only good quality was added to our portfolio. This keen eye on purchasing has continued into the new financial year, despite Covid-19 ,and we have been active in auctions, both buying and selling properties at prices that we would have been pleased with at any time in recent years.

CORPORATE GOVERNANCE

This year has also seen the full introduction of the 2018 Corporate Governance Code (the Code) and a number of pieces of legislation that have increased the disclosures in the Annual Report. We do welcome these developments and the transparency they permit. In our case we are confident that we have drawn an appropriate line between meeting the spirit of these requirements while taking account of the nature and size of the business. Our report on Corporate Governance (pages 26 to 30) describes in more detail how we have embraced the Code, including those areas where we believe we comply with the spirit, while not adhering completely to the detailed requirements.

In addition, for the first time we include, as a part of our Review of Operations, a Section 172 Statement – which outlines how we engage with our various stakeholder groups, with examples of how we have taken them into account in decisions taken during the year.

This year we are also putting a new remuneration policy to shareholders for approval at the AGM. Given the stable nature of the strategy and the business model, we are making a number of changes to the policy after consultation with shareholders, and to reflect emerging regulation and practice.

PEOPLE

I have already touched on the way that our staff have quickly re-organised and adapted to the challenges placed by the Covid-19 pandemic. I am firmly of the belief that this has been possible in large part because of workforce's skills and long experience within the Group which meant that they were readily able to adapt to the need to work from home, while minimising disruption to services to our tenants. In this, a particular thanks has to go to our IT team for their speedy work in setting up the necessary infrastructure to permit this to happen. The Board is grateful for the skills, hard work and commitment of our people; further details of our employees can be found in the Review of Operations.

THE COMING YEAR

The coming year is already characterised by macro-level uncertainty as the nature of the UK's future relationship with the EU and other countries evolves and as we face the continuing challenge of Covid-19 – both of which have the potential to affect the housing markets. As noted above, to date we have been able to continue to buy and sell at auction at what we believe to be fair and appropriate prices, and as the restrictions are relaxed and our other channels reopen we are optimistic that this is a trend that will continue.

A.W.Powell
Non-Executive Chairman
9 July 2020

Chief Executive's Statement

Dear Shareholder,

When I wrote this statement last year I drew attention to the fact that the British People voted to leave the European Union on 23 June 2016 but every statement that I had written since then has been conscious of the uncertainties that continue pending the conclusion of our withdrawal.

Happily on 12 December 2019 Boris Johnson was elected with a big majority that enabled us to leave the European Union on 31 January 2020 but the details of the withdrawal will not be certain until 31 December 2020.

Now added to these uncertainties are the Covid-19 constraints the effects of which I will review later in this statement. The financial year under review ended on 31 March 2020 and the lockdown was not imposed until within ten days of that date. Given the time-lag on transactions in the property business it is fair to assume that any deal that was to conclude within those few days was already under contract before the constraints were imposed.

I believe that the trading results for the year ended 31 March 2020 were not influenced by the Covid-19 pandemic and that any influence or effects should be considered as post balance sheet events.

The headline figures in respect of our financial performance for the year ended 31 March 2020 are detailed under the heading "Our Performance"on page 1. Whilst Revenue has dropped by a very modest amount all the other *performance indicators have shown an upward trend.* Gearing has fallen from 11.3% to 7.2% and thus we are in an even stronger position to make the purchases which are essential to the future of the Company. Indeed we have made some good purchases in our new financial year.

The final dividend is maintained at 200 pence per share and is payable on 17 August 2020 subject to approval at the Annual General Meeting on 12 August 2020. This will keep the total annual dividend at 400 pence per share which is slightly more generously covered 1.75 times than it was last year.

And now I inevitably turn to "Stay Home, Protect the N.H.S., Save Lives" or as expressed more recently "Stay Alert, Control the Virus, Save Lives".

Our colleague Andrew Williams is a doctor and it would be wrong not to express our admiration for his unstinting work on the front line. Well done and thank you, Andrew!

We have had to adapt to new ways of running the office and I think that we have done so quite effectively. Those of us who can work from home do so and the office is staffed on a rota basis so that we are able to maintain social distancing and still serve our customers appropriately. Over 80% of our rents are paid directly into the bank and regulated rents are set at a modest level. Provided tenants pay their rent they have absolute security of tenure and a significant number have help from social services.

Auctions are now all conducted remotely and the auctioneers are becoming more successful at replicating the ballroom atmosphere. So far this financial year we have been happy in the auction room both in terms of sale prices achieved and the prices at which we have been able to make purchases. Nobody can pretend that life is normal but our staff are coping very well.

We have not had to furlough any staff or reduce staff numbers in any other way and I remain confident that our years of financial prudence will enable us to continue to conduct the business successfully and to maintain our dividend payments. Whilst I thank my staff and colleagues for their hard work, loyalty and expertise in producing increased profits for the year ended 31 March 2020 I thank them also for the willingness and good humour with which they are adapting to the strange circumstances in which we are finding ourselves.

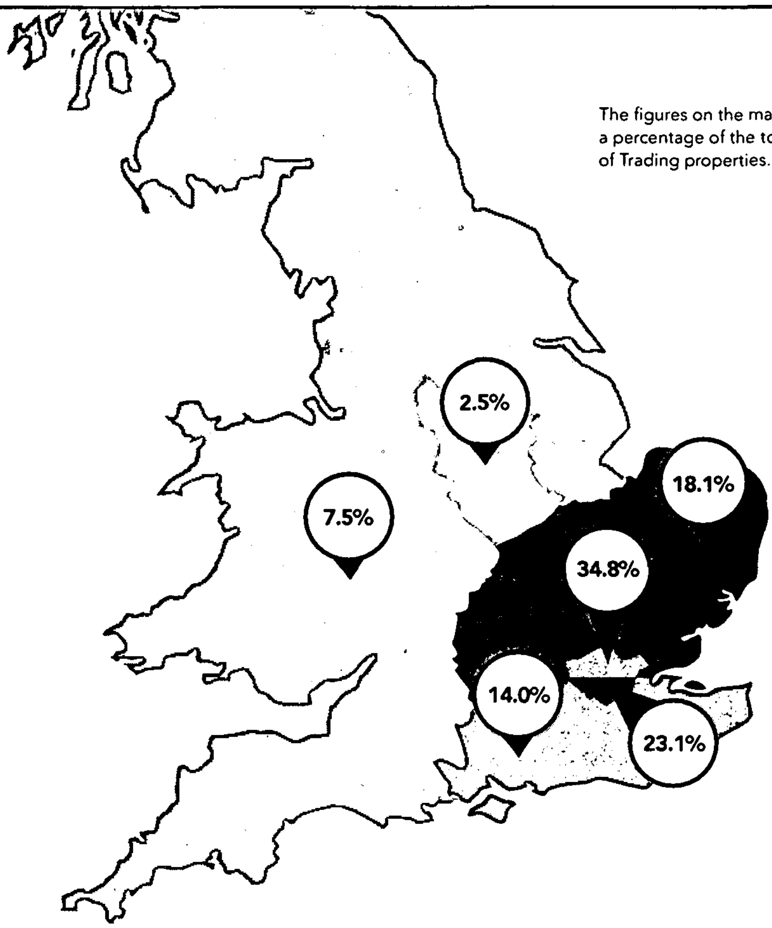
I look forward to writing this statement in more normal times *next year.*

D. M. Sinclair

D.M. Sinclair
Chief Executive Officer
9 July 2020

Where we Operate

	KEY
34.8%	**London** (North)
23.1%	**London** (South)
18.1%	**South East** Bedfordshire Berkshire Buckinghamshire Cambridgeshire Essex Hertfordshire Middlesex Norfolk Northamptonshire Oxfordshire Suffolk
14.0%	**South** Dorset Hampshire Isle of Wight Kent Surrey Sussex
2.5%	**North** Midlands Derbyshire Leicestershire Nottinghamshire
7.5%	Remainder of **England and Wales**



The figures on the map are calculated as a percentage of the total value of Inventories of Trading properties.

Review of Operations

The Group's strategy and business model is simple. We are a property trading company that buys tenanted properties at a discount to estimated vacant possession value and then sells them when they become vacant.

Revenue	*Gross Profit*
£64.9m	**£41.4m**
(2019: £65.4m)	(2019: £40.8m)

OUR PORTFOLIO

Categories of property held as trading stock

The Group trades in the following categories:

- Regulated tenancy residential units
- Assured tenancy units
- Life tenancy units
- Freehold and leasehold ground rent units

A unit is a property, however large or small, whether freehold or leasehold, which is held subject to one tenancy.

Analysis of the Group Trading portfolio by type as at 31 March 2020

	No. of units	Cost £m
Regulated, Assured Shorthold tenancies, & Other	1,955	314.72
Assured tenancies	252	36.71
Life tenancies	242	33.20
Freehold & leasehold ground rents	1,153	7.44

Analysis of the Group Trading portfolio at the lower of cost and estimated net realisable value by geographical location as at 31 March 2020

	Regulated, Assured Shorthold tenancies, Assured tenancies & other £m	Life tenancies £m	Ground rents £m	Portfolio %
London (North)	129.64	0.60	6.27	34.82
London (South)	74.53	15.08	0.85	23.07
Bedfordshire, Berkshire, Buckinghamshire, Cambridgeshire, Essex, Hertfordshire, Middlesex, Norfolk, Northamptonshire, Oxfordshire, Suffolk	65.43	5.24	0.15	18.06
Dorset, Hampshire, Isle of Wight, Kent, Surrey, Sussex	49.37	5.45	0.07	14.00
Midlands, Derbyshire, Leicestershire, Nottinghamshire	9.14	0.55	0.10	2.50
Remainder of England and Wales	23.32	6.28	–	7.55

SALES

At Mountview, we have a relatively straightforward yet proven way of working: we buy tenanted residential properties and sell them when they become vacant. We buy both regulated tenancy and life tenancy properties. The former, which are characterised by rental returns below market value, are becoming increasingly short in supply. Since the Housing Act 1988 no new regulated tenancies have been created.

Life tenancy stock has nominal rental income, is bought at a greater discount to vacant possession value and has a higher margin on sale. A key attraction of this sector to Mountview is the fact that property maintenance is usually the responsibility of the life tenant and this leads to lower ongoing costs to the Group. We carry out regular checks to ensure that all properties are maintained in good condition.

During the financial year we achieved sales of £45.7 million (2019: £46.4 million), demonstrating the liquidity of the Portfolio. The average sales price achieved was £274,000 (2019: £301,000).

The Group's sales for financial years 2020 and 2019 are set out below

Sales	2020 £m	2019 £m
Gross sales of properties	**45.65**	46.43
Cost of properties sold	**17.69**	18.97

Sales price range – 2020	No of units	Sales price £m	Location
1 million +	**1**	**2.0**	London & South East
500,000 – 1 million	**15**	**10.7**	London & South East
below 500,000	**151**	**33.0**	London & others

Sales price range – 2019	No of units	Sales price £m	Location
1 million +	3	3.3	London & South East
500,000 – 1 million	19	12.2	London
below 500,000	132	30.9	London & others

Further information is provided in Note 4 to the Consolidated Financial Statements on page 59.

PURCHASES

The majority of our residential properties that are subject to a regulated tenancy are concentrated in London and the South East. Returns from the regulated portfolios are derived from a combination of below market rental income and trading profits on the sale of property, when the property becomes vacant and the reversionary gain is crystallised.

Review of Operations *(Continued)*

Most properties acquired are unimproved and therefore of low average value. One of the core Mountview capabilities is to actively manage these properties: we identify opportunities to add value by carrying out refurbishments prior to their sale. The greatest gains are available at the upper end of the market and this is where we concentrate our refurbishment activities. These properties are predominantly sold by private treaty.

The Group's trading properties are carried in the balance sheet at the lower of cost and net realisable value. Net realisable value is the estimated net proceeds of sale if the property were to be vacant at the date of the balance sheet.

ANALYSIS OF ACQUISITIONS

The Group's acquisitions for financial years 2020 and 2019 are set out below. The analysis does not include legal and commission expenses directly related to the acquisition of properties or any repairs of a capital nature.

Year ended 31 March 2020	No. of units	Cost £m
Regulated, ASTs, and other	38	13.08
Assured tenancies	5	1.30
Life tenancies	2	0.24
Leasehold ground rents	5	0.80
Ground rents created	7	–
Total	57	15.42

Not included in the above table:

Assured tenancies created	13	

THE TABLE ABOVE INCLUDES THE FOLLOWING:

Portfolios	No. of units	Cost £m
LONDON 20 Portfolio	6	1.77

The portfolio comprised 6 regulated tenancies.

	No. of units	Cost £m
Leyton Portfolio	10	4.00

The portfolio comprised 10 regulated tenancies.

Year ended 31 March 2019	No. of units	Cost £m
Regulated, ASTs, and other	79	25.21
Assured tenancies	8	1.68
Life tenancies	2	0.71
Leasehold ground rents	2	3.74
Ground rents created	14	0.03
Total	105	31.37

Not included in the above table:

Assured tenancies created	9	

THE TABLE ABOVE INCLUDES THE FOLLOWING:

Leasehold Ground Rents	No. of units	Cost £m
Kensington, London W8	2	3.74

Portfolios	No. of units	Cost £m
Southern, London & South East	19	6.44

The portfolio comprised 17 regulated tenancies and 2 assured tenancies.

	No. of units	Cost £m
Epping Portfolio	9	3.32

The portfolio comprised 9 regulated tenancies.

RENTAL INCOME

The Company's rental income is derived from five different sources:

- Regulated tenancies
- Assured tenancies
- Assured shorthold tenancies
- Life tenancies
- Ground rents

Where possible we still target those properties where the rent is capped and where our team has identified opportunities to make key improvements. For example, a relatively modest investment can ensure that a property benefits from services and amenities that have been lacking in the past. In many cases, this leads directly to a substantial increase in rental income.

The operating contribution from the core business (comprising profits on sale of trading properties and rental income) is analysed in Note 4 on page 59.

SUMMARY PROSPECTS FOR THE GROUP

Any consideration of prospects for the current year (2020-21) is overshadowed by the impact of Covid-19 and how this will have affected our earlier plans. A full discussion of the Group's response to the Covid-19 pandemic and the consequent Government actions is included in Review of Operations in this annual report on page 14. While Covid-19 and lockdown protocols have caused a delay in progressing sales and purchases we are achieving satisfactory results at auctions. We anticipate there will be a short-term reduction in our sales transactions leading to a delayed realisation of gains inherent in the sales of vacant properties however we expect to take advantage of good purchasing opportunities.

During 2019-20, the professional knowledge and skills of our compact team ensured that we were able to purchase properties for a total of £15.42 million.

Looking ahead, notwithstanding the potential slowing down of the housing market, we believe that we will identify similar opportunities in the coming months. Our strength is based on a tight focus on our core business of regulated tenancies together with a prudent operational approach. We have kept gearing low.

Since the end of the financial year we have continued to sell and purchase properties through auctions and we are pleased with the results achieved. Given our financial strength, we believe that we are in a strong position to take advantage of any prime purchasing opportunities which may arise in the future.

INVESTMENT COMPANIES

The analysis of the investment portfolio as at 31 March 2020 is as follows:

	2020	**2019**
Louise Goodwin Limited	**27 units**	31 units
A.L.G. Properties Limited	**4 units**	4 units

All of the properties are situated in Belsize Park, London NW3, one of the capital's most prestigious locations.

Louise Goodwin Limited and A.L.G. Properties Limited were purchased in 1999 when we took the opportunity to build a presence in one of the best locations in London. Although rental returns have proven to be less significant than we anticipated, the investment portfolio has nevertheless generated consistently strong cash flow.

When the properties become vacant, we refurbish and sell them. During the financial year, we disposed of 4 units for £4.195 million (2019: £Nil).

Review of Operations *(Continued)*

We will continue to maintain our strategy for the investment portfolio, deriving rental income in the short to medium term and capital through sales when units become vacant. We are prepared to refurbish the properties and sell them by private treaty to purchasers who actively seek homes in this area.

The valuation of the investment portfolio decreased during the year by £969,000 (2019: increased £287,000). The properties within the investment portfolio have been revalued externally for the purpose of these accounts. The value attributed to each individual property reflects the change in its condition where appropriate and any adjustment resulting from changes in market circumstances including the impact of Covid-19.

Details of the valuation of the investment portfolio are disclosed in Note 13 to the Consolidated Financial Statement on page 63.

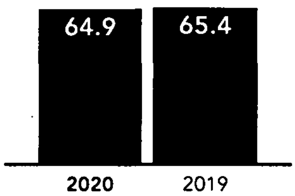
Details of environmental matters and social community issues are disclosed in note 9 in the Directors' Report on page 19 and information on employees is disclosed in note 11 in the Directors' Report on page 21. Information in these sections is incorporated by reference into this Strategic Report.

REVIEW OF BUSINESS AND PRINCIPAL RISKS

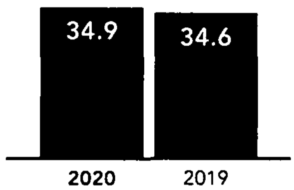
Details of the Group's performance during the year and expected future developments are contained in the Chief Executive's and Chairman's Statements. The Group has the following Financial Key Performance Indicators:

FINANCIAL KEY PERFORMANCE INDICATORS

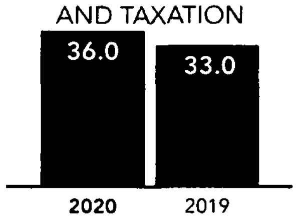
REVENUE (£m)
↓ **0.8%**



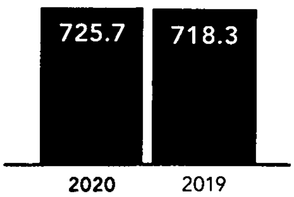
PROFIT BEFORE TAX (£m)
↑ **0.9%**



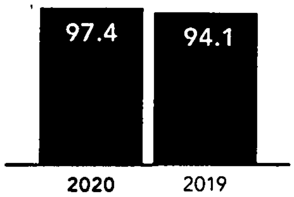
INTEREST COVER IN RELATION TO PROFIT BEFORE INTEREST AND TAXATION



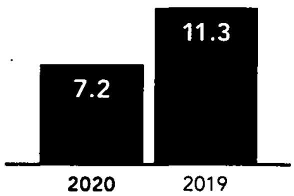
EARNINGS PER SHARE (Pence)
↑ **1.0%**



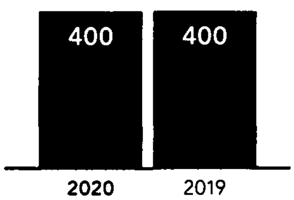
NET ASSETS PER SHARE (£)
↑ **3.5%**



GEARING RATIO (%)
↓ **36.3**



DIVIDEND PER SHARE (Pence)
↔



RISK REVIEW – PRINCIPAL RISKS AND UNCERTAINTIES

RISKS POSED BY COVID-19

In the current climate, any discussion of risk must necessarily start by considering the impact that the Covid-19 pandemic has had and may have on the business. As a risk factor it has already had an impact on many aspects of Mountview's operations from general market sentiment through to the very particular impact that it has had on how we work on a day to day basis. Our operational response to the virus is described on page 14. In this section we set out the impact that the virus may have on the principal risks considered in the Review of Operations.

There is one key difference from the other risks to the business because, with the virus, we are not looking at a possible future risk and how that might affect the business but rather looking at the impact that it already has had and could have in the future under various scenarios of seriousness and the Government's response. Each risk area, our standing mitigating actions and our comments on the impact of Covid-19 are shown below.

1. TRADING STOCK – REGULATED TENANCIES

RISK

Reduced opportunity to replace asset sales of vacant properties due to the reducing number of regulated tenancies available for purchase.

MITIGATION

The Group has developed clear criteria that are applied when considering asset purchases. Using these, the Group has performed creditably in replacing this class of assets in the year ended 31 March 2020, with good purchasing again during the year. The 'Analysis of Acquisitions' is on page 6.

COVID-19 IMPACT

The availability of regulated tenancies for purchase is broadly dependent on two factors - the supply of regulated tenancies as a whole and the propensity of the owners of those properties to sell. The first of these is likely to impact on the longevity of the market for regulated tenancies; the second to affect the numbers available at any one time.

Any condition that has a greater effect on the older members of society will have a disproportionate effect on regulated tenancies as opposed to other forms of tenancy. Covid-19 has just such an effect and is likely to reduce the total population of regulated tenancies more quickly than previously anticipated. The second factor – the propensity of owners to sell - is an unknowable component as it is dependent on many subjective personal factors. Thus, if all other things are equal, then the supply may be reduced in proportion to the reduced number of regulated tenancies in existence – but there should still be properties available in the short term, though in the longer term that supply may run out sooner than if Covd-19 had not appeared.

2. MARKET

RISK

Weak macro-economic conditions – which in our 2019 Annual Report and Accounts was linked to the impact of political / Brexit uncertainty, and for the current year has been replaced with the uncertainty associated with the outcome of negotiations on the trade deal with the EU and Covid-19.

MITIGATION

The Group's exposure is weighted towards the stronger London and South East markets and this geographical area has consistently been an above-average performer.

COVID-19 IMPACT

As noted above, the Group's exposure is weighted towards the stronger London and South East markets. Moreover, in the auctions that have taken place since the lockdown, sales prices for London based properties have held up.

Review of Operations *(Continued)*

3. FINANCIAL

RISK

Reduced availability of financing options resulting in inability to meet business plans.

MITIGATION

The Group monitors its bank accounts and loans closely to maintain sufficient capacity. We review our loan facilities regularly. The Group is conservatively geared and operates well within financial covenants. Financial Key Performance indicators are on page 8. Details of the Groups current facilities are set out in Note 18 on page 65 and 66.

COVID-19 IMPACT

For this risk the impact of Covid-19 should be limited given that the earliest termination date for any facility is December 2022 – so under current Government projections some time beyond the expected lifetime of the Covid-19 pandemic.

4. DIVIDENDS

RISK

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.

MITIGATION

We carefully monitor our strategy and our results in order to identify any risk to dividend levels.

The Group maintains a strong balance sheet. With appropriate banking facilities, we are able to maintain our trading stock by taking advantage of purchasing opportunities when they occur.

COVID-19 IMPACT

In the short term we do not see any threat to being able to maintain dividends at their current levels. The current year's operations have again generated good profits for the Group, which support the payment of a dividend at these levels.

5. PEOPLE

RISK

Capacity to maintain strategy is compromised due to inability to attract and retain suitably experienced employees.

MITIGATION

Mountview employs a relatively small workforce which accommodates personal interaction at all levels.

The Company has a stringent recruitment process to ensure we employ appropriately skilled staff. We carry out regular appraisals and offer employees opportunities for training and development courses. The Company has a good record of long-term service, a great number of our employees have worked for the group for over 10 years. Details of employees and diversity are set out in Notes 11 and 12 of the Directors' Report on pages 21 and 22.

COVID-19 IMPACT

The impact of Covid-19 adds a further risk factor which is helping staff to remain healthy through the pandemic. Given the high levels of both skill and experience of the staff and the provisions made by the Company to facilitate minimum disruption to our work practices we are meeting our operational objectives at a satisfactory level.

6. REGULATORY

RISK

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.

MITIGATION

The Group engages in close working relationships with appropriate authorities and advisers to ensure it meets its obligations.

COVID-19 IMPACT

None that we are aware of.

7. OPERATIONS AND PROPERTY MAINTENANCE

RISK

Legal action against the Group for failure to meet its obligations under property management and safety legislation.

MITIGATION

In addition to its own regular inspections, the Group engages professional external companies to undertake health and safety, gas and electrical checks, fire risk assessments, etc to ensure we meet our commitments as employers and landlords. Our staff receive regular training to ensure their skills are kept up to date.

To address the increasing regulatory workload, the Group recruited a Compliance Officer whose role is to monitor our performance against existing regulations and to track and prepare for new requirements as they are published.

COVID-19 IMPACT

In line with industry recommendations we have currently suspended non-essential visits until permissible under Government Covid-19 guidelines. As noted on page 14 in the note on the operational impact of the virus we have established a working protocol where maintenance and repair work is essential.

For work that remains necessary to carry out, the principal risk arising under this heading arises from staff shortages – both within our staff and within our contractor group who carry out the sub-contracted safety and other inspections and maintenance work. In relation to our own staff the point has been discussed in risk 5 above. In relation to sub-contractors we have a wide panel of sub-contractors that we could call on, and in addition contact details of other contractors who could carry out work for us. Accordingly we are confident that any shortfall in staff at contractors could be covered either by re-scheduling work or through expanding the current contractor base.

THE OVERALL RISK ENVIRONMENT

Given Mountview's business model and financial strength, while any risks materialising could well have a negative impact on short term performance, and lead to inconvenience, none are significant enough to threaten the continued existence of the Group. While we recognise there may be a short term negative impact as a result of Covid-19, we are confident that we can meet our strategic and operational goals and in particular are in a strong position to take advantage of purchasing opportunities as they arise. Risks are considered to be broadly unchanged from 2019 with moderate assessments for both probability of occurrence and impact.

These principal risks were part of the Group's assessment of long term viability, details of which are set out in Note 8 of the Directors' Report on page 18.

Review of Operations *(Continued)*

SECTION 172 STATEMENT

RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Board recognises that effective engagement with our stakeholders is a key part of our operations and meeting our strategy. Following the increased profile given to stakeholder engagement associated with the 2018 Code, and in support of the matters set out in Section 172(1) of the Companies Act 2006 we have reviewed our stakeholder group and for each major group codified how we engage with them. This work has created a clear framework for the Board to work with when taking material decisions as it provides a checklist to ensure we identify and consider those who could be affected. The listing below shows the different groups and outlines the nature of our engagement with them.

Intuitively the Board has for many years taken account of the various stakeholder groups when considering major decisions. The framework provides us with a tool to help ensure that in major decisions we do consider the relevant stakeholder groups, and has been used during the year, for example:

- Acquisition of properties when offered portfolios and considering which properties we make an offer on;
- Maintenance in deciding on the scope of works and the contractors to engage;
- Other financial decisions for example those related to remuneration of all staff, dividends and banking facilities needed; and
- Planning and agreeing the Group's response to the Covid-19 pandemic including the impact on staff, tenants and other stakeholder groups as described on page 14.

The Board keeps our stakeholder framework under regular review and update as we identify new groups or changes to the nature, scope or extent of engagement with existing groups.

STAKEHOLDER GROUPS AND NATURE OF OUR ENGAGEMENT:

1. SHAREHOLDERS

- In addition to reporting formal financial results twice a year, the AGM presentation and discussion and RNS announcements throughout the year, the Chairman and other members of the Board hold ad hoc meetings on request with shareholders. This includes annual meetings with the major shareholders to gather their views on the company strategy and operations. In the current year we also consulted the largest shareholders on proposed revisions to our Remuneration Policy. Shareholders of all sizes contact us throughout the year by letter, phone or e-mail. We respond to questions on an individual basis or by RNS depending on the nature of questions asked.

2. EMPLOYEES

- Section 11 in the Directors' report explains the arrangements in place to enable the Company's staff to engage with the Board. Given the size of the Company's workforce, rather than adopting one of the methods of engagement in provision 5 of the Code, the Board reviewed and determined that the current arrangements are sufficient.

3. CONTRACTORS AND SUPPLIERS

- All contractors are subject to thorough review by our property management team when first appointed and periodically thereafter. All contractors must sign up to our Contractor Code of Conduct. Similarly, all consultants or advisers are subject to review by the Board before appointment. Major appointments – such as the Auditors are subject to a formal tender process and annual appointment. Regular contact between the part of the business that engages the contractor/supplier means that we are able to provide and receive feedback to improve the level of service going forward.

4. FUNDERS – BANKS

- The CFO holds regular meetings with our principal banks. At the time that facilities are renewed the CEO and CFO negotiate the new agreement.

5. CUSTOMERS – TENANTS AND BUYERS

REGULATED TENANCIES

- These tenants form the bulk of our 'customers'. We engage with them periodically in relation to services in the properties, and when necessary to ensure our compliance with all obligations.

OTHER TENANCIES

- Day-to-day engagement with these tenants tends to be through the property management team in relation to maintenance or the renewals team when tenancies are up for renewal.

BUYERS AT VACANT POSSESSION

- These buyers tend to be one-off purchases so that we do not have on-going relationships with buyers. We maintain a close working relationship with the auction houses and estate agents through whom we sell properties.

6. CORPORATE REGULATORY BODIES

- This group includes the FRC, FCA and others who are responsible for developments relevant to our listing and reporting to our shareholders and others. Their role includes changes in law, accounting and auditing standards and any other relevant matters. We regularly review issuers websites to remain informed on changes to regulation; similarly our various external advisers also alert us to developments that they believe should be brought to our attention. These reviews will be followed by ad hoc contact as and when needed for clarification. We also assist, when requested, in the periodic quality reviews carried out by the FRC and others.

7. OPERATIONAL REGULATORY BODIES

- These bodies include the Gas Safe Register, the Health and Safety Executive, The Environment Agency and others. For all, in addition to responding to periodic updates, we monitor their websites to remain current on changes to regulation for their application to Mountview, followed by ad hoc contact as and when needed for clarification. We have appointed an external consultant to provide Mountview with its own Health and Safety policy which our contractors agree to abide by. This is monitored by the external consultant.

8. LOCAL GOVERNMENT

- We liaise with various local government bodies and review their websites on a need to know basis. Departments in local Government that we may contact on a property specific basis include Social Services & Environmental Health. We are currently using the Ministry of Housing, Communities & Local Government website in order to ensure compliance with Energy Performance Certificates. We also have regular contact with rent officers on matters concerning rent, property condition and maintenance and other matters that may arise on an ad-hoc basis and periodic contact with local planning officers as and when works on properties, including trees with TPOs, need permission before work can start.

9. PROFESSIONAL ADVISERS

CORPORATE ADVISERS INCLUDING AUDITORS

- We have long standing relationships with the advisers noted on page 15. We work with them on a combination of retainer or ad hoc basis as they assist when matters relevant to their area of expertise arise – including input to the Annual Report and Accounts and related market communications. Our engagement with the auditors is set out in the Report of the Audit and Risk Committee on pages 31 to 34.

  In addition we work with a range of other external specialists as needed. For example in the current year this has included working with FIT remuneration consultants as described in the Remuneration Report, Allsops on the valuation of investment properties (see Note 13 on page 63), and Winckworth Sherwood LLP on employment matters.

OPERATIONAL ADVISERS

- These advisers include the legal advisers that we work with, notably on property transactions, and auctioneers and agents who form an essential part of the sales process when properties become vacant.

10. LOCAL COMMUNITIES

- We engage early with local communities when maintenance work could affect them for example location of skips or disruption during works. Where possible when maintenance work is needed on our properties we employ well regarded locally based contractors who meet the criteria in our code of conduct.

Review of Operations *(Continued)*

OPERATIONAL RESPONSE TO COVID-19

The Covid-19 pandemic was declared on March 11, with the UK's 'lock-down' starting on the 23rd – shortly before the Company's financial year end. Serving and assisting our tenants during these challenging times became our priority and thus we took the steps outlined below to minimise disruption as far as was possible.

PERSONNEL:

In compliance with the Government guidelines we support our staff working from home. Steps taken to facilitate this while minimising the disruption to operations included:

- extending remote capability to permit staff to access all their usual business applications and files from their personal devices.
- enabling call forwarding to permit office calls from/to their personal mobile phones.
- providing training and guidance where required for using these services.

We identified those staff who were themselves, or through their family, in the high risk groups. These staff were instructed to self-isolate for 12 weeks as required by the Government.

Where it is essential to come to the office we have introduced a strict staff rotation policy to ensure social distance rules are obeyed, increased the cleaning and hygiene regime, provided anti-bacterial and sanitisation products, face masks and safety gloves for staff use.

Property inspections and site visits are conducted only when essential and observance of social distance is crucial.

PROPERTY MAINTENANCE:

All contractors with whom we have worked over the last 2 years were contacted to secure their compliance with our policy for adherence to Government guidelines on safe working. This policy includes wearing facemasks, protective gloves, ensuring social distance and essential hygiene practices. Given the elderly profile of our tenants (a high risk category) compliance with this policy is especially important.

We have deferred non urgent works while dealing with emergencies and essential remedial work in agreement with the tenant. Contractors are obliged to respect our tenants' wishes with regard to social distancing and self-isolation.

We continue to undertake all obligatory inspections/tests where access to the property is agreed in advance with the tenant. Where we are unable to obtain consent to carry out the inspections/tests the reason why is documented to demonstrate that we have taken all reasonable steps to satisfy our obligations.

RENT:

We are working with tenants, on a case by case basis, to advise on the help and assistance available to them as a result of loss of income through Covid-19. We establish the facts in each case and, if necessary, agree a payment plan to safeguard their tenancy while ensuring we are compliant with Government guidelines.

AUDIT:

The planning for the year end audit was already underway when the lockdown restrictions were imposed. We revised arrangements so that the audit could be conducted remotely in compliance with Government, FRC and FCA guidelines. As a result we have not needed to amend our timetable for the audit or for the production of the annual report.

ANNUAL GENERAL MEETING:

The arrangements for the current year's AGM have been modified in accordance with Government guidelines in respect of Covid-19 and are detailed in section 23 of the Directors report on page 24 and in the Notice of Meeting on page 89.

Approved and agreed on behalf of the Board by:

D. M. Sinclair

D.M. Sinclair
Chief Executive Officer
9 July 2020

Directors and Advisers

as at the date of this Annual Report and Accounts

MR D.M. SINCLAIR FCA (CEO)

Joined the Company as Company Secretary in 1977, became a Director on 1 January 1982 and succeeded his late father as Chairman on 5 June 1990. Retained the position of Chief Executive ('CEO') when the roles of Chairman and CEO were split into separate roles in 2013. Fellow of the Institute of Chartered Accountants in England and Wales.

MRS M.M. BRAY FCCA (CFO)

Joined the Company in 1996 and became Company Secretary. Became a Director on 1 April 2004. Fellow of the Association of Chartered Certified Accountants.

NON-EXECUTIVE DIRECTORS

MR A.W. POWELL FCA FIMC* (CHAIRMAN)

Joined the Company as Non-Executive Director on 1 April 2018, assumed the role of Acting Chairman on 31 March 2019, and was confirmed as Chairman on 19 November 2019. Mr Powell is a fellow of the Institute of Chartered Accountants in England and Wales and a fellow of the Institute of Management Consultants.

* Mr A.W. Powell was considered at the time of his appointment in 2018 to be independent for the purposes of the UK Corporate Governance Code.

MS M.L. ARCHIBALD MRICS* (FORMERLY JARVIS) (CHAIR OF THE REMUNERATION COMMITTEE)

Joined the Company as a Non-Executive Director on 1 July 2014. Member of the Royal Institution of Chartered Surveyors. She has held various roles with property advisers, including Jones Lang LaSalle, and now acts as an adviser to clients in a range of property sectors, including residential and commercial property.

* Ms M.L. Archibald is considered to be independent for the purposes of the UK Corporate Governance Code.

DR A.R. WILLIAMS

Joined the Company as a Non-Executive Director on 1 December 2015. Andrew is a qualified member of the medical profession, and a member of the Sinclair concert party. He represents the interests of the family and private shareholders generally.

SECRETARY AND REGISTERED OFFICE

Mrs M.M. Bray FCCA
Mountview House,
151 High Street,
Southgate,
London N14 6EW

BANKERS

HSBC Bank Plc
1-3 Bishopsgate
London EC2N 3AQ

Barclays Bank PLC
One Churchill Place,
London E14 5HP

AUDITORS

BSG Valentine (UK) LLP
Lynton House,
7–12 Tavistock Square,
London WC1H 9BQ

SOLICITORS

Norton Rose Fulbright LLP
3 More London Riverside,
London SE1 2AQ

REGISTRARS AND TRANSFER OFFICE

Link Asset Services (UK) Limited
The Registry,
34 Beckenham Road,
Beckenham,
Kent BR3 4TU

BROKERS

N+1 Singer
One Bartholomew Lane,
London EC2N 2AX

FINANCIAL ADVISERS

SPARK Advisory Partners Limited
5 St John's Lane,
London EC1M 4BH

Directors' Report

The Directors (as listed on page 15) have pleasure in presenting to the Members their 83rd Annual Report together with the Financial Statements for the year ended 31 March 2020. Additional information which is incorporated by reference into this Directors' Report, including information required in accordance with the Companies Act 2006 can be found as follows:

Disclosure	Location
Financial risk management objectives and policies	Notes to the financial statements, pages 58 and 59
Statement of Directors' responsibilities	page 25
Directors' interests in share capital	Remuneration Report, page 46
Compensation for loss of office arrangements.	Remuneration Report, page 41

For the purpose of LR 9.8.4R, the only information required to be disclosed can be found in the following locations:

Disclosure	Location
Agreements with controlling shareholder	Directors' Report, Note 21, page 23

All other sub-sections of LR 9.8.4R are not applicable.

1. RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 49.

The Directors recommend the payment of a final dividend of 200 pence per share. The dividend will be paid on 17 August 2020, subject to approval at the Annual General Meeting (AGM) on 12 August 2020, to shareholders on the register at the close of business on 10 July 2020.

Our proposals for running the AGM this year, in the light of the Covid-19 provisions are outlined in section 23 below. Details of the AGM, including the notice of AGM, are set out on pages 89 to 94.

2. OUR PURPOSE AND HOW WE OPERATE

Mountview's core purpose is to acquire and maintain regulated tenancy residential property providing below market rent accommodation for our tenants until we get vacant possession when we sell such properties. In meeting this purpose, the Group has a long established strategy, business model and set of operating procedures. All these have been developed and refined by marrying the values of the founders and the knowledge and experience of our executives and staff with the evolving environment that we operate in. The strategy and business model are reviewed annually and discussed with major shareholders the majority of whom have confirmed their support for the Company to continue to operate unchanged.

Our key strengths that underpin our culture and support our continuing success are:

- Our team's experience and knowledge of their sector and the communities we operate in
- A long-term view, underpinned by family values and ownership
- A conservative approach to financing, and management of our cost base
- Investing responsibly to maintain our existing assets and acquire new assets
- Operating responsibly in the communities we serve

We describe on pages 12 and 13, our section 172 Statement, how and where we engage with our wider stakeholder group and our impact on local communities – for example through seeking local contractors where possible to aid proximity between suppliers and tenants and retain the economic benefits within the local community.

3. ACTIVITIES

The principal activities of the Company and its subsidiary undertakings are as follows:

PARENT COMPANY

Mountview Estates P.L.C. *Property Trading*

Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW
Registered in England 328020

SUBSIDIARY UNDERTAKINGS (WHOLLY OWNED)

Hurstway Investment Company Limited *Property Trading*

Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW
Registered in England 344034

Louise Goodwin Limited *Property Investment*

Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW
Registered in England 691455

A.L.G. Properties Limited *Property Investment*

Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW
Registered in England 508842

4. BOARD OF DIRECTORS

The names of the current Directors, along with their details, are set out on page 15 and are incorporated into this report by reference. Mr A.W. Powell became the acting Non-Executive Chairman on 31 March 2019 and subsequently his appointment as Non-Executive Chairman was confirmed on 19 November 2019.

5. APPOINTMENT AND RETIREMENT OF DIRECTORS

The appointment and retirement of Directors is governed by the Company's Articles of Association, the 2018 Corporate Governance Code, the Companies Act 2006 and related legislation. Further details are set out in the Corporate Governance section on page 28.

The Board has power to appoint an additional Director to fill a casual vacancy amongst the Directors. Any such Director holds office until the next AGM and may offer himself/herself for election. In accordance with the 2018 Corporate Governance Code all Directors will seek re-election at the 2020 AGM.

6. SHARE CAPITAL

The authorised share capital of the Company as at 31 March 2020 was £250,000 divided into 5,000,000 Ordinary Shares of 5p, of which 3,899,014 were in issue (2019: 3,899,014). As at 9 July 2020, there has been no change in the issued share capital.

The rights and obligations attaching to the Company's shares, as well as the powers of the Company's Directors, are set out in the Company's Articles of Association, a copy of which can be viewed on the Company's website at www.mountviewplc.co.uk.

There are no restrictions concerning the transfer of shares in the Company, no special rights with regard to control attached to the shares, no agreements between holders of shares regarding transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

Changes to the Company's Articles of Association must be approved by shareholders in accordance with the Articles of Association and legislation in force from time to time.

Directors' Report *(Continued)*

7. NOTIFIABLE INTERESTS IN SHARE CAPITAL

As at 9 July 2020, the following disclosures of major holdings of voting rights have been made (and have not been amended or withdrawn) to the Company pursuant to the requirements of Chapter 5 of Disclosure Guidance and Transparency Rules:

	Ordinary Shares of 5p each	% of Issued Share Capital
Mr Phillip Wheater, Mr David Wright and Mr Alistair Sinclair, Trustees of the Frank and Daphne Sinclair Grandchildren Settlement*	393,193	10.08
Mr C. Murphy**	117,143	3.00
Mrs M.A. Murphy** including: • BBTJ 400,000 • ALFL Ltd 79,350	596,745	15.31
Mrs E. Langrish-Smith**	307,000	7.87
Mrs A. Williams**	139,075	3.57
Mrs S. Simkins**	148,220	3.80
Talisman Dynamic Master Fund Ltd*	221,937	5.69

* Denotes indirect holding.

** Denotes combined direct and indirect holding.

8. VIABILITY STATEMENT

The Directors have assessed the viability of the Group over the three year period to 31 March 2023. The Directors conducted this review taking account of the Group's current position, longer term strategy, principal risks and future plans.

A three year period is considered appropriate for the assessment as it corresponds with the Group's internal planning period and, in addition the term of the debt facilities supports an assessment over this period.

The strategy of the business is set at Group level and is reviewed throughout the year at Board meetings in the light of market conditions and investment opportunities. This strategy is based on a tight focus on our core business of regulated tenancies, together with a prudent approach to key financial ratios and funding requirements. The Board has developed a matrix of risks which it now considers at each meeting. The principal operational risks faced by the Group and their mitigation are described in the Review of Operations on pages 9 to 11. The Group's Financial Risk Management Objectives and Policies are shown in Note 3 on pages 58 and 59 Notes to the Consolidated Financial Statements. The consolidated risk register is maintained by the Audit and Risk Committee as described in the Report of the Audit and Risk Committee on page 32.

In assessing viability, the Directors considered the principal risks (see pages 9 and 11) in severe but plausible scenarios, their potential impact and how to manage them. In the current year this specifically included scenarios reflecting different durations and impacts of Covid-19 and the Government's restrictions in relation to the lock down.

On the basis of this and other matters considered and reviewed by the Board during the year, the Board confirms that it has reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period used for the assessments. The Directors consider the following factors to be key to this assessment:

- The Group's properties are attractive to a broad constituency of buyers and can be marketed through different channels if needed
- The Group's rental income is sufficient to cover expenses in the event of market illiquidity
- The Group has strong reserves and low indebtedness, which would enable it to take profitable advantage of adverse market conditions
- Contingency and succession planning to cover the unexpected absence of key members of staff is ongoing.

Given Mountview's strong financial position the Directors consider that it is well positioned to take advantage of both favourable and adverse market conditions. The Group also has adequate banking facilities in place over a spread of maturities which could be renegotiated, augmented or replaced if necessary within the required timescales.

9. ENVIRONMENTAL MATTERS AND SOCIAL/COMMUNITY ISSUES

Given the size of the Group and the nature of its business as a property trading company, the Group does not currently have any specific policies in place in relation to environmental, social, human rights or community issues, but keeps these issues under review.

10. GREENHOUSE GAS EMISSIONS DISCLOSURE

INTRODUCTION

The directors of Mountview Estates P.L.C are required to report its energy consumption and greenhouse gas (GHG) emissions as part of its Annual Report and Accounts, in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, also known as Streamlined Energy and Carbon Reporting (SECR).

Mountview engaged EcoAct Ltd (EcoAct), formerly Carbon Clear Ltd, to calculate its energy consumption and carbon footprint for the reporting period of 1 April 2019 to 31 March 2020.

EcoAct's scope of work was to:

- Define the reporting boundary and collect the required data;
- Calculate Mountview's energy consumption and carbon footprint;
- Report the results.

EcoAct is a world-leading carbon management consultancy with a proven track record of helping organisations to measure, reduce and offset their carbon emissions.

EXECUTIVE SUMMARY

Total gross GHG emissions in the reporting period were 80.9 tCO_2e, which can be attributed as follows:

- Direct Emissions (Scope 1) 44.0 tCO_2e or 54% of the total
- Indirect Emissions (Scope 2) 22.5 tCO_2e or 28% of the total
- Indirect Other Emissions (Scope 3) 14.4 tCO_2e or 18% of the total.

The results are presented below:

Figure 1: Total Emissions Broken Down by Activity and Scope

Type of Emissions	Activity	tCO_2e	% of Total
Direct (Scope 1)	Natural Gas	17.2	21%
	Company Owned Vehicles	26.8	33%
	Subtotal	**44.0**	**54%**
Indirect (Scope 2)	Electricity	22.5	28%
	Subtotal	**22.5**	**28%**
Indirect (Scope 3)	WTT (All Scopes)	14.4	18%
	Subtotal	**14.4**	**18%**
	TOTAL (tCO_2e)	**80.9**	**100%**

1. Under the Mandatory Greenhouse Gas Regulation, a company is required to report its scope 1 and 2 emissions. It is not mandatory to report scope 3 emissions.
2. An operational control boundary was used to calculate Mountview's carbon footprint.

Directors' Report *(Continued)*

10. GREENHOUSE GAS EMISSIONS DISCLOSURE CONTINUED

Figure 2: GHG Emissions (tCO_2e) by Activity (2019-20)

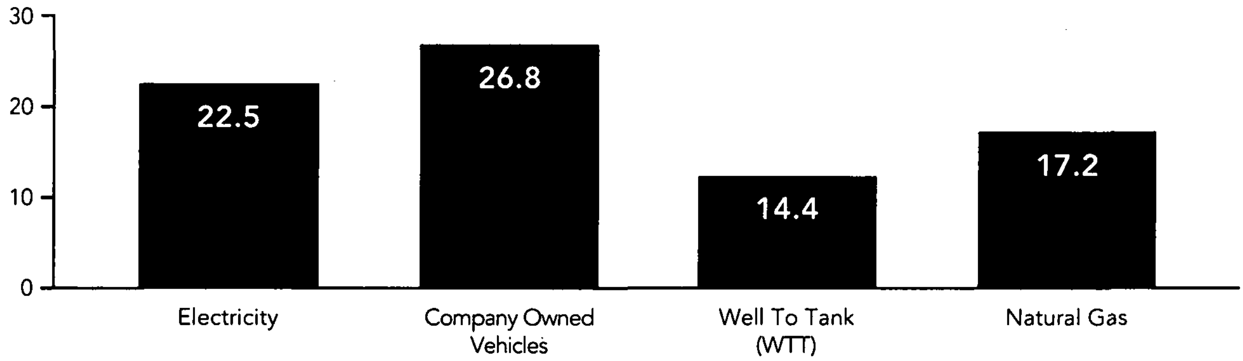


Figure 3: Emissions Intensity Metrics

Figure 3 shows a year-on year comparison of emissions intensities using revenue and number of FTEs as normalisation factors:

Intensity Metric	2019/20	2018/19	% Change
Total Emissions (tCO_2e)	**80.9**	89.5	-9.6%
Revenue (£'mil)	**64.9**	65.4	-0.8%
Number of employees	**29**	29	0.0%
tCO_2e per employee	**2.8**	3.1	-9.6%
tCO_2e per £'mil turnover	**1.25**	1.37	-8.8%

Total emissions normalised by the number of employees decreased by 9.6%, in line with the equivalent decrease in overall emissions, whereas total emissions per million £ of turnover, decreased by 8.8%.

YEAR-ON-YEAR ANALYSIS

Emissions produced by Mountview have decreased by 9.7% compared to last year from, 89.5 tCO_2e to 80.9 tCO_2e.

Scope 1 emissions have decreased by 7%, from 47.3 to 44.0 tCO_2e compared with the previous reporting year. This is due to:

- Emissions from company-owned vehicles have decreased by 14.9%. This is mainly driven by a decrease in annual mileage of 9%.
- A 8.3% increase in natural gas consumption at the office.

Scope 2 emissions have decreased by 13.9% compared to the previous reporting year. This can be attributed to:

- A 10% decrease in the emission factor for UK grid electricity.
- An overall 5% decrease in electricity consumption. 5% at the office and 7% reduction in estimated electricity consumption in the managed flats.

Emissions from electricity accounts for 27.8% of Mountview's overall carbon footprint. In addition to its head office, Mountview are also responsible for electricity use in the communal areas of 24 managed blocks of flats. Emissions have been estimated for these flats using the following assumptions:

- The company pays an average £37 electricity charge per managed flat towards communal areas.
- The company covers communal area charges for 24 properties.
- The average electricity standard rate is 16.9p/kWh. This is based on the average price of electricity purchased by non-domestic consumers in the UK with "very small" properties, for the last 3 quarters of 2019.

10. GREENHOUSE GAS EMISSIONS DISCLOSURE CONTINUED

REFERENCES

The following sources have been used for the completion of this document:

- 'UK Government GHG Conversion Factors for Company Reporting' for 2019, released by Department for Business, Energy and Industrial Strategy and Department for Environmental Food and Rural Affairs, as found in https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019.
- 'Prices of fuels purchased by non-domestic consumers in the UK', Table 3.4.2, March 2020, Department for Business, Energy & Industrial Strategy, as found in https://www.gov.uk/government/statistical-data-sets/gas-and-electricity-prices-in-the-non-domestic-sector.

CLIMATE CHANGE:

As an asset owner and manager Mountview sits at the top of the investment chain and uses this position to influence those that we work with in relation to factors such as air pollution and energy uses. We do this in a number of ways including:

- Using local contractors wherever possible to reduce travel needed
- Converting lighting to 'eco-lamps' where possible
- We have obtained an Energy Performance Certificates (E.P.C.) for over 80% of properties in our portfolio and in so doing we have undertaken, where necessary, loft insulation, cavity wall insulation, provision for storage heaters and dual plate power meters

In conjunction with our external advisers, we continue to monitor developments in relation to Climate Change.

11. EMPLOYEES

Notwithstanding that the Group's strategy, business model and operations are long established with well developed underlying processes that reflect our business drivers, the performance of the business could not be sustained without a strong, skilled and knowledgeable workforce who enjoy their work at Mountview. This is manifested in one statistic in particular which is the average time in role of our staff – which currently stands at over 10 years. The Group has family roots and it is our belief that a similar feel remains today within what is a small and highly skilled workforce of 24 staff plus the Directors. This is an environment in which every member of staff meets and talks with one or both of the Executive Directors, if not on a daily basis then on a weekly basis. In view of the size of the Group and the regular contact with all staff, more formal means of employee engagement are not considered appropriate at this time. This matter will be kept under regular review.

This regular contact fosters an environment in which staff can air concerns. It is also the case that staff know that if there was any matter that they felt might be sensitive to raise within the operational side of the business that they can approach any of the Non-Executive Directors (NEDs) to discuss the matter.

In this regard the Group has policies on whistleblowing and related policies on bribery, gifts, conflicts of interest and related matters that are included in the staff manual, explained to new staff on joining and are reviewed annually for continued suitability by the Audit and Risk Committee who report to the Board on this matter.

It is a standing item on the Board agenda to report, receive a report on and consider any reporting made under these provisions – and during 2019-20 no incidents were reported.

TRAINING:

The Group provides regular training related to the use of computer software and for the general professional development of the staff concerned. For example we provide appropriate training when there are developments in relevant legislation, regulation or practice.

We encourage all of our staff to continue their education and support staff following courses aimed at gaining professional qualifications.

Directors' Report *(Continued)*

12. DIVERSITY

Mountview is committed to employing and retaining a skilled workforce with a diversity of qualifications and talents from a variety of backgrounds. Whilst Mountview does not have a formal diversity policy, the company is committed to equal opportunities for all and that recruitment and selection be strictly on the basis of merit and ability.

As at 31 March 2020, the Group had one female Executive Director, Mrs Marie Bray, who has been on the Board since 2004, and one female Non-Executive Director, Ms Mhairi Archibald, who has been on the Board since July 2014. Female Board membership represented 40% of the Board.

The Group has seven Senior Managers (who are not Directors), three of whom are female.

Of the 29 total employees in the Group, 11 are male and 18 are female.

13. SIGNIFICANT AGREEMENTS

Certain banking agreements to which the Group is a party (described in Note 18 to the Consolidated Financial Statements) alter or terminate upon a change of control of the Group following a takeover bid.

There are no other significant agreements to which the Group is a party that take effect, alter or terminate upon a change of control of the Group following a takeover bid.

There are no contractual or other agreements or arrangements in place between the Group and third parties which, in the opinion of the Directors, are essential to the business of the Group.

14 DIRECTORS' INTERESTS IN CONTRACTS

There was no contract in existence during or at the end of the financial year in which a Director of the Company is, or was, materially interested, and which is or was significant in relation to the Group's business.

15. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company purchases liability insurance covering the Directors and Officers of the Company and its Subsidiary undertakings and this has been in place throughout the financial year under review.

The Company's Articles of Association at Article 163 permit the provision of indemnities to the Directors (at the discretion of the Board), which constitute qualifying third party indemnity and qualifying pension scheme indemnity provisions under the Companies Act 2006.

16. CORPORATE GOVERNANCE

The Directors' statement on Corporate Governance is set out on pages 26 to 30.

17. HEALTH AND SAFETY

The Group is committed to achieving a high standard of health and safety. The Group regularly reviews its health and safety policies and practices to ensure that appropriate standards are maintained. The gas supply and appliances within all of the Group's relevant residential properties are independently inspected under the Gas Safety (Installation and Use) Amended Regulations 1996 and certificates of compliance obtained. Similarly there is a regular programme of electrical inspection which is due to cover all of our properties by April 2021, and fire and health and safety inspections. Where these reviews highlight actions that are needed by either the Group or the tenants we undertake that work or facilitate the work being done by the tenants.

18. GOING CONCERN BASIS

The Directors continue to adopt the going concern basis in preparing the accounts.

The financial position of the Group including key financial ratios is set out in the Review of Operations on page 8.

The Group is historically profitable, has considerable liquidity and regularly reviews its long-term borrowing facilities with its lenders. As a result, the Directors believe the Group is very well placed to manage its business risks successfully and have a good expectation that both the Company and the Group have adequate resources to continue their operations.

19. AUDITORS

Messrs BSG Valentine (UK) LLP have indicated their willingness to continue in office and a resolution for the reappointment of BSG Valentine (UK) LLP as Auditors for the ensuing year will be proposed at the AGM.

20. AUDITORS AND DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware.

Each Director has taken the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

21. RELATIONSHIP AGREEMENT

In accordance with the UK Financial Conduct Authority's Listing Rules (the **Listing Rules**), the Company has entered into an agreement with the Sinclair family concert party, which, as it controls more than 30% of the Group's total issued share capital, is deemed a controlling shareholder. The relationship agreement is intended to ensure the controlling shareholder complies with the independence provisions in the Listing Rule 9.2.2A.

Under the terms of the relationship agreement, the Principal Concert Party Shareholder, Mr D.M. Sinclair (a member of the Sinclair family concert party), has agreed to procure the compliance of other individual members of the Sinclair family concert party who are treated as controlling shareholders with independence obligations contained in the relationship agreement. The Sinclair family concert party, as controlling shareholders of the Company have a combined aggregate holding of over 50% of the Company's voting rights, the cumulative holdings reflect a reduction from the corresponding figure as at 31 March 2019 as a result of a disposal of certain interests.

The Board confirms that, since the entry into the relationship agreement as at 9 July 2020, being the latest practicable date prior to the publication of this annual report and accounts:

- the Company has complied with the independence provisions included in the relationship agreement;
- so far as the Company is aware, the independence provisions included in the relationship agreement have been complied with by the Sinclair family concert party and their associates; and
- so far as the Company is aware, the procurement obligation included in the relationship agreement has been complied with by the Principal Concert Party Shareholder.

22. GENERAL MEETING

At the AGM held on 7 August 2019, the resolutions concerning the re-election of both Mr A.W. Powell and Mrs M. L. Jarvis (now Archibald) as directors of the Company did not receive support of a majority of the independent shareholders who voted, which is now a requirement of the Listing Rules where the Company has a controlling shareholder, and therefore Mr Powell and Mrs Jarvis stood for re-election at a general meeting held on 18 November 2019 (General Meeting). Both Mr Powell and Mrs Jarvis were re-elected at the General Meeting. Between the 2019 AGM and the General Meeting certain Board members met with a number of major shareholders. All shareholders (including the Sinclair family concert party members) were entitled to vote on the resolutions to re-elect Mr Powell and Mrs Jarvis at the General Meeting.

As reported through the RNS market information system, following the 2019 AGM and prior to the General Meeting , the Company identified as far as possible those shareholders who did not support the various resolutions and attempted to engage with them to seek their views. They declined to meet or engage. The Company remains committed to shareholder engagement and we will continue to offer to meet with shareholders to take into account their concerns and considerations in the future.

Directors' Report *(Continued)*

23. GENERAL MEETING – 2020 AND THE IMPACT OF COVID-19

At the time of publication of this report there is the risk associated with holding a physical AGM during the time of social distancing and the various other provisions that follow from Covid-19. We are monitoring the announcements by Department of Business, Energy and Industrial Strategy, Financial Conduct Authority and the Financial Reporting Council and others on this matter and are following their advice when taking decisions on holding physical meetings – starting with, but not limited to the current year's AGM. The current situation following the enactment of the Corporate Insolvency and Governance Act 2020 (CIGA) supports the previous guidance and this, together with the continuing risk of rapid and localised 'lockdowns' means that your Board has taken the decision that a conventional AGM is not practical in the current year. The alternative arrangements for the AGM, including asking questions and voting are set out in the Notice of Meeting in pages 89 to 94.

The Directors' report was approved by the Board on 9 July 2020 and is signed on its behalf by:

M.M. Bray
Company Secretary
9 July 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

The Directors are required by the Companies Act 2006 to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the profit or loss of the Group for the financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the EU and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company. This will enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and the Company's position, performance, business model and strategy.

Each of the Directors, whose names and functions are set out on page 15, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report contained within this document includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Group faces.

By Order of the Board

M.M. Bray
Company Secretary
9 July 2020

Corporate Governance

2018 UK CORPORATE GOVERNANCE CODE

The Company applies the principles and complies with the provisions set out in the 2018 UK Corporate Governance Code (the Code) as issued by the Financial Reporting Council (FRC), a copy of which can be found at www.frc.org.uk/corporate/ukcgcode.cfm. For the year ended 31 March 2020 we complied with provisions of the Code except as disclosed in this section.

As a Board we take our responsibilities in relation to corporate governance very seriously, seeking to implement governance processes that reflect both the prevailing Code and the Company's circumstances and structure. Following the introduction of the 2018 Code it has been a regular agenda item for the Board as we explore the steps that we may take to meet the principles and provisions of the Code. Last year we adopted a number of the recommendations including asking all Directors to stand for re-election. This year with the ongoing support of Prism Cosec, our corporate governance consultants, and our other advisers we have continued to strengthen our governance processes and reporting. We are mindful that our structure, which has evolved through our history and is aligned with our culture and values, is not fully compliant with some of the measures in the Code.

Taking account of the Code in the context of our size, our shareholdings and the nature of our operations where we have a focused, stable and enduring strategy, and stable workforce and suppliers, we have looked at each of the principles and provisions of the Code to consider the spirit behind them as well as the actual wording used. We are of the view that throughout we are operating within the spirit behind the principles of good corporate governance – in a manner that is appropriate to our business, our size and our economic footprint. In particular, as a small Board, we recognise that there are matters concerning the size and composition of the Board that fall into this category. The Board and also shareholders, when consulted, are at one with their view that new Board positions should be created only when there is a clear need and when the appointee will add capacity or skills that are needed by the business in order for it to continue to pursue its strategy.

Below we note the areas where we believe we comply with the spirit of the Code but do not currently adhere completely to the detailed requirements. These matters are kept under constant review as a whole, by the Board. Should there be a material change in the Company's strategy, business model or structure then these points would be re-visited and, after consulting with shareholders on proposals, we would make such changes as are appropriate given the changed circumstances.

INDEPENDENT NON-EXECUTIVE DIRECTORS (NEDS): (SECTION 2 PROVISION 11)

The number of independent NEDs is currently less than at least half the Board as required by the Code. This is a matter which the Board and the NEDs have reviewed in the context of the skills needed either directly on the Board or indirectly through advisers and concluded that given the size of the Company and the stable nature of its strategy, business model and operations, the current composition, with two independent NEDs and three NEDs in total supported by external advisers, is appropriate.

APPOINTMENT OF A SENIOR INDEPENDENT DIRECTOR (SID): (SECTION 2 PROVISION 12)

Currently other than the Chairman, the Company has one Independent NED and the Board has concluded that it is too small to merit the appointment of a SID.

COMPOSITION OF COMMITTEES IN GENERAL: (SECTION 3)

The Board is small and thus the composition of each of the Committees is limited by the available pool of Directors. As noted above, should it be concluded that appointing further Independent NEDs was appropriate and would bring value, then composition of Committees would be reviewed.

ROLE CONCURRENCE – AUDIT COMMITTEE: (SECTION 4 PROVISION 24)

The Chairman of the Board is also the Chairman of the Audit and Risk Committee. The Board consists of 60% Accountants and the Board has determined that there is no need to appoint a further NED with financial experience. The Board, and separately the NEDs, have considered the Chairman's role on the Audit and Risk Committee and are firmly of the view that this combined role continues to be in the best interests of the Company for the time being and will review the situation on a regular basis.

INTERNAL AUDIT FUNCTION (SECTION 4 PRINCIPLE M AND PROVISIONS 25 AND 26)

At present the size of the business does not warrant a full time internal audit function. As discussed in the Report of the Audit and Risk Committee this is kept under constant review and options for cover are reviewed annually in the light of the size and complexity of the business.

CONCERT PARTY

Mountview Estates PLC is a family-controlled company. There is a concert party in existence, whose net aggregate shareholdings amount to over 50% of the issued share capital of the Company. Further details are available in Note 21 of the Directors' Report.

THE BOARD

LEADERSHIP AND ROLE OF THE BOARD

The role of the Board is to provide leadership to the Group, ensuring that the necessary financial and human resources are in place to enable the Group to meet its objectives. In addition, the Board ensures that there are appropriate financial and business systems and controls in place to safeguard shareholders' interests and maintain an appropriate and effective governance framework. The Board operates in accordance with the Company's Articles of Association and there is a Schedule of Matters Reserved for Board Decision which includes approval of strategy, budgets, financial reports, public announcements, significant acquisitions of property, major capital expenditure, funding and dividend policy. In addition the Board reviews and approves matters related to the operation of the Board and its Committees, and, where material, any new or significantly amended operational or staff policies.

The Code requires that there should be a clear division of responsibilities between the roles of CEO and Chairman, both roles being separate and distinct. The Chairman is responsible for leading the Board and ensuring its effectiveness, including the Board's decision making process, building a constructive relationship between Executive and Non-Executive Directors, and, for fostering open debate with an appropriate balance of challenge and support. The CEO is responsible for leading the development and execution of long term strategies of the business and has specific responsibilities in relation to all matters to do with property purchase and sale.

THE EXECUTIVE DIRECTORS

Day-to-day management is delegated to the Executive Directors with focus on major transactions, business growth, strategy, cash management and control. There is regular communication with the NEDs in order to keep them informed about the Group's operations. This is done via a schedule of regular meetings throughout the year supplemented by ad hoc meetings as needed to address specific matters arising.

The Group has seven Senior Managers reporting to the Executive Directors. There are six core departments – Accounts, Property Management, Property Trading, Rent, IT and Administration – with staff reporting either to the Property Managers and/or directly to the Executive Directors.

THE NON-EXECUTIVE DIRECTORS

The role of the NEDs, as described in their letters of appointment, is to bring independent and objective judgement and scrutiny to all matters before the Board and its committees. During the appointment process steps are taken to confirm that they will have the time needed to meet their responsibilities to the Group.

Throughout the year the NEDs hold meetings periodically without the Executive Directors including meetings to discuss remuneration of the Executive Directors and to meet with the external Auditor to discuss the audit of the Annual Report and Accounts.

The Code requires (for smaller companies) there to be at least two independent NEDs. Mr A.W. Powell and Ms M.L. Archibald are deemed to be independent NEDs, meeting this requirement. Dr A.R. Williams is a NED but he is not considered to be independent for the purposes of the Code.

At present the Board does not intend to appoint any Director to fulfil the role of SID, given the limited size of the Board, but may decide to do so in the future.

Corporate Governance *(Continued)*

GOVERNANCE FRAMEWORK

The Directors recognise their accountability as a Board to the shareholders for the effective stewardship of the Group and its strategy, operations, governance and control. In this the Board are supported by three sub-committees whose roles and current composition are:

The Audit and Risk Committee

This Committee is responsible for monitoring Mountview's accounting policies and processes, audit arrangements and for reviewing the risk management framework. It is also responsible for the clarity and completeness of the Company's disclosure to shareholders. The Committee is comprised of all the NEDs.

The Remuneration Committee

The Committee is comprised of all NEDs and is responsible for both setting remuneration policy and for the implementation of that policy as regards the Executive Directors. NED remuneration is proposed by the Executive Directors and determined by the Board.

The Nomination Committee

This Committee is responsible for reviewing the balance of experience, skills and knowledge on the Board, for recommending any appointments to strengthen the Board's expertise and for managing any re-appointments as needed. All members of the Board are members of the Nomination Committee.

Further detail on the Terms of Reference of these Committees can be found on the Company's website (www.mountviewplc.co.uk). Reports of their activities follow later in this Annual Report and Accounts on pages 31 to 48.

Appointment of Directors The Articles of Association contain the following provisions relating to the appointment and replacement of Directors:

- The Company may, by ordinary resolution, appoint a person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board
- The Board has the power to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board
- The total number of Directors (other than any alternate Directors) must not be more than 12 or less than two
- In addition to any power to remove a Director conferred by Section 168 of the Companies Act 2006, the Company may, by ordinary resolution, remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which he or she may have for breach of any contract of service between him or her and the Company. The Company may then appoint another person, who is willing to act, as a Director in his or her place in accordance with the Articles of Association.

The Nomination Committee report on pages 47 and 48 describes the process currently used for identifying and appointing new Directors to the Board.

In accordance with the Code, all members of the Board offer themselves for re-election each year as described in the notice for the upcoming 2020 AGM and as set out in the Directors' Report on page 17 and in the Notice of Meeting on page 90.

THE WORK OF THE BOARD

The Board meets formally at least four times a year, with ad hoc meetings to discuss particular transactions and events called as and when required. All Directors are expected to attend all meetings of the Board, and any committees they are members of, and devote sufficient time to the Company's affairs to fulfil their duties as Directors.

The Company Secretary sends out the agenda and supporting information to all members of the Board in advance of Board meetings. Group strategy is proposed by the Executive Directors and that strategy is rigorously discussed, debated and agreed by the Board. The NEDs work with the Executive Directors to deliver on the agreed strategy. The information supplied to the Board and its committees is kept under review to ensure it is fit for purpose, and that it enables sound decision-making.

In making decisions throughout the year, the Board is strongly aware of its responsibilities to the Company's shareholders as well as other stakeholders including managing possible conflicts of interest. Consideration of possible conflicts of interest is a standing item for all Board meetings; any other areas of concern are addressed during regular management or Board meetings.

All Directors have access to independent professional advice at the expense of the Group and to the services of the Company Secretary who is responsible to the Board for ensuring the correct procedures are followed.

The Directors consider that the small size of the Group and the Board does not warrant a formal performance evaluation process. However, performance of the Directors is evaluated on an ongoing basis by the Board. This is a matter continually under review.

Attendance at and number of Board and committee meetings is set out below:

Meetings	Mr A.W. Powell	Mr D.M. Sinclair[1]	Mrs M.M. Bray[1]	Ms M.L. Archibald	Dr A.R. Williams[2]
Full Board	6	6	6	6	5
Audit and Risk Committee	6	5	5	6	5
Remuneration Committee	3	2	2	3	3
Nomination Committee	2	2	2	2	2

1. Mr D.M. Sinclair and Mrs M.M. Bray were invited to attend 5 Audit and Risk Committee Meetings and 2 Remuneration Committee Meetings
2. Dr A.R. Williams was unable to attend 1 Board meeting and 1 Audit and Risk Committee meeting.

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROL

The Board has overall responsibility for risk management and the Audit and Risk Committee is specifically charged with the governance of the risk management, internal control and audit processes. The Board has carried out a robust assessment of the Principal Risks faced by the Group which are set out on pages 9 to 11 and more detail on the function of the Audit and Risk Committee is set out on pages 31 to 34.

Details of the Company's financial risk management objectives and policies are included in Note 3 to the Consolidated Financial Statements on pages 58 and 59.

An ongoing process for identifying, evaluating and managing the significant operational risks faced by the Group was in place throughout the period from 1 April 2019 to the date of approval of the Annual Report and Accounts. The effectiveness of this process is reviewed annually by the Board.

The Directors are responsible for establishing and maintaining the Group's system of internal financial control. Internal control systems in any group are designed to identify, evaluate and manage risks faced by the group and meet the particular needs of the group and the risks to which it is exposed. By their nature such systems can provide reasonable but not absolute protection against material misstatement or loss. As noted on page 27, the Group does not have a dedicated internal audit function. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

Identification of business risks – The Board is responsible for identifying the major business risks, as well as emerging risks, faced by the Group. The principal risks and uncertainties faced by the Group are set out in the Review of Operations on pages 9 to 11 together with mitigating factors for each risk.

Corporate Governance *(Continued)*

Management structure – *The Board has overall responsibility for the Group and, as described on page 27, there is a formal* schedule of matters specifically reserved for decision by the Board.

Corporate accounting – Responsibility levels are communicated throughout the Group as part of the corporate accounting procedures. These procedures set out authorisation levels, segregation of duties and other control procedures.

Quality and integrity of personnel – The integrity and competence of personnel is ensured through high recruitment standards, the regular day to day contact between the Executive Directors and staff, and close Board supervision.

Monitoring – Internal financial control procedures are monitored and reviewed by the Board as a whole. These reviews embrace the provision of regular information to management, and monitoring of performance and key performance indicators.

The Board is satisfied that the control procedures are adequate to provide accurate information and safeguard the assets of the Group.

EMPLOYEE AND OTHER STAKEHOLDER ENGAGEMENT

Discussion of employee engagement is in the Directors' Report, section 11 on page 21 and a description of our engagement with other stakeholders is presented in our Section 172 Statement on page 12.

REMUNERATION

This is covered in the Remuneration report set out on pages 35 to 46.

By Order of the Board

M.M. Bray

M.M. Bray
Company Secretary
9 July 2020

Report of the Audit and Risk Committee

MEETINGS

Committee Member	Meetings Attended	Meetings eligible to Attend
Mr A.W. Powell - Chair	6	6
Ms M.L. Archibald	6	6
Dr A.R. Williams[1]	5	6
Non Member		
Mr D.M. Sinclair[2]	5	5
Mrs M.M. Bray[2]	5	5

1. Dr A.R. Williams was unable to attend one meeting.
2. Mr D.M. Sinclair and Mrs M.M. Bray were invited to attend 5 Audit and Risk Committee meetings.

GOVERNANCE

Dear Shareholder,

I am pleased to present the Audit and Risk Committee Report for the year ended 31 March 2020. The Board considers that I have recent and relevant financial experience as recommended under provision 24 of the Code as it applies to the Company for the financial year under review. In line with the Code, the Audit and Risk Committee (the Committee) as a whole is deemed to have competence relevant to the sector in which the Company operates.

The Committee plays a vital role in ensuring that the interests of the shareholders are protected and in assisting the Board in discharging its responsibilities by challenging the integrity of the financial statements, in reviewing the effectiveness of the internal controls systems within the Group and in considering the scope of the annual audit and the extent of the non-audit work undertaken by the external auditor.

This report details the activities of the Committee that were undertaken during the year to 31 March 2020.

ROLE OF THE AUDIT AND RISK COMMITTEE

The Committee's principal roles and responsibilities, as set out in its terms of reference (which can be found on the Group's website at www.mountviewplc.co.uk), include:

- monitoring the integrity of the Group's financial statements;
- reviewing the tone and content of the Interim Report, the Annual Report and Accounts and any associated regulatory news announcements;
- reviewing the Group's internal financial controls and risk management systems;
- assessing the performance and independence of the external Auditor, including the application of our policy on non-audit services
- selecting the external Auditor and making appropriate recommendations through the Board to permit shareholder consideration at the Annual General Meeting;
- assessing the effectiveness of the external audit process;
- acting as a conduit between the Board and the external Auditor;
- considering the need for an internal audit function;
- reviewing any incidents of whistleblowing occurring within the Group and ensuring adequate review and investigation; and
- reporting to the Board on how it has discharged its responsibilities.

Report of the Audit and Risk Committee

(Continued)

ACTIVITIES OF THE COMMITTEE

During the year the Committee met on six occasions, including meetings prior to the issue of the preliminary and interim results to review audit planning and then audit recommendations, where appropriate, and consider any significant issues arising from the audit and review process. At a meeting in March 2020 the Committee agreed the external audit terms of engagement and the Auditor's scope, proposed approach and fees for the annual audit for the financial year 1 April 2019 to 31 March 2020.

Outside of the formal meeting programme, as Committee chairman I stay in contact with key individuals involved in the Company's governance, including the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the external audit lead partner and other external advisers.

The Committee is satisfied that controls over accuracy and consistency of information presented in the Annual Report and Accounts are robust and has confirmed to the Board that it believes this Annual Report and Accounts are fair, balanced and understandable.

The Committee has also been monitoring the impact of Covid-19 on both the Group's operations and also on the conduct of the audit. Both these aspects are described more fully below.

KEY AREAS FORMALLY DISCUSSED AND REVIEWED

Principal Responsibilities of the Committee	Key areas formally discussed and reviewed by the Committee during the year
REPORTING AND EXTERNAL AUDIT	
• Monitoring the integrity of the Company's financial statements and all formal announcements relating to the Company's financial performance, reviewing financial reporting judgements contained within them	• Results, commentary and announcements • Key accounting policy judgements, including valuations • Impact of future financial reporting standards • Going concern and long term viability with particular attention to Covid-19
• Making recommendations to the Board regarding approval of the external Auditor's remuneration, terms of engagement, monitoring independence, objectivity and effectiveness	• External Auditor effectiveness • External Auditor management letter, containing observations arising from the annual audit leading to recommendations for financial reporting improvement • External Auditor's remuneration and audit tender frequency (last tendered in 2017)
VALUATIONS	
• Monitoring and reviewing the valuation process for the investment properties • Valuer competence and effectiveness	• Annual report on the effectiveness of the valuer which considers the quality of the valuation process and judgement • Challenge the Executive in respect of both the independent external valuations and Directors' valuations across the entire property portfolio
RISK AND INTERNAL CONTROL	
• Reviewing the principal risks and uncertainties, including those that could affect solvency or liquidity, future performance and its business model	• Maintenance of the Risk Register including identifying and then making a robust assessment of the principal risks facing the Group
• Reviewing the risk management disclosures on our approach to risk in the Annual Report and Accounts	• Review of risk disclosures as part of review of accounts
OTHER	
• Reviewing the Committee's Terms of Reference and monitoring its execution	• Reviewed and confirmed the Terms of Reference; execution and effectiveness monitored through a progress table and externally sourced questionnaires
• Considering compliance with legal requirements, accounting standards and the Listing Rules	• Reviewed processes for monitoring new relevant regulation, including discussion with external advisers
• Reviewing the whistle-blowing policy and operation and related policies including the anti-bribery and gift policy	• Review of whistle-blowing arrangements as set out in staff manual. Confirmation from CFO that there have been none during the year

EXTERNAL AUDIT

Audit tenure: – Following best practice and in accordance with its Terms of Reference, the Committee annually reviews the audit requirements of the Company and suitability of the auditor. BSG Valentine (UK) LLP has been the Group's auditor since 2007 and was re-appointed following a formal tender process in 2017. Current UK regulations require rotation of the lead audit partner every five years, a formal tender of the audit every ten years and a change of auditor every twenty years. Norman Strong, who took over as lead partner for 2019 following the departure of Daniel Burke has retired from BSG Valentine and the 2020 Audit Report will be signed off by Gary Allen who was the Audit Director for the audit in 2019 and thus is familiar with the Group. The Committee wishes to thank Norman for his work in connection with the Mountview audit over the years of BSG Valentine's tenure as auditor.

Objectivity and independence: – These aspects are critical to the integrity of the Group's audit. Prior to the planning meeting the Committee reviewed the auditor's own policies and procedures concerning objectivity and independence, including reviewing their Transparency Report found on their website. We also confirmed that the auditor's evaluation and remuneration processes did not contain incentives for cross-selling.

Planning and contact: – Prior to the audit the Committee, together with the Executive Directors, met with the external auditor BSG Valentine to review their proposals for the audit and agreed their terms of engagement, their proposed approach and their fees for the audit. The Committee is confident that appropriate plans were put in place to carry out an effective and high quality audit. BSG Valentine re-confirmed to the Committee during the meeting that they maintained appropriate internal safeguards to ensure their independence and objectivity.

Effectiveness of the external audit process – The Committee appraised BSG Valentine's performance and independence by assessing their audit plan, the quality and consistency of their team and their reports. The Chairman was in contact with the audit team, during the audit to discuss progress and any issues arising from the audit. In addition, we received feedback from Mountview's finance team who noted that BSG Valentine were professional and constructive while maintaining their independence and robustness when carrying out their work.

At the conclusion of their work the Committee met with the external auditor to discuss their audit findings, including recommendations for financial reporting improvement and their management letter containing observations arising from the annual audit. The discussion also covered the application of materiality and adjusted and unadjusted audit differences. No such differences were identified during the current or prior year's audit.

Re-appointment – Based on their review the Committee believes BSG Valentine remains effective in its role and, BSG Valentine having indicated their willingness to be reappointed as the Group's external auditor, the Committee has recommended to the Board that they be appointed for another year. A resolution to this effect will be proposed at the AGM.

Non-audit services – The Group's policy requires that all non-audit fee work is reported to the Committee and the Committee can confirm that this policy was adhered to. As in prior years BSG Valentine provided permitted tax compliance services. The Committee consider that these services were in the category of allowed services under the applicable Ethical Standards and has concluded that the auditor's objectivity and independence were safeguarded. The fees paid to BSG Valentine are shown in Note 6 to the Accounts.

INTERNAL AUDIT

The need for a dedicated internal audit function was reviewed by the Committee during the year and was not felt to be necessary given the size and relatively simple structure of the Group and its operations, the close day to day involvement of the Executive Directors and the internal control procedures in place. This is kept under regular review. The Committee has the power to commission assurance work from time to time as it sees fit.

Report of the Audit and Risk Committee

(Continued)

VIABILITY STATEMENT AND GOING CONCERN

The Committee provides advice to the Board on the form and basis underlying both the going concern and the longer-term viability statement. The Covid-19 pandemic clearly could have an impact on both these statements in particular in relation to its impact on the operation of the property market – crucial for the sale of vacant properties. This aspect was kept under regular review in relation to both the current state of the market and expectations by informed commentators of the longevity of the impact of the virus. The Committee are satisfied that while the virus has clearly had an impact on the market that, at the date of signing this report, this has not been at a level or with an effect to seriously damage the validity of either statement.

Thus, the Committee concluded that it remains appropriate for the financial statements to be prepared on a going concern basis and recommended the viability statement to the Board.

The Company's going concern statement can be found on page 22. The viability statement can be found on page 18.

SIGNIFICANT ISSUES CONSIDERED IN RELATION TO THE FINANCIAL STATEMENTS

Significant issues and accounting judgements are identified by the finance team and the external audit process and are considered and reviewed by the Committee. The significant issues considered by the Committee in respect of the year ended 31 March 2020 are set out in the table below:

Issues	How the issues were addressed
The impact of Covid-19	This pandemic affected all areas of Company activity at the end of the financial year and into the new year. The Committee, in conjunction with the other directors, had input into the notes on pages 9 to 11 and page 14 on the impact of the virus on the business. In addition the virus had an impact on the running of the audit – given social distancing requirements and thus the Chairman had more frequent contact with the auditor before and during the audit to discuss and consider the impact on audit quality. The Committee were satisfied that arrangements put in place were appropriate in the circumstances and specifically in light of the evolving guidance from the FRC, FCA, BEIS and others. Finally, as discussed above, the Committee considered the impact of Covid-19 on the going concern and viability statements.
Valuation of investment property portfolio	The Committee discussed the valuation with the valuers independently of management. This provided the opportunity for the valuers to explain the process they follow to value the portfolio and for the Committee to challenge the key assumptions. On the basis of this discussion the Committee concluded that the valuations were independent and an appropriate basis for the year-end financial accounts, including Allsop's caveat concerning the uncertainty arising due to Covid-19 as described in note 13 to the accounts.
Net realisable value of the trading property portfolio	The Committee's consideration of this aspect focused on the more recent purchases which have the greatest risk and included reviewing the processes used by the property team to assess values and hence consider the need for a provision. On the basis of these discussions the Committee was satisfied that the valuation was in line with the accounting policy for trading properties, thus there was no need for any provision.

The Committee also considered a number of other judgements made by management, none of which were material in the context of the Group's results or net assets.

KEY ISSUES FOR 2020/21

The Committee is always looking at ways to strengthen its support around governance to ensure that the Company's communications and processes are in line with good practice in this area. For 2020/21 this will continue to include monitoring evolving best practice under the Code and other regulations. In addition we will continue to monitor the key areas of judgement that are recurring matters and specifically the Company's response to the evolving Covid-19 pandemic.

Anthony Powell

A.W. Powell
Chairman of the Audit and Risk Committee
9 July 2020

Remuneration Report

MEETINGS

Committee Member	Meetings Attended	Meetings eligible to Attend
Ms M.L. Archibald – Chair	3	3
Mr A.W. Powell	3	3
Dr A.R. Williams	3	3
Non Member		
Mr D.M. Sinclair[1]	2	2
Mrs M.M. Bray[1]	2	2

1. Mr D.M. Sinclair and Mrs M.M. Bray were invited to attend part of 2 Remuneration Committee meetings and were not present for discussion concerning the process of determining their awards or the amount of those awards.

Dear Shareholder,

On behalf of the Remuneration Committee and the Board, I am pleased to introduce our 2020 Remuneration Report for which we are seeking your support at our AGM on 12 August 2020. As described more fully below, the report this year also incorporates a proposed updated Remuneration Policy that, if approved, will apply for the three years commencing 2020/21.

ROLE OF THE REMUNERATION COMMITTEE

The goal of the Remuneration Committee is to independently formulate and apply remuneration bases that align the interests of our Executive Directors with those of our shareholders, and are fair and transparent in execution.

The role of the Remuneration Committee is set out in our terms of reference which can be found on the Company's website at www.mountviewplc.co.uk. The Committee have reviewed these terms of reference and confirmed that they remain appropriate.

ACTIVITIES OF THE COMMITTEE

The main work of the Remuneration Committee in the current year has been the review and update of the Remuneration Policy and the determination of the Executive Directors' awards.

REVIEW OF THE REMUNERATION POLICY:

The current Remuneration Policy is due to expire during 2020 and accordingly we have carried out a review of the policy and will be asking shareholders to approve the new policy at the AGM on 12 August 2020.

Our review was carried out in conjunction with FIT Remuneration Consultants LLP (FIT) and is described in more detail in the main body of the report. FIT, who were appointed by the Remuneration Committee, provide no other services to the Group. During the initial discussions prior to engaging FIT, the Remuneration Committee satisfied itself that FIT demonstrated the necessary depth of knowledge for the agreed role and objectivity in providing answers to questions posed during that discussion. FIT's role was to help design the process to be followed and to provide expert input and comment on the areas that needed consideration in the policy and the wider Remuneration Report as a whole given the changing regulatory framework discussed below. They also reviewed the final draft of the Remuneration Report prior to publication. The total fees paid to FIT for their assistance were £5,700

As a result of the Remuneration Committee's review of the current policy we have a number of changes that we describe below, and would like to draw attention to two points. First, that we have lowered the maximum amount for the short-term incentives from 250% of base salary to 150%. Secondly, we have brought the pension contribution levels that could be made for future directors (the current Executive Directors do not receive pension contributions) in line with the amount payable to the workforce as a whole, though they can receive additional contributions through salary sacrifice.

Remuneration Report *(Continued)*

EXECUTIVE DIRECTORS' AWARDS:

The Committee's other main work for the year concerned the remuneration of the Executive Directors applying the existing policy which was clarified and approved by shareholders at the General Meeting held in November 2018 and has been in effect from the date of its approval at the 2017 Annual General Meeting.

In considering the awards we were mindful of the impact that Covid-19 has had on the wider UK economy. For example, in the current year many of the companies in the peer group in the past two years were in real estate sub-sectors that are being severely impacted by Covid-19, reducing their comparability. In addition, as a result of transactions others previously in the peer group are no longer separately quoted. Thus, while the Remuneration Committee did take note of data from this group, we placed less weight on it than in prior years applying our own discretion when reaching decisions.

We were also cognizant that the pandemic was declared very close to the Company's year-end, and thus had very little impact on the financial results of the year under review. We have also seen, as noted elsewhere in this report, that through the early months of the pandemic the Group has been able to continue to perform at a similar level to previous years. Taking these factors into account, the Remuneration Committee did not believe that measures taken by others whose financial results have been affected by the pandemic, including deferral of bonuses or salary, were appropriate.

In approaching the review of the bonus figures for the year, subject to the comment on peer group data, the Remuneration Committee has adopted the approach used in prior years of taking account of financial metrics of the Group (primarily profit before tax), non-financial factors and peer group and market benchmarks. Applying these principles to the year under review year the bonus awards for the CEO and CFO were set at £447K and £308K respectively.

The Remuneration Committee has agreed to an increase in Executive Director salaries of 3.00% (effective 1 April 2020), in line with the inflation increase for the Company's general staff.

REGULATORY CHANGES

In carrying out their work during the year the Remuneration Committee's members have had regard to the changing regulatory environment around remuneration notably in the 2018 Code and legislation aimed at greater transparency and disclosure of remuneration practices. Many of these requirements relate to Long Term Incentive Plan (LTI) or executive pension arrangements which do not apply to the Group.

Other provisions emphasised matters that were already aspects of our policy and practice, for example, the application of discretion or information disclosed where we have sought to align with the new requirements.

I would like to thank all those shareholders, advisers and others who have taken part in the consultation and review process that prompted the changes noted above and which we hope you will support in the resolutions being put to members.

We are grateful to our Executive Directors and their continuing efforts to deliver the best results to shareholders in line with our strategy in markets that remain difficult and are changing in light of the Covid-19 pandemic and economic fallout. I am also thankful for the valuable contributions of my fellow Committee members throughout the year.

M.L. Archibald
Chairman, Remuneration Committee
9 July 2020

THE NEW REMUNERATION POLICY

OBJECTIVES OF THE REVIEW:

As described elsewhere in this report, the strategy and business model of the Group are reviewed regularly with shareholders and they continue to support both. With this in mind and also taking account of the evolution of governance and regulation, the Remuneration Committee's key objectives for the current Remuneration Policy review were to ensure that:

- incentives remain aligned with the strategy;
- packages are competitive against our peer group;
- our Remuneration Policies are suitable to attract, motivate and retain the right talent; and
- our Remuneration Policies and practices are in line with evolving good practice including matters arising from the UK Corporate Governance Code (Code) published in 2018.

In the conduct of the review process and the updated policy we have sought to reflect the characteristics outlined in provision 40 of the Code as follows:

Clarity – we sought to engage with major shareholders during the review. The new policy with reasons for changes adopted and suggestions not taken up have been discussed with our shareholders and directors.

Simplicity – as discussed further below, we have retained the simplicity of the current policy avoiding artificial or immaterial metrics.

Risk – we have been mindful of the risk environment of the Group and aimed to ensure that the policy reflected but did not add to that environment as could be the case with, for example, misaligned metrics that could encourage inappropriate risk taking.

Predictability – the Short-Term Incentive (STI) arrangements lead to a predictable range of outcomes, and are the subject of a cap.

Proportionality – the policy is designed to lead to awards that blend the objectivity of financial metrics and subjectivity involved in assessing non-financial performance.

Alignment to culture – the principles of rewarding individual performance and thus contribution to Group results are reflected in remuneration structures throughout the Group.

OVERVIEW OF THE REVIEW:

The process we followed began with a consultation with the major shareholders to seek views on the current policy, then review and update of the policy in conjunction with FIT, discussion of the proposed changes with the Executive Directors, a further round of consultation with the major shareholders and then finalisation of the policy that is presented in this Remuneration Report. While employees were not specifically consulted as a part of the review, the Remuneration Committee did take into account the general pay and conditions that apply to the staff which are determined by the Executive Directors with whom they work closely on a day to day basis.

Following from this process, as a part of the review the Remuneration Committee considered metrics that might be appropriate for the short-term incentive. As noted elsewhere in this annual report, the Group's drivers of their main source of revenues and profit arising in the current year – sales on vacant possession – are beyond the control of the Group or the Executive Directors. This is because these are in turn driven by factors that are outside the Group's control: the timing of vacant possession, the location and thus market price of properties disposed of, the original purchase date of the properties sold and the appetite for the properties that are sold.

It is also the case that at a transaction level, the net proceeds are a function of the historic and current astuteness, judgement and experience brought to bear when purchasing properties, setting of reserve prices and the pricing of those sales being made by private treaty – all of which are ongoing activities firmly in the remit of the Executive Directors and their teams. The Remuneration Committee considered that, while firmly of the view that there should be a clear link between the Group's financial results and the short term element of the remuneration of the Executive Directors, metrics that attempted to link Executive performance with the current year's profits would be unreliable and, at best, be artificial and, at worst, be misleading and thus the Remuneration Committee concluded that the current approach continued to be appropriate.

Remuneration Report *(Continued)*

The Remuneration Committee takes these factors concerning historical and current performance into account when applying its judgement and discretion in the process for determining the short-term incentive payments as they are relevant to the profits generated in any one year.

PROPOSED POLICY CHANGES:

As a result of the consultation and analysis carried out, the Remuneration Committee is proposing a number of policy changes. Those relating to the components of Executive and Non-Executive Directors' remuneration are noted in the tables below. Other changes made are to insert the provision of a time limit, set on a case by case basis, for paying relocation costs, and clarification of the termination payments for NEDs. In addition, where needed, minor editorial changes have been made without altering the substance of the previous policy.

KEY PRINCIPLES OF REMUNERATION POLICY

The Company's Remuneration Policy is designed to attract, motivate and retain the right talent for our business in order that it can continue to deliver excellent returns for shareholders.

As described above, the Remuneration Committee believes that there should be a clear link between the Group's financial results and the short-term incentive element of the remuneration of Executive Directors. In order to achieve this, the Remuneration Policy provides for the Executive Directors' total remuneration to comprise the following elements: base salary, a short-term incentive award, pension and benefits. All elements that are considered annually by the Remuneration Committee notably in our review of base salary and the Short-Term Incentive award. Base salary is reviewed against seniority, inflationary increases, personal performance, changes in responsibilities and the peer group; whereas the short-term incentive award is reviewed and aligned to:

1. the Group's financial metrics (primarily profit before tax)
2. a Director's personal contribution; and
3. non-financial corporate goals to build for long term sustainable success, including management development, succession planning and the maintenance of a robust business infrastructure.

At the same time the Remuneration Committee takes account of the pay and conditions for our staff and reviews market comparators to ensure that reward is appropriate. The Remuneration Committee considers the relative performance of the Group's results in relation to its peers in determining where appropriate benchmarks should be set (i.e. upper quartile, median or lower quartile).

Given that the Executive Directors (particularly the CEO) have significant holdings of the Company's shares, the Remuneration Committee does not consider that a long-term incentive share scheme (LTI) or other similar share schemes are appropriate. Similarly, the Committee consider that in view of both these factors and the experience and long service of the Executive Directors, malus and clawback provisions are not appropriate at this time. Both the role of an LTI and clawback provisions will be reviewed if other Executive appointments are made in the future.

The Executive Directors do not receive a pension, but the Remuneration Policy still provides for a pension contribution in the event that new appointments are made in the future.

Pension contributions are made on behalf of other employees working at the Company.

REMUNERATION POLICY

Set out below is the Remuneration Policy proposed to take effect from 12 August 2020 subject to shareholder approval at the AGM to be held on that day. The Remuneration Policy has been developed in consultation with major shareholders as described above and aims to ensure that the remuneration of the Executive Directors reflects their contribution to the performance of the Group.

The tables below summarise the main elements of the remuneration packages of the Executive Directors, the key features of each element, their purpose and linkage to our strategy. The table also notes the changes from the current policy that have been used in setting the Executive Directors' 2019/20 Short-Term Incentive awards and their base salaries for 2020/21.

EXECUTIVE DIRECTORS

Component	Proposed new policy	Changes from old policy
BASE SALARY*		
Purpose and link to strategy	To provide a competitive level of non-variable remuneration aligned to the Company's peer group and reflective of the seniority of the post, the experience of the Executive and the known and expected contribution to the Group's strategy.	Unchanged
Operation	Base salaries are reviewed each year with regard to the seniority of the individual, changes to responsibilities, performance, peer group developments and inflationary increases taking into account the Consumer Prices Index, published annual remuneration surveys and the average change in workforce salaries, excluding promotion, merit or similar components of workforce rises, if this is lower than the published inflation indices.	Clarifies the role of published surveys and the inflation component of workforce salary increases.
Opportunity	Base salaries are fixed for each financial year and effective from 1 April each year.	Unchanged
Performance metrics	None	Unchanged
PENSION*		
Purpose and link to strategy	To attract and retain high quality Executives by providing income in retirement.	Unchanged
Operation	The Company would offer contributions to an approved defined contribution pension scheme.	Unchanged
Opportunity	Contributions would be made at the rate applied to workforce pensions and be based on base salary only. Contributions may be made at a higher rate through salary sacrifice.	Contributions aligned with the wider workforce, though salary sacrifice is possible.
Performance metrics	None	Unchanged
BENEFITS*		
Purpose and link to strategy	To aid the recruitment and retention of high quality Executives.	Unchanged
Operation	The Company provides private medical insurance, sick pay and life assurance. Other non-pension benefits may be provided if the Remuneration Committee considers it appropriate.	Clarifies that pension benefits are governed by policy above.
Opportunity	The benefits are fixed in relation to the Executive's base salary. The Remuneration Committee reviews the appropriateness of these benefits. The value of benefits may vary from year to year depending on the cost to the Company from third-party providers.	Unchanged
Performance metrics	None	Unchanged
SHORT TERM INCENTIVE*		
Purpose and link to strategy	Incentive award to be aligned with Group financial performance and reward personal contribution to results.	Unchanged
Operation	Awards are reviewed each year with regard to the individual's performance and their contribution to the Group's performance, financial results and peer group comparators.	Unchanged
Opportunity	Any award under this scheme will be set at a level that aligns the short-term incentive award with the Group's financial performance, while also reflecting non-financial contributions and remaining comparable with our peer group. The maximum percentage of base salary payable for an award under this scheme is 150%.	Maximum reduced from 250% to 150%
Performance metrics	The Remuneration Committee considers financial metrics (currently primarily profit before tax), other non-financial achievements and corresponding movements within the peer group over the course of the financial year under review.	Unchanged

* As noted above, the Committee concluded that clawback provisions were not appropriate at this time.

GOVERNANCE

Remuneration Report *(Continued)*

NON-EXECUTIVE DIRECTORS

The policy on Non-Executive Directors' fees is set out below:

Component	Proposed new policy	Changes from old policy
FEES		
Purpose and link to strategy	Non-Executive Directors receive a fee to cover their time and expenses in attending Board, Committee and any other meetings that they are required to attend over the year. Non-Executive Directors may receive additional fees and expenses for attending meetings not otherwise in the ordinary course of their duties, or where additional effort is needed above that required by the terms of their appointment.	Unchanged
Operation	Fees are reviewed periodically by the Board with reference to the expected time commitment and market level for such services. Non-Executive Directors are not entitled to any other incentives or benefits beyond their fees and reimbursement for travel and related business expenses reasonably incurred in performing their duties.	Moves note on amounts receivable by NEDs to 'Operation' from 'Opportunity'. Otherwise unchanged.
Opportunity	The aggregate fees and any benefits of the Chairman and Non-Executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees, currently £250,000 p.a. in aggregate. Any increases in fee levels made will be appropriately disclosed in the Annual Report.	Confirms the cap on aggregate NED fee levels.
Performance metrics	None	Unchanged

APPROACH TO RECRUITMENT REMUNERATION

When setting the remuneration package for a new Executive Director, the Remuneration Committee will apply the same principles and policy as set out above. Depending on individual circumstances, the Remuneration Committee will consider providing pension contributions and other long-term incentives appropriate to the individual and their responsibilities.

Base salary will be set at a level appropriate to the role and experience of the Executive Director being appointed. This may include agreement on future increases up to a market rate, in line with increasing experience and responsibilities, subject to good performance, where it is considered appropriate by the Remuneration Committee.

In relation to external appointments, the Remuneration Committee may structure a remuneration package that it considers appropriate to recognise awards or benefits that may or will be forfeited on resignation from a previous position, taking into account timing and valuation – and any other matters it considers relevant. The policy is that the maximum payment under any such arrangement (which may be in addition to the normal variable remuneration) should be no more than the Remuneration Committee considers is required to provide reasonable compensation to the incoming Executive Director.

In the case of an employee who is promoted to the position of Executive Director, it is the Company's policy to honour pre-existing award commitments (including awards, incentives, benefits and contractual arrangements) in accordance with their terms to the extent that such pre-existing commitments are permitted by the Code.

Where any recruitment involves the agreed relocation of the individual, the Company may offer additional benefits and meet some or all associated costs for periods that would be agreed by the Remuneration Committee on a case by case basis.

Where an individual is appointed as a result of an acquisition, merger or other corporate event, the Company will honour any legacy terms and conditions to the extent that such legacy terms are permitted by the Code.

Non-Executive Directors appointments will be made based on a Non-Executive Director agreement. Non-Executive Directors' fees, including those of the Chairman, will be set at a competitive market level, reflecting the experience of the individual and the responsibility and time commitment of the role.

In all cases the Remuneration Committee will bear in mind the best interests of the Company.

DETAILS OF DIRECTORS' SERVICE CONTRACTS

EXECUTIVE DIRECTORS

	Contract Date	Unexpired Term	Notice Period
Mr D.M. Sinclair	8 August 2002	No fixed term	12 months
Mrs M.M. Bray	1 April 2004	No fixed term	12 months

The Executive Directors' service contracts contain provisions relating to matters such as salary, salary continuance in the event of illness, holidays, life and medical insurance, etc. The Executive Directors' service contracts can be terminated on 12 months' notice by either party.

The Executive Directors are entitled to a compensation payment upon a change of control of the Company. Such compensation payment (subject to the deduction of income and other taxes required by law and any other sums owed by the Executive Director to the Company) is equal to the Executive Director's annual gross remuneration as reported in the Company's last audited accounts. The Executive Directors' contracts make no other provision for termination payments other than for salary and benefits in lieu of notice.

Executive Directors are entitled to reasonable out of pocket expenses when on Company business.

NON-EXECUTIVE DIRECTORS

	Contract Date	Unexpired Term	Notice Period
Ms M.L. Archibald	1 July 2020	36 months	None
Dr A.R. Williams	1 December 2018	17 months	None
Mr A.W. Powell	1 April 2018	9 months	None

Non-Executive Directors are only entitled to accrued fees due to them at the date of termination of their appointment and, where appropriate, a payment in lieu of their contractual notice period.

OTHER MATTERS

The Remuneration Committee may make non-substantial amendments to the policy set out above.

In making its decisions, the Remuneration Committee shall take into account the conditions of the Group as a whole and proposals as regards the general staff.

Lastly, the Remuneration Committee considers the views of investor bodies and shareholders. The Company seeks an ongoing dialogue with shareholders on all matters of strategic importance – including remuneration.

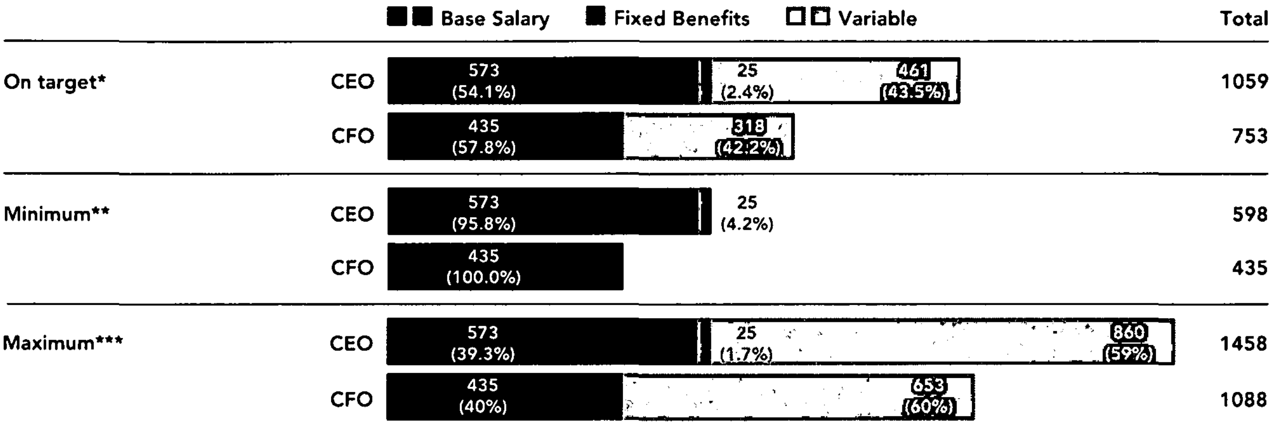
POLICY REGARDING EXTERNAL APPOINTMENTS

Executive Directors are not actively encouraged to hold external directorships. Duncan Sinclair is a director of Sinclair Estates Ltd. and Ossian Investors Ltd, companies which hold property assets in run-off. He is also a Trustee of The Sinclair Charity and a Director of Sinclair Events Ltd.

Non-Executive Directors are appointed because of their skills and experience and it is accepted that they have other commitments beyond Mountview. The Chairman keeps the availability of Non-Executive Directors under review to ensure that they have the capacity to support the Company as required.

Remuneration Report *(Continued)*

ILLUSTRATION OF POSSIBLE OUTCOME IN CEO AND CFO REMUNERATION £000s



* As noted earlier in the remuneration report, formal targets are not used in determining the short-term incentive awards, with the award being based on year on year relative financial and non-financial performance and the Executive Director's personal contribution which includes a mix of objective and subjective measures. For the purposes of the 'At expectation' illustration we have assumed that the Short Term Incentive award would represent the same proportion of the base salary as in 2019/20.

** Minimum is based on fixed remuneration consisting of projected annual salary for 20/21 with fixed benefits but assuming no Short-Term Incentive award.

*** Maximum is based on fixed remuneration consisting of projected annual salary for 20/21 with fixed benefits with the maximum Short-Term Incentive award opportunity of 150% of base salary.

APPLICATION OF THE REMUNERATION POLICY

The Remuneration Committee starts its process by reviewing the market benchmarks for remuneration amongst the Group's peer group, with particular focus on any movements in salaries for the current year and recent Group performance. The Remuneration Committee would then determine the appropriate level of base salary for the Executive directors with reference to these results, as well as considering relative performance against the peer group.

The Remuneration Committee sets the Executive Directors' Short-Term Incentive award at a level to reflect the Group's financial performance while remaining comparable with our peer group. The award is referenced to the financial metrics of the Group (primarily profit before tax) and also takes account of such other factors as the Remuneration Committee sees fit such as:

- Any other non-financial factors to be considered;
- The total remuneration of other peer group companies and movement in market benchmarks.

GOVERNANCE

IMPLEMENTATION REPORT AUDITED INFORMATION

DIRECTORS' TOTAL REMUNERATION SINGLE FIGURE TABLE

2020	Salary £000	Benefits in kind[2] £000	Total Fixed Remuneration[3] £000	Bonus[4] £000	Total £000
Executive					
D.M. Sinclair	**555**	**25**	**580**	**447**	**1,027**
M.M. Bray	**421**	**-**	**421**	**308**	**729**
Non-Executive					
A.W. Powell[1]	**99**	**-**	**99**	**–**	**99**
M.L. Archibald	**39**	**-**	**39**	**–**	**39**
Dr A.R. Williams	**39**	**-**	**39**	**–**	**39**
	1,153	**25**	**1178**	**755**	**1,933**

1 Commensurate with his role as Chairman Tony Powell's salary was increased to £99k p.a. from 1 April 2019.

2 The Benefits in kind are as set out in the policy table.

3 The current Executive directors do not receive a pension contribution thus the Total Fixed remuneration comprises salary and benefits.

4 The approach used for the bonus awards is described in the 'Activities of the Committee' note on page 35. The Company does not operate a LTI scheme, and thus the bonus figures are the Total Variable Remuneration.

2019	Salary £000	Benefits in kind[3] £000	Total Fixed[4] Remuneration £000	Bonus[5] £000	Total £000
Executive					
D.M. Sinclair	530	24	554	421	975
M.M. Bray	402	–	402	290	692
Non-Executive					
A.C.J. Solway[1]	124	–	124	-	124
A.W. Powell	46	–	46	-	46
M.L. Archibald[2]	39	–	39	-	39
Dr A.R. Williams[2]	39	–	39	–	39
	1,180	24	1,204	711	1,915

1 A.C.J. Solway's salary was increased to £99k p.a. from 1 April 2018. His remuneration above includes payment until the cessation of his contract at 30 June 2019.

2 M.L. Archibald and Dr A.R. Williams salaries were increased to £39k p.a. from 1 April 2018.

3 The Benefits in kind are as set out in the policy table.

4 The current Executive directors do not receive a pension contribution thus the Total Fixed remuneration comprises salary and benefits.

5 The approach used for the bonus awards is described in the 'Activities of the Committee' note on page 35. The Company does not operate a LTI scheme, and thus the bonus figures are the Total Variable Remuneration.

Remuneration Report *(Continued)*

UNAUDITED INFORMATION

CEO SINGLE FIGURE

		Bonus as % of maximum bonus *	**CEO single figure of total remuneration £000**
2020	D.M. Sinclair	32.20%	1,027
2019	D.M. Sinclair	31.77%	975
2018	D.M. Sinclair	34.02%	977
2017	D.M. Sinclair	41.20%	1,038
2016	D.M. Sinclair	52.91%	943
2015	D.M. Sinclair	33.33%	778
2014	D.M. Sinclair	32.00%	659
2013	D.M. Sinclair	32.00%	662
2012	D.M. Sinclair	23.27%	520
2011	D.M. Sinclair	33.60%	523

* Prior to 2017 the Remuneration Policy did not have a maximum for STI – so the bonus as a percentage of maximum is not formally computable. However, for the purposes of comparison we have computed these percentages for earlier years as if the post 2017 policy applied. In addition, as noted on page 38 the Company does not operate a LTI scheme.

PERCENTAGE CHANGE IN REMUNERATION OF CEO AND EMPLOYEES

The percentage change in remuneration between 2019 and 2020 for the CEO and for all employees, excluding the Directors, in the Group was:

CEO	5.33%
Employee population (excluding the Directors)	5.33%

CFO SINGLE FIGURE

		Bonus as % of maximum bonus *	**CFO single figure of total remuneration £000**
2020	M.M. Bray	29.25%	729
2019	M.M. Bray	28.86%	692
2018	M.M. Bray	30.97%	692
2017	M.M. Bray	37.87%	730
2016	M.M. Bray	48.42%	661
2015	M.M. Bray	31.70%	546
2014	M.M. Bray	28.80%	473
2013	M.M. Bray	28.80%	473
2012	M.M. Bray	20.43%	373
2011	M.M. Bray	27.91%	383

* Prior to 2017 the remuneration policy did not have a maximum for STI – so the bonus as a percentage of maximum is not formally computable. However, for the purposes of comparison we have computed these percentages for earlier years as if the post 2017 policy applied. In addition, as noted on page 38 the Company does not operate a LTI scheme.

PERCENTAGE CHANGE IN REMUNERATION OF CFO AND EMPLOYEES

The percentage change in remuneration between 2019 and 2020 for the CFO and for all employees, excluding the Directors, in the Group was:

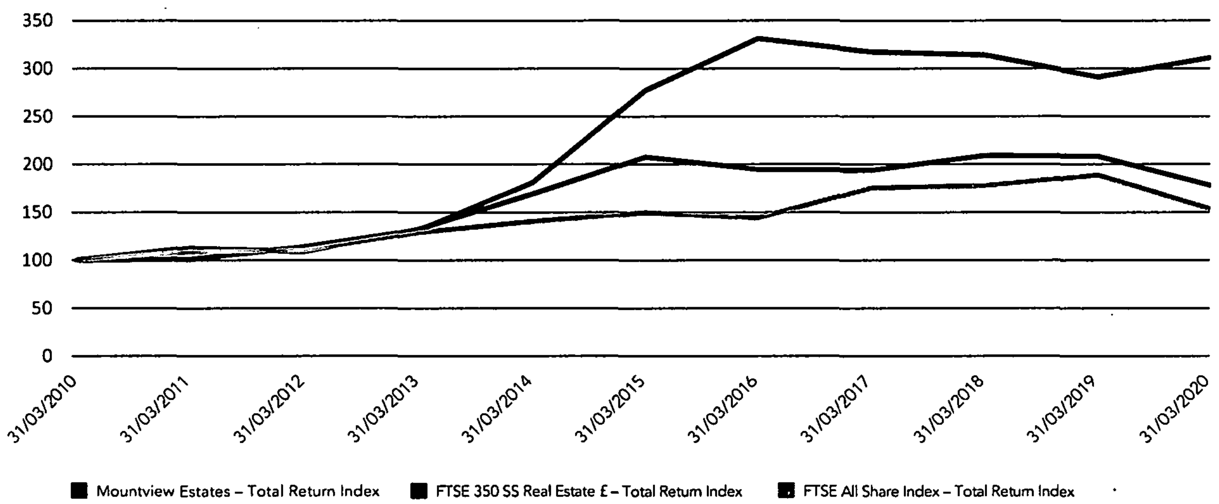
CFO	5.35%
Employee population (excluding the directors)	5.33%

PERFORMANCE GRAPH

The graph illustrates the Company's performance compared to a broad equity market index over the past ten years. As the Company is a constituent of the FTSE 350 Real Estate Index, that index is considered the most appropriate form of broad equity market index against which the Company's performance should be plotted. Performance is measured by Total Shareholder Return as represented by share price performance and dividend.

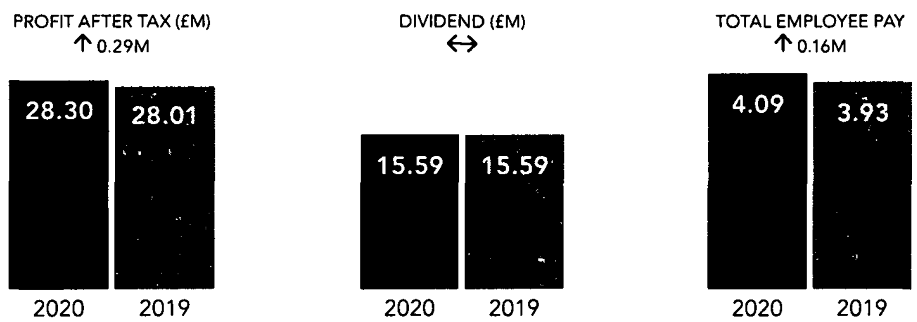
The graph looks at the value of £100 invested in Mountview Estates P.L.C. compared to the value of £100 invested in the FTSE All-Share Index and the FTSE 350 Real Estate Index on 31 March each year.

10 YEAR TSR RETURN – ANNUAL CHART



RELATIVE IMPORTANCE OF SPEND ON PAY

The difference in actual expenditure between 2019/20 and 2018/19 on remuneration for all employees in comparison to profit after tax and distributions to shareholders by way of dividend is set out in the tabular graphs below:



Remuneration Report *(Continued)*

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN THE CURRENT FINANCIAL YEAR

With effect from 1 April 2020 the basic salary of CEO will be increased to £573k p.a. and the CFO to £435k p.a.

DETAILS OF THE REMUNERATION COMMITTEE

During 2019/2020 the Remuneration Committee comprised three Non-Executive Directors, two of whom were independent.

Details of the Non-Executive Directors who were members of the Remuneration Committee during the year are disclosed on page 35.

STATEMENT OF VOTING AT GENERAL MEETING

At the Annual General Meeting held on 7 August 2019 the Non-Executive directors' Remuneration Report received the following votes based on proxy forms from shareholders.

Resolution	**Number of shares**	**Voting for %**	**Number of shares**	**Voting against %**	**Total votes cast**	**Votes withheld**
Annual report on Remuneration (2019 AGM)	1,997,786	67.96%	942,065	32.04%	2,939,851	0
Remuneration Policy (2017 AGM)	1,700,309	67.25%	828,077	32.75%	2,528,386	0

As reported through the RNS service on February 10, 2020: Following the 2019 AGM in August and prior to the general meeting held on 18 November 2019, the Company identified as far as possible those shareholders who did not support the various resolutions and attempted to engage with them to seek their views. They declined to meet or engage. The Company remains committed to shareholder engagement and will continue to offer to meet with shareholders to take into account their concerns and considerations in the future.

DIRECTORS' INTERESTS IN SHARE CAPITAL*

The number of Ordinary Shares in the Company in which the Directors and their families were interested is as follows:

	31 March 2020	**31 March 2019**
Ordinary Shares of 5p each		
D.M. Sinclair including: • beneficial holding of Sinclair Estates Limited of 54,165. (Mr Sinclair is a Director of Sinclair Estates Limited.) • non-beneficial holding of The Sinclair Charity of 58,117 (Mr Sinclair is a trustee of The Sinclair Charity.)	**596,500**	595,700
M.M. Bray	**12,302**	12,302
A.C.J Solway**	**–**	500
Dr A.R. Williams	**62,072**	52,916

* As noted on page 38 the Company does not operate any LTI or similar share schemes.

** A.C.J. Solway resigned as at 31 March 2019.

All the above interests are beneficial unless otherwise stated. There were no other changes in shareholdings during the year.

Ms. M.L. Archibald
Chairman of the Remuneration Committee
9 July 2020

Report of the Nomination Committee

MEETINGS

Committee Member	Meetings Attended	Meetings eligible to Attend
Mr D.M. Sinclair – Chair	2	2
Mrs M.M. Bray	2	2
Ms M.L. Archibald	2	2
Mr A.W. Powell	2	2
Dr A.R. Williams	2	2

All the Directors of the Company are members of the Nomination Committee.

Dear Shareholder,

I am pleased to present the Nomination Committee report which sets out its role and activities during the year.

HOW THE NOMINATION COMMITTEE OPERATES

The Board considers that given its size, it would be unnecessarily burdensome to establish a separate Nomination Committee that did not include the entire Board and believes that this enables all Directors to be kept fully informed of any issues that arise. The Nomination Committee met twice during the year ended 31 March 2020, supplemented by informal meetings and discussions. Only the members of the Nomination Committee have the right to attend meetings, but we may invite other executives or advisers to attend all or part of any meeting as appropriate.

As previously reported, Mr A.W. Powell took on the role of Acting Non-Executive Chairman with effect from 31 March 2019, and following the 19 November 2019 meeting of the Nomination Committee was appointed as Non-Executive Chairman with immediate effect. This ensured that continuity was provided with a minimum of disruption to the Board and the business.

ROLE OF THE NOMINATION COMMITTEE

The main roles and responsibilities of the Committee are set out in its terms of reference, which are reviewed annually and are available on the Group's website. These responsibilities include assisting the Board in discharging its responsibilities relating to the composition and make-up of the Board and its Committees, succession planning, the endorsement of Directors for re-election at the AGM and, when needed, the appointment of additional Directors.

The Board believes in the benefit of having a broad range of skills and backgrounds and the need to have a balance of experience, independence, diversity - including gender, and knowledge of the Group and its Board of Directors. These matters are taken into account during recruitment but ultimately we look to appoint the best candidate for the role on the basis of their merit and ability taking into account the needs of the Group, including the skills needed to support delivery of the Group's strategic objectives and to ensure the effective functioning of the Board now and in the future.

Report of the Nomination Committee
(Continued)

PROCESS FOR BOARD APPOINTMENTS

No new appointments to the Board were made during 2019/20.

The Nomination Committee has a formal appointment process in place that embraces these principles and would be used should the need for a new appointment be identified. The key steps in the process are:

- The Nomination Committee considers the skills and experience that it believes are needed for the Group to function effectively, taking account of the skills of the existing Board members and those of external advisers that the Board needs to draw on from time to time.
- Where a particular skill set is believed to be in continuous demand then the Nomination Committee will evaluate the balance of the skills currently on the Board in order to identify a specification of the personal attributes, skills and capabilities and experience needed, including, but not limited to, the skill set that prompted this evaluation.
- Should it be appropriate to filling the vacancy to look for an external candidate, then an independent external search consultant will be appointed, the needs of the appointment and the recruitment process discussed and agreed.
- The process, including interviews and evaluation will be followed in conjunction with the external consultant.
- The conclusion of the process would be a recommendation to the Board.

DIVERSITY

As at 31 March 2020, the Group had one female Executive Director, Mrs Marie Bray, who has been on the Board since 2004, and one female Non-Executive Director, Ms Mhairi Archibald, who has been on the Board since July 2014. Female Board membership represented 40% of the Board. The Group has 7 Senior Managers (who are not Directors), 3 of whom are female. Of our 29 total employees, 11 are male and 18 are female.

ACTIVITIES OF THE COMMITTEE

The Nomination Committee, and related Board discussions, covered the following matters:

- the composition of the Board and the Board's committees
- the balance of skills, experience and knowledge required by the Board and its committees and the business as a whole
- the internal appointment of Mr A W Powell as Non-Executive Chairman
- the re-election of all the Directors at the AGM in 2020, taking into account their contribution and time commitments
- the review of the Group's approach to and provisions for succession planning, developing staff, diversity and gender balance and Board evaluation. These matters are discussed in the Directors' Report and the Corporate Governance Report.

As a result of their work, the Nomination Committee is satisfied that the Board has the necessary experience to lead the Group and deliver on its strategy.

BOARD AND COMMITTEE EVALUATION

The Directors consider that the small size of the Group and Board does not warrant a formal performance evaluation process. However, performance of the Directors is evaluated on an ongoing basis by the Board. This is a matter continually under review.

D.M. Sinclair
Chairman of the Nomination Committee
9 July 2020

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2020

	Notes	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Revenue	4	**64,873**	65,428
Cost of sales	4	**(23,519)**	(24,627)
Gross profit		**41,354**	40,801
Administrative expenses		**(5,630)**	(5,442)
Gain on sale of investment properties	13	**1,174**	–
Operating profit before changes in fair value of investment properties		**36,898**	35,359
(Decrease)/Increase in fair value of investment properties	13	**(969)**	287
Profit from operations		**35,929**	35,646
Net finance costs	8	**(988)**	(1,079)
Profit before taxation		**34,941**	34,567
Taxation – current	9	**(7,320)**	(6,504)
Taxation – deferred	19	**675**	(55)
Taxation	9	**(6,645)**	(6,559)
Profit attributable to equity shareholders and total comprehensive income		**28,296**	28,008
Basic and diluted earnings per share (pence)	11	**725.7p**	718.3p

All the activities of the Group are classed as continuing.

The Notes on pages 53 to 69 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

for the year ended 31 March 2020

	Notes	As at 31 March 2020 £000	As at 31 March 2019 £000
Assets			
Non-current assets			
Property, plant and equipment	12	**1,670**	1,710
Investment properties	13	**24,122**	28,112
		25,792	29,822
Current assets			
Inventories of trading properties	15	**392,069**	392,384
Trade and other receivables	16	**3,676**	1,915
Cash at bank	18	**3,553**	1,981
		399,298	396,280
Total assets		**425,090**	426,102
Equity and liabilities			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	**195**	195
Capital reserve	22	**25**	25
Capital redemption reserve	22	**55**	55
Other reserves	22	**56**	56
Retained earnings	23	**379,243**	366,543
		379,574	366,874
Non-current liabilities			
Long-term borrowings	18	**31,100**	47,250
Deferred tax	19	**4,076**	4,751
		35,176	52,001
Current liabilities			
Bank overdrafts and short-term loans	18	**2,060**	1,250
Trade and other payables	17	**4,830**	2,812
Current tax payable		**3,450**	3,165
		10,340	7,227
Total liabilities		**45,516**	59,228
Total equity and liabilities		**425,090**	426,102

Approved by the Board on 9 July 2020.

D.M. Sinclair. M.M. Bray

D.M. Sinclair
Chief Executive

M.M. Bray
Director

The Notes on pages 53 to 69 are an integral part of these consolidated financial statements.

COMPANY REGISTRATION NO: 00328020

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

	Notes	Share capital £000	Capital reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total £000
Changes in equity for year ended 31 March 2019							
Balance as at 1 April 2018		195	25	55	56	354,131	354,462
Profit for the year						28,008	28,008
Dividends	10					(15,596)	(15,596)
Balance at 31 March 2019	23	195	25	55	56	366,543	366,874
Changes in equity for year ended 31 March 2020							
Balance as at 1 April 2019		**195**	**25**	**55**	**56**	**366,543**	**366,874**
Profit for the year						**28,296**	**28,296**
Dividends	10					**(15,596)**	**(15,596)**
Balance at 31 March 2020	23	**195**	**25**	**55**	**56**	**379,243**	**379,574**

The Notes on pages 53 to 69 are an integral part of these consolidated financial statements

FINANCIAL STATEMENTS

Consolidated Cash Flow Statement

for the year ended 31 March 2020

	Notes	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Cash flows from operating activities			
Profit from operations		**35,929**	35,646
Adjustment for:			
Depreciation	12	**64**	61
(Gain) on disposal of investment properties	13	**(1,174)**	–
Decrease/(Increase) in fair value of investment properties	13	**969**	(287)
Operating cash flows before movement in working capital		**35,788**	35,420
Decrease/(Increase) in inventories		**315**	(15,505)
(Increase) in receivables	16	**(1,761)**	(56)
Increase in payables	17	**2,018**	969
Cash generated from operations		**36,360**	20,828
Interest paid	8	**(988)**	(1,079)
Income tax		**(7,035)**	(5,677)
Net cash inflow from operating activities		**28,337**	14,072
Investing activities			
Proceeds from disposal of investment properties	13	**4,195**	–
Purchase of property, plant and equipment	12	**(24)**	–
Net cash inflow from investing activities		**4,171**	–
Cash flows from financing activities			
(Repayment) of borrowings		**(16,835)**	(1,863)
Equity dividend paid		**(15,596)**	(15,596)
Net cash (outflow) from financing activities		**(32,431)**	(17,459)
Net Increase/(Decrease) in cash and cash equivalents		**77**	(3,387)
Opening cash and cash equivalents		**1,981**	5,368
Cash and cash equivalents at end of year	18	**2,058**	1,981

The Notes on pages 53 to 69 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

1. GENERAL INFORMATION

Mountview Estates P.L.C. (the Company) and its subsidiaries (the Group) is a property trading company with a portfolio in England and Wales.

The Company is a public limited liability company incorporated, domiciled and registered in England.

The address of its registered office is: 151 High Street, Southgate, London N14 6EW. The Company website is: www.mountviewplc.co.uk.

The Company has its premium listing on the London Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 9 July 2020.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) BASIS OF PREPARATION

The Group's financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable International Financial Reporting Standards (IFRS), as adopted by the EU.

The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP. These are presented on pages 75 to 83.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 2(R) 'Critical Accounting Judgements and Key Areas of Estimation Uncertainty'.

(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 31 March each year. 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

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.

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2020

2. ACCOUNTING POLICIES CONTINUED

(C) SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Group has identified two such segments as follows:

- Property Trading
- Property Investment

The segments are UK based. More details are given in Note 5 on page 60.

(D) INCOME TAX

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(E) REVENUE

Revenue includes proceeds from sales of properties, rental income from properties held as trading stock, investment and other sundry items of revenue before charging expenses.

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.

(F) DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as an expense in the Group's financial statements in the period in which the dividends are approved.

(G) INTEREST EXPENSE

Interest expense for borrowings is recognised within 'finance costs' in the income statement using the effective interest rate method. The effective interest method is a method of calculating the financial liability and of allocating the interest expense over the relevant period.

2. ACCOUNTING POLICIES CONTINUED

(H) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset using the straight-line method as follows:

Freehold property	– 2% per annum
Fixtures and fittings and office equipment	– 20% per annum
Computer equipment	– 25% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year. *An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its* estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Income Statement.

(I) IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Any impairment is recognised in the Income Statement in the year in which it occurs.

(J) INVESTMENT PROPERTY

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property.

Investment property is measured initially at its cost including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specified asset. If this information is not available the Group uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections.

Subsequent expenditure is included in the carrying amount of the property when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Gains or losses arising from changes in the fair value of the Group's investment properties are included in the Income Statement of the period in which they arise.

(K) INVENTORIES – TRADING PROPERTIES

These comprise residential properties, all of which are held for resale, and are shown in the financial statements at the lower of cost and estimated net realisable value. Cost includes legal fees and commission charges incurred during acquisition together with improvement costs. Net realisable value is the net sale proceeds which the Group expects on sale of a property in its current condition with vacant possession. The analysis of the Group revenue as at 31 March 2020 is on page 59.

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2020

2. ACCOUNTING POLICIES CONTINUED

(L) PENSION COSTS

The Group operates a stakeholder contribution pension scheme for employees. The annual contributions payable are charged to the Income Statement. The Group has no further payment obligations once the contributions have been paid.

(M) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument. Trade and other receivables, trade and other payables, and cash and cash equivalents are measured at amortised cost.

(N) BANK BORROWINGS

Loans are recorded at fair value at initial recognition and thereafter at amortised costs under the effective interest method.

(O) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(P) LEASING

Group as lessor

The Group's non-cancellable operating leases relate to regulated tenancies under which tenants have the right to remain in a property for the remainder of their lives. It is therefore not possible to estimate timing of future minimum payments in respect of these regulated tenancies, hence these are not separately disclosed in the financial statements.

Group as lessee

Rentals payable under leases for assets considered to be of low value are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(Q) ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

The standard IFRS16 Leases was effective for the current financial year. This standard replaced IAS17 Leases, however as the Group is a lessor the impact of the change was not significant. The Group's only operating leases are those for leased cars, which the Directors have determined are not material and which will be recognised on a straight-line basis over the term of the lease.

Other standards, interpretation and amendments effective in the current financial year have not had a material impact on the Group financial statements.

Other standards, interpretations and amendments issued but not yet effective are not expected to have a material impact on the Group financial statements.

(R) CRITICAL ACCOUNTING JUDGEMENTS AND KEY AREAS OF ESTIMATION UNCERTAINTY

Going concern

The Directors are required to make an assessment of the Group's ability to continue to trade as a going concern.

The two main considerations were as follows:

1. Refinancing of banking facilities

The Group has re-negotiated a £20 million (2019: £20 million) revolving loan facility with HSBC Bank. The termination date of this facility is November 2023.

The Group has a £60 million (2019: £60 million) revolving loan facility with Barclays Bank. The termination date of this facility is December 2022.

2. ACCOUNTING POLICIES CONTINUED

2. Covenant compliance

The core facility has two covenants, Consolidated Gross Borrowings as a percentage of Consolidated Net Tangible Assets, and the ratio of Consolidated PBIT to Consolidated Gross Financing Costs. The Group has remained well within both of these covenants during the year.

On the basis of the above, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Distinction between investment and trading property

The Group considers the intention at the outset when each property is acquired in order to classify the property as either an investment or a trading property. Where the intention is to either trade the property or where the property is held for immediate sale upon receiving vacant possession within the ordinary course of business, the property is classified as trading property. Where the intention is to hold the property for its long-term rental yield and/or capital appreciation, the property is classified as an investment property.

Investment properties

In considering the values attributable to the investment portfolio, the following factors are taken into consideration:

- sales of properties within the Group's portfolio during the preceding 12 months
- sales of properties in the same district whenever the information is available
- published market research concerning the performance of the property market in this region and district
- factors affecting individual properties and units in relation to value, and factors in the district which might affect the values of individual properties and units.

The valuation of the portfolios was made in accordance with the requirements of the RICS Valuation – Global Standards 2020.

Carrying value of trading stock

The Group's residential trading stock is carried in the balance sheet at the lower of cost and net realisable value.

As the Group's business model is to sell trading stock on vacancy, net realisable value is the net sales proceeds which the Group expects on sale of a property with vacant possession. Given that all stock is purchased at a discount to the value with vacant possession the Directors consider the risk of impairment to be low.

Inventory expected to be settled in more than 12 months

The Board estimates that inventory of £19.5 million will be settled within the next 12 months, with the remaining inventory value expected to be settled in more than 12 months. This estimation is based on the average cost of sales of inventory over the last three year period. Mountview's business, both historic and current, has involved the purchase for sale of residential properties subject to regulated tenancies, such properties being sold when vacant possession is obtained.

Regulated tenancies by their nature are not for any specific period of time and in most cases they do not become vacant until the death of the tenant.

It is difficult to predict with any certainty the time at which Mountview's inventory properties might become vacant.

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 March 2020

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

1. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including price risk and cash flow risk), credit risk and liquidity risk. The Group's policies on financial risk management are to minimise the risk of adverse effect on performance and to ensure the ability of the Group to continue as a going concern.

The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

(A) MARKET RISK

The Group is exposed to market risk through interest rates and availability of credit.

Price risk

- The Group is exposed to property price and property rental risk.

Cash flow and fair value interest rate risk

- As the Group has no significant interest bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

Long-term borrowings

- Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow and fair value interest rate risk is constantly monitored by the Group's management.

The Board is confident that based on the historical performance of the Group, the finance costs are sufficiently covered by the rental income.

The Group has two covenants covering Consolidated Gross Borrowings as a percentage of Consolidated Net Tangible Assets, and the ratio of Consolidated PBIT to Consolidated Gross Financing Costs. These covenants were complied with during the financial year.

(B) CREDIT RISK

Exposure to credit risk and interest risk arises in the normal course of the Group's business.

The Group has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers, including outstanding receivables. The Directors are of the opinion that credit risk is minimal due to the low level of trade receivables relative to the Balance Sheet totals. Regulated tenants are incentivised through the benefit of their tenancy agreement to avoid default on their rent.

Lifetime tenancies are generally at low or zero rent and hence suffer minimal credit risk.

(C) LIQUIDITY RISK

The Group's liquidity position is monitored daily by management and is reviewed quarterly by the Board of Directors. The Group ensures that it maintains sufficient cash for operational requirements at all times. The nature of its business is very cash generative from its gross rents and sales of trading properties.

In adverse trading conditions, new acquisitions can be minimised, and as a consequence will reduce the gearing level and improve the liquidity. A summary table with the majority of financial liabilities is presented in Note 18.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

(D) CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total debt and equity.

	2020 £000	2019 £000
Total borrowings	**33,160**	48,500
Less cash	**(3,553)**	(1,981)
Net borrowings	**29,607**	46,519
Total equity	**379,574**	366,874
Net borrowings plus equity	**409,181**	413,393
Gearing ratio	**7.2%**	11.3%

4. ANALYSIS OF REVENUE AND COST OF SALES

All revenue arises in England and Wales.

1. Rental income from tenancies of occupied properties. The income is recognised on an accruals basis.
2. Sale of stock properties. This is recognised on the date of legal completion.

	2020 £000	2019 £000
Revenue		
Gross sales of properties	**45,651**	46,430
Gross rental income	**19,222**	18,998
	64,873	65,428
Cost of sales		
Cost of properties sold	**17,686**	18,973
Property expenses	**5,833**	5,654
	23,519	24,627
Gross profit		
Sales of properties	**27,965**	27,457
Net rental income	**13,389**	13,344
	41,354	40,801

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 year ended 31 March 2020	29,221	41,819
Properties purchased since 30 September 2014 and sold during the year ended 31 March 2020	-	3,832
Gross sales of properties	-	45,651

The Market Values were on the basis that properties would be sold subject to any then existing leases and tenancies.

FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 March 2020

5. SEGMENTAL INFORMATION

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group monitors its operations in the following segments:

	2020			2019		
	Property trading £000	Property investment £000	Group £000	Property trading £000	Property investment £000	Group £000
Revenue	**64,349**	**524**	**64,873**	64,863	565	65,428
Operating profit before changes in fair value of investment properties	**35,722**	**1,176**	**36,898**	35,170	189	35,359
Finance costs	**(988)**	**–**	**(988)**	(1,079)	–	(1,079)
Profit after tax			**28,296**			28,008
Assets	**400,822**	**24,268**	**425,090**	397,787	28,315	426,102
Liabilities	**41,190**	**4,326**	**45,516**	54,400	4,828	59,228
Fixed assets						
Capital expenditure	**24**	**–**	**24**	–	–	–
Depreciation	**60**	**4**	**64**	53	8	61

Revenue of the property investment segment is derived entirely from rental income.

Head office costs have been allocated and included within the Group's two operating segments. The Group's two main business segments operate within England and Wales.

6. PROFIT FROM OPERATIONS

	2020 £000	2019 £000
The operating profit is stated after taking into account:		
Depreciation of tangible fixed assets	**64**	61
Gain on disposal of investment property	**1,174**	–
Auditors' remuneration		
– the audit of the Parent Company and Consolidated Financial Statements	**40**	36
– the audit of the Company's subsidiaries pursuant to legislation	**15**	15
– tax compliance work	**–**	4
Operating expenses for investment properties	**95**	94
And after crediting:		
– net rental income	**13,389**	13,344
– administrative charges to related companies (Note 24)	**33**	42

The average monthly number of employees during the year was as follows:

	2020	2019
Office and management	**29**	29

7. STAFF COSTS (INCLUDING DIRECTORS)

	2020 £000	2019 £000
Wages and salaries	**3,554**	3,454
Social security costs	**490**	430
Pension costs	**49**	44
	4,093	3,928
Directors' remuneration		
Total Directors' remuneration including salary, bonuses and benefits in kind amounted to:	**1,933**	1,915

The details of Directors' remuneration are shown in the audited section of the Remuneration Report on page 43.

The Company contributes 3% of the total annual gross salaries and bonuses of each employee, excluding Directors, to a Stakeholder Pension Scheme.

8. FINANCE COSTS

	2020 £000	2019 £000
Interest on bank overdrafts and loans	**988**	1,079

9. INCOME TAX EXPENSE

	2020 £000	2019 £000
(a) Analysis of charge in the year		
Current tax: UK Corporation Tax 19% (2019: 19%)	**7,320**	6,504
Deferred tax: Current year 19% (2019: 19%)	**(675)**	55
Taxation attributable to the Company and its subsidiaries	**6,645**	6,559
(b) Factors affecting income tax expense		
The charge for the year can be reconciled to the profit per the income statement as follows:		
Profit on ordinary activities before taxation	**34,941**	34,567
Profit on ordinary activities multiplied by rate of tax 19% (2019: 19%)	**6,638**	6,567
Expenses not deductible for tax	**(2)**	6
Depreciation in excess of capital allowances	**(7)**	(14)
Deferred tax	**16**	–
Taxation attributable to the Company and its subsidiaries	**6,645**	6,559

The deferred tax adjustment relates to the change in fair value of investment properties.

10. DIVIDENDS

On 12 August 2019, a dividend of 200p per share (2018: 200p per share) was paid to the shareholders. On 30 March 2020 a dividend of 200p per share (2019: 200p per share) was paid to the shareholders. This resulted in total dividends paid in the year of £15.6 million (2019: £15.6 million).

In respect of the current year, the Directors propose that a final dividend of 200p per share will be paid to the shareholders on 17 August 2020. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The proposed final dividend for 2020 is payable to all shareholders on the Register of Members on 10 July 2020. The total estimated final dividend to be paid is £7.8 million.

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 March 2020

11. EARNINGS PER SHARE

	2020 £000	2019 £000
The calculations of earnings per share are based on the following profits and number of shares:		
Net profit for financial year (basic and fully diluted)	**28,296**	28,008
Weighted average number of Ordinary Shares for basic and fully diluted earnings per share	**3,899,014**	3,899,014
Basic and diluted earnings per share	**725.7p**	718.3p

The Company has no dilutive potential Ordinary Shares.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2019	2,671	41	–	2,712
Additions	–	–	24	24
Disposals	–	–	–	–
At 31 March 2020	**2,671**	**41**	**24**	**2,736**
Depreciation				
At 1 April 2019	966	36	–	1,002
Charge for the year	53	5	6	64
On disposals	–	–	–	–
At 31 March 2020	**1,019**	**41**	**6**	**1,066**
Net book value				
At 31 March 2019	1,705	5	–	1,710
At 31 March 2020	**1,652**	**–**	**18**	**1,670**

Property, plant and equipment are located within England and Wales.

	Freehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2018	2,671	41	–	2,712
Additions	–	–	–	–
Disposals	–	–	–	–
At 31 March 2019	**2,671**	**41**	**–**	**2,712**
Depreciation				
At 1 April 2018	913	28	–	941
Charge for the year	53	8	–	61
On disposals	–	–	–	–
At 31 March 2019	**966**	**36**	**–**	**1,002**
Net book value				
At 31 March 2018	1758	13	–	1771
At 31 March 2019	**1,705**	**5**	**–**	**1,710**

Property, plant and equipment are located within England and Wales.

13. INVESTMENT PROPERTIES

	2020 £000	2019 £000
Fair value at 1 April 2019/(2018)	**28,112**	27,825
Subsequent expenditure	**–**	–
Disposals	**(3,021)**	–
(Decrease)/Increase in fair value during the year	**(969)**	287
At 31 March 2020/(2019)	**24,122**	28,112

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

During the financial year we disposed of 4 units for £4.195 million (2019: nil). The difference between the sales price of £4.195 million and the market fair value of £3.021 million, resulted in a gain of £1.174 million. This is shown as a separate line item in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2020.

The investment properties represent less than 5% of the Group's portfolio.

LOUISE GOODWIN LIMITED AND A.L.G. PROPERTIES LIMITED

The companies' freehold properties were valued on 31 March 2020 by an external valuer Jeremy Mayhew – Sanders MRICS of Allsop LLP. The valuations are in accordance with the requirements of the RICS Valuation – Global Standards 2020. The properties are all held for investment and Market Values are on the basis that the properties would be sold subject to any existing leases and tenancies. The valuer's opinion of Market Value was derived using comparable recent market transactions on arm's length terms.

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, the Valuers felt that they could attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to Covid-19 means that the Valuers were faced with an unprecedented set of circumstances on which to base a judgement.

The valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book. Consequently less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.

This is the fourth year in which Mr Mayhew-Sanders has valued the properties for accounts purposes but the ninth consecutive year in which Allsop LLP has undertaken the work. Allsop LLP has undertaken work for Mountview Estates P.L.C. for longer than 20 years including acquisitions, disposals and valuations.

In relation to Allsop LLP's preceding financial year, the proportion of the total fees payable by Mountview Estates P.L.C. to the total fee income of Allsop LLP was less than 5% which is regarded by the RICS as negligible.

The aggregate Market Value of the Group's interests in its investment portfolios was:

LOUISE GOODWIN LIMITED

- Freehold: £20,982,000 (Twenty million, nine hundred and eighty two thousand pounds).

A.L.G. PROPERTIES LIMITED

- Freehold: £3,140,000 (Three million, one hundred and forty thousand pounds).

Information relating to the basis of valuation of investment properties and the judgements and assumption adopted by management is set out in Note 2(R) "Critical accounting judgements and key areas of estimation uncertainty".

A revaluation decrease of £969,000 has arisen on valuation of investment properties to Market Value as at 31 March 2020 (2019: increase of £287,000). This is shown as a separate line item in the Consolidated Statement of Comprehensive Income.

The Directors are of the opinion that the Fair Value equates to the Market Value.

Investment properties are the only assets of the Group measured at fair value. They are categorised as Level 3 within the fair value hierarchy of IFRS13

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2020

14. INVESTMENTS

FIXED ASSET INVESTMENTS

These represent the cost of shares in the following wholly owned subsidiary undertakings, which are incorporated and operate in England and Wales. Their results are consolidated in the accounts of the Group, for the period during which they are subsidiary undertakings.

	Principal activity	Cost 2019 2020 £000
Hurstway Investment Company Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW Registered in England 344034	Property Trading	1
Louise Goodwin Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW Registered in England 691455	Property Investment	15,351
A.L.G. Properties Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW Registered in England 508842	Property Investment	2,924
		18,276

15. INVENTORIES OF TRADING PROPERTIES

	2020 £000	2019 £000
Residential properties	**392,069**	392,384

The Company's freehold and long leasehold interests in its portfolio of properties held as Trading Stock were valued on 30 September 2014 at £665,866,266 (Six hundred and sixty-five million, eight hundred and sixty-six thousand, two hundred and sixty-six pounds) by an External Valuer, Martin Angel FRICS of Allsop LLP. The valuation showed a spectacular increase in the value of our trading stock, but to a large degree this was because we held the stock over an extended period of years. The individual values were not finely accurate, even though we have no reason to doubt the overall total of the valuation. Thus the valuation is not a useful tool for running the business because we are always going to await vacant possession, and no perceived uplift in value can justify selling a tenanted property. The nature of our business and the rules and conventions under which we operate place no obligation upon us to value our trading stock at any given time and therefore the valuation has not been updated since.

16. TRADE AND OTHER RECEIVABLES

	2020 £000	2019 £000
Trade receivables	**2,326**	257
Prepayments and accrued income	**1,350**	1,658
	3,676	1,915

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

There are no bad or doubtful debts at the year end. There are no material debts past due, and there are no financial assets that are impaired.

17. TRADE AND OTHER PAYABLES

	2020 £000	2019 £000
Trade creditors	**1,398**	1,274
Other taxes and social security costs	**251**	248
Other creditors	**3,181**	1,290
	4,830	2,812

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

18. BANK OVERDRAFTS, LOANS AND CASH

	2020 £000	2019 £000
Bank overdrafts	**1,495**	–
Bank loans	**31,100**	47,250
Other loans	**565**	1,250
	33,160	48,500

CASH AND CASH EQUIVALENTS

	2020 £000	2019 £000
Bank overdrafts	**(1,495)**	–
Cash	**3,553**	1,981
Cash and cash equivalents as at 31 March	**2,058**	1,981

Maturity profile of financial liabilities at 31 March 2020 was as follows:

	2020 £000	2019 £000
Amounts repayable:		
In one year or less	**2,060**	1,250
Between one and five years	**31,100**	47,250
	33,160	48,500
Less: amount due for settlement within 12 months (shown under current liabilities)	**(2,060)**	(1,250)
Amount due for settlement after 12 months	**31,100**	47,250

The average interest rates paid were as follows:

	2020 %	2019 %
Bank overdrafts	**2.35**	2.25
Bank loans	**2.70**	2.62
Other loans	**0.50**	0.50

The Directors consider that the carrying amount of bank overdrafts and loans approximates their fair value.

The other principal features of the Group's borrowings are as follows.

1. The Group has a short-term borrowing facility of £10 million (2019: £10 million) with Barclays Bank. This is due for review in November 2020 and the rate of interest payable is:
   - 1.6% over base rate on overdraft
   - Headroom of this facility at 31 March 2020 amounted to £8.5 million (2019: £10 million).

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2020

18. BANK OVERDRAFTS, LOANS AND CASH CONTINUED

2. The Group has a £60 million long-term revolving loan facility with Barclays Bank with a termination date of December 2022. The rate of interest payable on the loan is 1.9% above LIBOR. The loan is secured by a cross guarantee between Mountview Estates P.L.C. and its subsidiaries. The loan is not repayable by instalments. Headroom under this facility at 31 March 2020 amounted to £45 million (2019: £25 million).
3. The Group has a £20 million long-term revolving loan facility with HSBC Bank. The termination date for this facility is November 2023. The rate of interest payable on the loan is 2.1% above LIBOR. The loan includes a Negative Pledge. The loan is not repayable by instalments. As at 31 March 2020 headroom under this facility amounted to £3.90 million (2019: £7.75 million).
4. Other loans consisted of loans from connected persons, and companies of which Mr D.M. Sinclair is a Director. The balance outstanding as at 31 March 2020 was £565,000 (2019: £1,250,000).

- Interest payable on these loans was at 0.5%.

19. DEFERRED TAX

ANALYSIS FOR FINANCIAL REPORTING PURPOSES

	2020 £000	2019 £000
Deferred tax liabilities	**4,076**	4,751
Net position at 31 March	**4,076**	4,751

The movement for the year in the Group's net deferred tax position was as follows:

	2020 £000	2019 £000
At 1 April	**4,751**	4,696
(Credit)/Debit to income for the year	**(675)**	55
At 31 March	**4,076**	4,751

The following are in deferred tax liabilities recognised by the Group and movements thereon during the period:

REVALUATION OF PROPERTIES

	2020 £000	2019 £000
At 1 April	**4,751**	4,696
(Credit)/Debit to income for the year	**(675)**	55
At 31 March	**4,076**	4,751

20. FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL ASSETS

The Group's financial assets at the year end, which are measured at amortised cost, consist of cash at bank and in hand of £3.55 million (2019: £1.98 million) and trade receivables.

The Directors consider that the carrying amount of cash at bank and in hand approximates their fair value.

The trade receivables amounted to £2.326 million (2019: £0.257 million).

The Directors consider that the carrying amount of trade receivables approximates their fair value.

FAIR VALUE OF BORROWINGS

	2020 £000	2019 £000
Short-term loans	**2,060**	1,250
Secured bank loans	**31,100**	47,250
	33,160	48,500

Interest charged in the Income Statement for the above borrowings amounted to £0.99 million (2019: £1.08 million).

The Directors consider that the carrying amount of borrowings approximates their fair value. The details of the terms of the borrowings together with the average interest rates can be seen in Note 18.

As at 31 March 2020 it is estimated that a general increase of 1 point in interest rates would decrease the Group's profit before tax by approximately £331,600 (2019: £485,000).

UNDISCOUNTED MATURITY PROFILE OF FINANCIAL LIABILITIES

The following table analyses the Group's financial liabilities and derivative financial liabilities at the Balance Sheet date into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not always equal the amounts disclosed on the Balance Sheet for borrowings, derivative financial instruments, and trade and other payables.

Trade and other payables due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2020	Less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000	Total £000
Interest-bearing loans and borrowings	**2,060**	**31,100**	–	**33,160**
Trade and other payables	**4,830**	–	–	**4,830**

At 31 March 2019	Less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000	Total £000
Interest-bearing loans and borrowings	1,250	47,250	–	48,500
Trade and other payables	2,812	–	–	2,812

The Group's financial liabilities are measured at amortised cost.

FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2020

20. FINANCIAL INSTRUMENTS CONTINUED

RECONCILIATION OF MATURITY ANALYSIS

At 31 March 2020	Less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000	Total £000
Interest bearing loans and borrowings per accounts	2,060	31,100	–	33,160
Interest	25	2,397	–	2,422
Financial liability cash flows	2,085	33,497	–	35,582

At 31 March 2019	Less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000	Total £000
Interest bearing loans and borrowings per accounts	1,250	47,250	–	48,500
Interest	14	5,049	–	5,063
Financial liability cash flows	1,264	52,299	–	53,563

21. CALLED UP SHARE CAPITAL

	2020 £000	2019 £000
Authorised:		
5,000,000 Ordinary Shares of 5p each	250	250
Allotted, issued and fully paid:		
3,899,014 Ordinary Shares of 5p each	195	195

22. OTHER RESERVES

	2020 £000	2019 £000
Capital reserve	25	25
Capital redemption reserve	55	55
Other reserves	56	56
	136	136

Capital redemption reserve relates to buy-back of the Company's own shares.

The Group does not maintain insurance cover against other risks except where several properties are located in close physical vicinity. A reserve is maintained to deal with such non-insured risks and at 31 March 2020 stood at £56,000 (2019: £56,000).

23. RETAINED EARNINGS

	£000
Balance at 1 April 2019	366,543
Net profit for the year	28,296
Dividends paid	(15,596)
Balance at 31 March 2020	379,243

24. RELATED PARTY TRANSACTIONS

1. During the financial year 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 £33,100 (2019: £41,675) 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 £465,000 (2019: £1,100,015). Interest was payable on the loan at 0.5%. Interest paid in the year on this loan amounted to £3,260 (2019: £4,133).

   (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 £100,000 (2019: £150,000). Interest was payable on the loan at 0.5%. Interest paid in the year on this loan amounted to £310 (2019: £505).

   (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.

25. DIRECTORS' ADVANCE CREDITS AND GUARANTEES

As at 31 March 2020 the Group owed Mr D.M. Sinclair £38,133 (2019: £119,014) in relation to an informal loan.

26. LEASE COMMITMENTS

The future aggregate minimum lease payments payable by the Group under non-cancellable leases are as follows:

	2020 £000	2019 £000
Lease payments due:		
Not later than one year	**42**	39
Later than one year and not later than five years	**33**	26
	75	65

Independent Auditor's Report

to the members of Mountview Estates P.L.C. year ended 31 March 2020

OPINION

We have audited the Group Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the Group Financial Statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Group Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Revenue recognition – refer to page 54 for the Group's accounting policy in respect of revenue recognition

Under International Standard on Auditing (ISA) (UK) 240 there is a presumption that there is a risk of fraud in revenue recognition. Revenue is also one of the Group's key performance indicators. We therefore identified revenue recognition as a significant risk. We verified the occurrence of property sales by selecting an appropriate sample of those sales during the year and verifying to both completion statements and bank transactions. We also reconciled property stock movements and performed appropriate cut off procedures to ensure that sales were recorded in the correct accounting period. We tested rental income for completeness by sampling from property stock, reviewing the underlying rental agreement and tracing to recorded rental income. Based on our audit testing we did not identify any material instances of revenue not being recognised in accordance with the Group's accounting policy.

- Carrying value of property inventory and the potential impact of the Covid-19 pandemic – refer to page 55 for the Group's accounting policy in respect of the value of property inventory

Property inventory is the Group's most significant asset and is carried at the lower of cost and net realisable value ("NRV"). NRV is based on vacant possession and is subject to change, largely based on movements in the property market. We assessed an increased risk this year due to the potential downwards movement in property prices caused by the Covid-19 pandemic. We therefore determined the valuation of inventory to be a significant risk. We reviewed sales of all properties sold during the year and for a suitable period after the year end to ensure that there was no evidence of properties being sold for less than cost that might indicate potential impairment. We reviewed property purchases during the year to confirm that these were purchased at a discount to market value with vacant possession. We also looked at market data as an indicator of potential impairment. Finally, we selected a sample of individual properties from inventory. For these we estimated market value with vacant possession, and applied an appropriate discount to reflect a potential decrease in property prices due to Covid-19. We then compared the result with the property cost as recorded in the Group's records. Based on our audit testing we found the carrying value of inventory to be acceptable.

- Valuation of investment properties – refer to page 55 for the Group's accounting policy in respect of the value of investment properties

Investment properties were assessed as a significant risk as these are material to the Group balance sheet and are subject to judgement and estimation in arriving at fair value. Particularly this year, with the potential impact of the Covid-19 pandemic on year-end property prices, there was considered to be greater estimation uncertainty in the valuation. The investment properties are valued annually by a suitably independent and qualified valuer as disclosed in note 13 to the financial statements. To address this risk we reviewed the terms of engagement of the valuer and the valuation assumptions used and the valuation workings. We also discussed the methodology used with the valuer and compared the revaluation with our expectation based on market data. We also reviewed the valuer's judgement to revalue the properties downwards to reflect the estimated impact of Covid-19. We considered the reasonableness of the discount applied based on a review of property market commentary and emerging price data. We additionally ensured that the increased uncertainty was appropriately disclosed in the financial statements. Based on our audit testing we consider the valuation of investment property to be acceptable.

OUR APPLICATION OF MATERIALITY

We determined materiality for the Group to be £4.2 million, which is approximately 1% of gross assets. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatements and determining the nature, timing and extent of further audit procedure.

Independent Auditor's Report *(Continued)*

to the members of Mountview Estates P.L.C. year ended 31 March 2020

We concluded that determining materiality based on gross assets was more consistent with industry peers and appropriately reflects the nature of the business.

In addition, we applied lower materiality of £1.7m to specific income statement items, being net trading profits, rental income, rental expenses, administrative expenses and finance charges, and £170k for Directors transactions. We believe misstatement of these specific income statement items and directors' transactions of a lesser amount than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Group.

We agreed with the Audit Committee that we would report to them corrected and uncorrected differences in excess of 5% of the materiality level, as well as differences below that threshold that in our view warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The Group reports its operating results and financial position along two business lines, being UK residential trading properties and investment properties. The Parent Company and all three subsidiaries are audited by BSG Valentine (UK) LLP. The accounting books and records for all business lines are located at the Group's head office in North London.

In our audit we tested and examined information, using sampling and other techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We reviewed the Group's internal controls and obtained our audit evidence through substantive procedures.

How the scope of our audit addressed each key audit matter is described above under Key audit matters.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the Group Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the Directors that they consider the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the Directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Group Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' Remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Group Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group Financial Statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE GROUP FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Group Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group Financial Statements.

We identified and assessed the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. Our procedures included enquiry of management and the audit committee, together with a review of supporting documentation such as board minutes and audit committee meeting minutes. We also performed analytical review procedures to identify any unusual relationships that may indicate a material misstatement, and additionally tested the appropriateness of journals to address the risk of fraud through management override of controls. We also performed appropriate testing in respect of the risk of fraud in revenue recognition as described in key audit matters. Relevant laws and regulations, together with potential fraud risks, were communicated to the audit engagement team at the planning stage to ensure they remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report *(Continued)*

to the members of Mountview Estates P.L.C. year ended 31 March 2020

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were appointed by the Directors on 18 March 2020. The period of total uninterrupted engagement is 14 years for the year ended 31 March 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

We have reported separately on the Parent Company Financial Statements of Mountview Estates P.L.C for the year ended 31 March 2020. The opinion in that report is unmodified.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BSG Valentine (UK) LLP

Gary Allen FCA (Senior Statutory Auditor)

For and on behalf of
BSG Valentine (UK) LLP
Chartered Accountants & Statutory Auditor
Lynton House
7 – 12 Tavistock Square
London
WC1H 9BQ

9 July 2020

Company Balance Sheet under UK GAAP

for the year ended 31 March 2020

	Notes	31 March 2020 £000	31 March 2019 £000
Fixed assets			
Tangible assets	4	**1,670**	1,705
Investments	5	**18,276**	18,276
		19,946	19,981
Current assets			
Stocks	6	**363,195**	363,054
Debtors	7	**3,570**	1,781
Cash at bank and in hand	10	**3,451**	1,843
		370,216	366,678
Creditors: amounts falling due within one year	8	**(25,664)**	(16,419)
Net current assets		**344,552**	350,259
Total assets less current liabilities		**364,498**	370,240
Creditors: amounts falling due after more than one year	9	**(31,100)**	(47,250)
		333,398	322,990
Capital and reserves			
Called up share capital	12	**195**	195
Capital redemption reserve	13	**55**	55
Capital reserve	13	**25**	25
Other reserves	13	**39**	39
Profit and loss account	14	**333,084**	322,676
		333,398	322,990

Approved by the Board on 9 July 2020.

D.M. Sinclair

M.M. Bray

D.M. Sinclair
Chief Executive

M.M. Bray
Director

The Notes on pages 77 to 83 are an integral part of the Parent Company financial statements.

COMPANY REGISTRATION NO: 00328020

FINANCIAL STATEMENTS

Company Cash Flow under UK GAAP

for the year ended 31 March 2020

	Notes	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Cash Flows from Operating Activities			
Profit from operations		**26,004**	26,086
Adjustments for:			
Depreciation	4	**59**	53
Interest payable and similar charges		**988**	1,079
Tax on profit on ordinary activities		**6,087**	6,107
Increase/(Decrease) in accrued income	8	**159**	(10)
Changes in:			
Stocks	6	**(141)**	(15,327)
Trade and other debtors	7	**(1,789)**	367
Trade and other creditors		**1,895**	949
Cash generated from operations		**33,262**	19,304
Interest paid		**(988)**	(1,079)
Tax paid		**(6,182)**	(5,098)
Net cash inflow from operating activities		**26,092**	13,127
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	4	**(24)**	–
Net cash used in financing activities		**(24)**	–
Cash Flows from Financing Activities			
(Repayment) of borrowings		**(16,835)**	(1,863)
Increase of loans from Group undertakings	8	**6,476**	922
Dividends paid		**(15,596)**	(15,596)
Net cash used in financing activities		**(25,955)**	(16,537)
Net increase/(decrease) in cash and cash equivalents		**113**	(3,410)
Cash and cash equivalents at beginning of the year		**1,843**	5,253
Cash and cash equivalents at end of year		**1,956**	1,843

The Notes on pages 77 to 83 are an integral part of the Parent Company financial statements.

Notes to the Financial Statements under UK GAAP

for the year ended 31 March 2020

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

REVENUE RECOGNITION

Turnover includes proceeds of sales of properties, rents from properties which are held as trading stock, or investment and any other sundry items of revenue before charging expenses.

Rental income is recognised on a straight-line and accruals basis over the rental period.

Sales of properties are recognised on completion.

INCOME TAX

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

LEASING

Company as lessor

The Company's non-cancellable operating leases relate to regulated tenancies under which tenants have the right to remain in a property for the remainder of their lives. It is therefore not possible to estimate timing of future minimum payments in respect of these regulated tenancies, hence these are not separately disclosed in the financial statements.

Group as lessee

Rentals payable under operating leases are recognised as an expense on a straight-line basis over the term of the lease.

TANGIBLE ASSETS

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Notes to the Financial Statements under UK GAAP *(Continued)*

for the year ended 31 March 2020

2. ACCOUNTING POLICIES CONTINUED

DEPRECIATION

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset using the straight-line method as follows:

Freehold property	– 2% per annum
Fixtures and fittings	– 20% per annum
Computer equipment	– 25% per annum

INVESTMENTS

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

IMPAIRMENT OF FIXED ASSETS

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument. Trade and other receivables, trade and other payables, loans and cash and cash equivalents are measured at amortised cost.

STOCKS

These comprise residential properties, all of which are held for resale and are valued at the lower of cost and estimated net realisable value. Cost to the Company includes legal fees and commission charges incurred during acquisition together with improvement costs. Net realisable value is the net sale proceeds which the Company expects on sale of the property with vacant possession in its current condition.

PENSION COSTS

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY AREAS OF ESTIMATION UNCERTAINTY

Going concern

The Directors are required to make an assessment of the Company's ability to continue to trade as a going concern.

The two main considerations were as follows:

1. Refinancing of banking facilities

The Company has a £20 million (2019: £20 million) revolving loan facility with HSBC Bank with a termination date of November 2023.

The Company has a £60 million (2019: £60 million) revolving loan facility with Barclays Bank. The term termination date of this facility is December 2022.

2. ACCOUNTING POLICIES CONTINUED

2. Covenant compliance

The core facility has two covenants, Consolidated Gross Borrowing as a percentage of Consolidated Net Tangible Assets, and the ratio of Consolidated PBIT to Gross Financing Costs. The Company has remained well within both of these covenants during the year.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Carrying value of trading stock

The Company's residential trading stock is carried in the balance sheet at the lower of cost and net realisable value.

As the Company's business model is to sell trading stock on vacancy, net realisable value is the net sales proceeds which the Company expects on sale of a property with vacant possession. Given that all stock is purchased at a discount to the value with vacant possession the Directors consider the risk of impairment to be low.

Inventory expected to be settled in more than 12 months

The Board estimates that inventory of £19.5 million will be settled within the next 12 months, with the remaining inventory value expected to be settled in more than 12 months. This estimation is based on the average cost of sales of inventory over the last three year period. Mountview's business, historic and current has involved the purchase for sale of residential properties subject to regulated tenancies, such properties being sold when vacant possession is obtained.

Regulated tenancies by their nature are not for any specific period of time and in most cases they do not become vacant until the death of the tenant.

It is difficult to predict with any certainty the time at which Mountview's inventory properties might become vacant.

3. STAFF COSTS (INCLUDING DIRECTORS)

	2020 £000	2019 £000
Wages and salaries	**3,554**	3,454
Social security costs	**490**	430
Pension costs	**49**	44
	4,093	3,928

DIRECTORS' REMUNERATION

	2020 £000	2019 £000
Total Directors' remuneration including salary and bonuses and benefits in kind amounted to:	**1,933**	1,915

The details of Directors' remuneration are shown in the audited section of the Remuneration Report on page 43.

The Company contributes 3% of the total annual gross salaries and bonuses of each employee, excluding Directors, to a Stakeholder Pension Scheme.

The average monthly number of employees during the year was as follows:

	2020	2019
Office and management	**29**	29

FINANCIAL STATEMENTS

Notes to the Financial Statements under UK GAAP *(Continued)*

for the year ended 31 March 2020

4. TANGIBLE ASSETS

	Freehold property £000	Computer equipment £000	Total £000
Cost			
At 1 April 2019	2,671	-	2,671
Additions	–	24	24
Disposals	–	–	–
At 31 March 2020	**2,671**	**24**	**2,695**
Depreciation			
At 1 April 2019	966	-	966
Charge for the year	53	6	59
On disposals	–	–	–
At 31 March 2020	**1,019**	**6**	**1,025**
Net book value			
At 31 March 2019	1,705	-	1,705
At 31 March 2020	**1,652**	**18**	**1,670**

All tangible assets of the Company are located within England and Wales.

5. INVESTMENTS

	Shares in Group undertakings £000
Cost	
At 1 April 2019 and 31 March 2020	18,276
Impairment	
At 1 April 2019 and 31 March 2020	–
Carrying amount	
At 31 March 2020	18,276

The Company owns 100% of the Ordinary Share capital of the following companies:

Subsidiary undertaking	Country of incorporation	Principal activity
Hurstway Investment Company Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW	England, UK No: 344034	Property Trading
Louise Goodwin Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW	England, UK No: 691455	Property Investment
A.L.G. Properties Limited Registered Office: Mountview House, 151 High Street, Southgate, London, N14 6EW	England, UK No: 508842	Property Investment

6. STOCKS

	2020 £000	2019 £000
Residential properties	**363,195**	363,054

7. DEBTORS: DUE WITHIN ONE YEAR

	2020 £000	2019 £000
Trade debtors	**2,326**	257
Prepayments and accrued income	**1,244**	1,524
	3,570	1,781

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000	2019 £000
Bank overdraft	**1,495**	–
Amounts owed to Group undertakings	**15,902**	9,426
Accruals and deferred income	**1,357**	1,198
Corporation Tax	**2,913**	3,008
Other taxes and social security costs	**251**	248
Other creditors	**3,181**	1,289
Other loans	**565**	1,250
	25,664	16,419

Other loans consist of loans from connected persons. Interest payable on these loans was at 0.5%.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £000	2019 £000
Bank loans	**31,100**	47,250
	31,100	47,250

Maturity profile of financial liabilities at 31 March 2020 was as follows:

	2020 £000	2019 £000
Amounts repayable:		
Between one and five years	**31,100**	47,250
	31,100	47,250

The Directors consider that the carrying amount of bank overdrafts and loans approximates their fair value.

The other principal features of the Company's borrowings are as follows.

1. The Company has a short-term borrowing facility of £10 million (2019: £10 million) with Barclays Bank. This is due for review in November 2020 and the rate of interest payable is:
   - 1.6% over base rate on overdraft.

   Headroom of this facility at 31 March 2020 amounted to £8.5 million (2019: £10 million).
2. The Company has a £60 million (2019: £60 million) long-term revolving loan facility with Barclays Bank with a termination date of December 2022. The rate of interest payable on the loan is 1.9% above LIBOR. The loan is secured by a cross guarantee between Mountview Estates P.L.C. and its subsidiaries. The loan is not repayable by instalments. Headroom under this facility at 31 March 2020 amounted to £45 million (2019: £25 million).
3. The Company has a £20 million (2019: £20 million) long-term revolving loan facility with HSBC Bank. The termination date for this facility is November 2023. The rate of interest payable on the loan is 2.1% above LIBOR. The loan includes a Negative Pledge. The loan is not repayable by instalments. As at 31 March 2020 headroom under this facility amounted to £3.9million (2019: £7.75 million).
4. Other loans which were repaid during the year consisted of loans from connected persons, and companies of which Mr D.M. Sinclair is a Director. The balance outstanding as at 31 March 2020 was £565,000 (2018: £1,250,000). Interest payable on these loans was at 0.5%.

FINANCIAL STATEMENTS

Notes to the Financial Statements under UK GAAP *(Continued)*

for the year ended 31 March 2020

10. CASH AND CASH EQUIVALENTS

	2020 £000	2019 £000
Bank overdraft	**(1,495)**	–
Cash	**3,451**	1,843
Cash and cash equivalents as at 31 March	**1,956**	1,843

Maturity profile of financial liabilities at 31 March 2020 was as follows:

	2020 £000	2019 £000
Amounts repayable:		
In one year or less	**2,060**	1,250
Between one and five years	**31,100**	47,250
	33,160	48,500
Less: amount due for settlement within 12 months (shown under current liabilities)	**(2,060)**	(1,250)
Amount due for settlement after 12 months	**31,100**	47,250

11. FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL ASSETS

The Company's financial assets at the year end consist of trade receivables and cash at bank and in hand of £3.451 million (2019: £1.843 million).

The Directors consider that the carrying amount of cash at bank and in hand approximates their fair value.

The trade receivables amounted to £2.326 million (2019: £0.257 million).

The Directors consider that the carrying amount of trade receivables approximates their fair value.

FAIR VALUE OF BORROWINGS

	2020 £000	2019 £000
Short-term loans	**565**	1,250
Secured bank loans and overdrafts	**32,595**	47,250
	33,160	48,500

Interest charged in the Income Statement for the above borrowings amounted to £0.99 million (2019: £1.08 million).

The Directors consider that the carrying amount of borrowing approximates their fair value. The details of the terms of the borrowings can be seen in Note 9.

As at 31 March 2020 it is estimated that a general increase of 1 point in interest rates would decrease the Company's profit before tax by approximately £331,600 (2019: £485,000).

12. CALLED UP SHARE CAPITAL

	2020 £000	2019 £000
Authorised: 5,000,000 Ordinary Shares of 5p each	**250**	250
Allotted, issued and fully paid: 3,899,014 Ordinary Shares of 5p each	**195**	195

13. OTHER RESERVES

	2020 £000	2019 £000
Capital redemption reserve	**55**	55
Capital reserve	**25**	25
Other reserves	**39**	39
Balance at 31 March	**119**	119

Capital redemption reserve relates to buy-back of the Company's own shares.

The Company does not maintain insurance cover against other risks except where several properties are located in close physical vicinity. A reserve is maintained to deal with such non-insured risks and at 31 March 2020 stood at £39,000 (2019: £39,000).

14. PROFIT AND LOSS ACCOUNT

	2020 £000	2019 £000
Balance at 1 April 2019-2018	**322,676**	312,186
Net profit for the year	**26,004**	26,086
Dividends paid	**(15,596)**	(15,596)
Balance at 31 March	**333,084**	322,676

15. RELATED PARTY TRANSACTIONS

During the financial year there were no key management personnel emoluments, other than remuneration.

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 £33,100 (2019: £41,6756) 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 £465,000 (2019: £1,100,015). Interest was payable on the loan at 0.5%. Interest paid in the year on this loan amounted to £3,260 (2019: £4,133).

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 £100,000 (2019: £150,000). Interest was payable on the loan at 0.5%. Interest paid in the year on this loan amounted to £310 (2019: £505).

d. All of the above loans are unsecured.

e. Transactions between the Company 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.

16. DIRECTOR'S ADVANCE, CREDITS AND GUARANTEES

As at 31 March 2020 the Company owed Mr D.M. Sinclair £38,133 (2019: £119,014) in relation to an informal loan.

17. LEASE COMMITMENTS

At 31 March 2020 the Company had aggregate annual commitments under non-cancellable operating leases as follows.

	2020 £000	2019 £000
Operating lease payments due:		
Not later than one year	**42**	39
Later than one year and not later than five years	**33**	26
	75	65

Independent Auditor's Report

to the members of Mountview Estates P.L.C. year ended 31 March 2020

OPINION

We have audited the Parent Company Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2020 which comprises the Company Balance Sheet, Company Cash Flow and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Parent Company Financial Statements:

- give a true and fair view of the state of the Parent Company's affairs as at 31 March 2020;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the parent company financial statements section of our report. We are independent of the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Parent Company Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matter in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to in relation to:

- the Directors' statement in the Parent Company Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Parent Company Financial Statements and the Directors' identification of any material uncertainties to the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Parent Company Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Parent Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters relating to both the Parent Company and the Group were revenue recognition and valuation of trading properties. An explanation of these matters and how these were addressed during our audit can be found in our audit report on the Group Financial Statements on page 71.

We identified one key audit matter that related solely to the Parent Company, which was the recoverability of investments in subsidiaries. Investments in subsidiaries are stated at cost as described in the Parent Company's accounting policies on page 78. The cost of investment should be supported by the underlying value of the subsidiaries. We tested this by a review of the subsidiaries' year-end financial statements. We used their net assets as an approximation of recoverable value and compared these to the cost of investment in the Parent Company. Based on our audit testing we are satisfied with the recoverability of investments in subsidiaries.

OUR APPLICATION OF MATERIALITY

We determined materiality for the Company to be £3.8 million, which is approximately 1% of gross assets. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatements and determining the nature, timing and extent of further audit procedure.

We concluded that determining materiality based on gross assets was more consistent with industry peers and appropriately reflects the nature of the business.

In addition, we applied lower materiality of £1.6m to specific income statement items, being net trading profits, rental income, rental expenses, administrative expenses and finance charges, and £160k for Directors transactions. We believe misstatement of these specific income statement items and Directors' transactions of a lesser amount than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed with the Audit Committee that we would report to them corrected and uncorrected differences in excess of 5% of the materiality level, as well as differences below that threshold that in our view warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

In our audit we tested and examined information, using sampling and other techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We reviewed the Company's internal controls and obtained our audit evidence through substantive procedures.

How the scope of our audit addressed each key audit matter is described above under Key audit matters.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Parent Company Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Parent Company Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the Parent Company Financial Statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the Parent Company Financial Statements are prepared is consistent with the Parent Company Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report *(Continued)*

to the members of Mountview Estates P.L.C. year ended 31 March 2020

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- *certain disclosures of Directors' Remuneration specified by law are not made;* or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of the Directors' Responsibilities, the Directors are responsible for the preparation of the Parent Company Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company Financial Statements, the Directors are responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Financial Statements.

We identified and assessed the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. Our procedures included enquiry of management and the audit committee, together with a review of supporting documentation such as board minutes and audit committee meeting minutes. We also performed analytical review procedures to identify any unusual relationships that may indicate a material misstatement, and additionally tested the appropriateness of journals to address the risk of fraud through management override of controls. We also performed appropriate testing in respect of the risk of fraud in revenue recognition as described in key audit matters. Relevant laws and regulations, together with potential fraud risks, were communicated to the audit engagement team at the planning stage to ensure they remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A further description of our responsibilities for the audit of the Parent Company financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were appointed by the Directors on 18 March 2020. The period of total uninterrupted engagement is 14 years for the year ended 31 March 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Parent Company and its controlled undertakings and we remain independent of the Parent Company and its controlled undertakings in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

We have reported separately on the Group Financial Statements of Mountview Estates P.L.C. for the year ended 31 March 2020. That report includes details of the group key audit matters. The opinion in that report is unmodified

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gary Allen FCA (Senior Statutory Auditor) BSG Valentine (UK) LLP

For and on behalf of
BSG Valentine (UK) LLP
Chartered Accountants & Statutory Auditor
Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

9 July 2020

Table of Comparative Figures *(unaudited)*

for the year ended 31 March 2020

	IFRS 2014 £000	IFRS 2015 £000	IFRS 2016 £000	IFRS 2017 £000	IFRS 2018 £000	IFRS 2019 £000	**As at 31 March 2020 IFRS 2020 £000**
Revenue	66,150	71.331	79,765	78,232	70,272	65,428	**64,873**
Profit before taxation	35,394	39,976	48,388	44,986	36,905	34,567	**34,941**
Taxation	6,952	8,159	9,676	8,761	7,024	6,559	**6,645**
Profit after taxation	28,442	31,817	38,712	36,225	29,881	28,008	**28,296**
Earnings per share	729.5p	816.0p	992.9p	929.1p	766.4p	718.3p	**725.7p**
Rate of dividend	200p	275p	300p	300p	400p	400p	**400p**
Cover	3.64	2.98	3.31	3.17	1.92	1.75	**1.81**
Cost of dividend	7,798	10,722	11,698	11,698	15,596	15,596	**15,596***
Total remuneration (including Directors)	2,598	3,020	3,631	3,747	3,743	3,928	**4,093**
Executive Directors' remuneration	1,132	1,324	1,604	1,768	1,669	1,667	**1,756**
Total remuneration (including Directors) as a percentage of dividend	33.32%	28.17%	31.04%	32.03%	24.00%	25.19%	**26.24%**
Cost of Executive Directors' remuneration as a percentage of total remuneration	43.57%	43.84%	44.18%	47.18%	44.59%	42.44%	**42.90%**
Cost of Executive Directors' remuneration as a percentage of dividend	14.52%	12.35%	13.71%	15.11%	10.70%	10.69%	**11.26%**
Executive Directors' remuneration as a percentage of profit before taxation	3.20%	3.31%	3.31%	3.93%	4.52%	4.82%	**5.03%**

* The £15.6 million dividend in relation to 2020 is made up of the interim dividend of £7.80 million and the final dividend of £7.80 million, which will be paid on 17 August 2020, subject to approval at the AGM on 12 August 2020.

Notice of Meeting

IMPORTANT INFORMATION ON FORMAT OF THE ANNUAL GENERAL MEETING

At the date of the Notice of Meeting, due to the restrictions imposed by Government guidance to address the Covid-19 outbreak and to protect the health and well-being of shareholders, the Company's Directors, employees and advisers, the Directors have reluctantly decided that the 2020 Annual General Meeting (the AGM) cannot follow the usual format. The recently enacted Corporate Insolvency and Governance Act 2020 provides certainty on how general meetings, including annual general meetings, may be held prior to 30 September 2020. In light of this legislation and of the social distancing measures and Government restrictions on public gatherings, this year the AGM will be held with only the minimum number of shareholders present as required to form a quorum under the Company's Articles of Association (Articles) and only to conduct the formal business of the meeting (facilitated by the Company). There will be no formal presentations by the Executive Directors. To ensure everyone's safety no other shareholders will be permitted entry to the AGM.

Shareholder participation is important to the Directors and all shareholders are encouraged to vote ahead of the AGM by appointing a proxy to vote on the resolutions set out in the notice of AGM (see page 90) as soon as possible and in any event by 11.30 a.m. on 10 August 2020. Shareholders are strongly encouraged to appoint the Chairman of the Meeting as their proxy in order that the Chairman can vote according to the shareholder's wishes at the AGM to ensure their votes on the resolutions are counted. Other named proxies will not be allowed to attend the Meeting and therefore votes of such proxies will not be counted at the AGM. Shareholders can vote ahead of the AGM, either by completing and returning a Proxy Form or by appointing a proxy electronically via our registrars' website by visiting **www.signalshares.com**. Shareholders will need their Investor Code which can be located on their share certificate or recent dividend confirmation. Full instructions are given on the website.

All resolutions for consideration at the AGM will be voted on a poll, rather than a show of hands, and all valid proxy votes cast will count towards the poll votes. The results will be announced via a regulatory announcement and will be posted on the Company's website as soon as practicable after the AGM.

Despite the exceptional circumstances, as well as shareholder participation at the AGM, engagement with our shareholders is important to the Company and the Directors. Therefore, arrangements have been made so that shareholders can participate in the AGM by submitting questions in advance. Any specific questions on the business of the AGM and on the resolutions can be submitted ahead of the AGM by email to **reception@mountviewplc.co.uk** or by writing to the Company Secretary, Mountview House, 151 High Street, Southgate, London N14 6EW. To enable shareholders to have time to consider the responses to questions ahead of the voting deadline on 10 August 2020, please submit questions as soon as possible and in any event no later than 31 July 2020. Responses to relevant questions submitted by 31 July 2020 will be provided, by way of a written Q&A, grouped into themes, posted on the Company's website as soon as practicable in advance of the AGM, and no later than 8 August 2020. Some, but not all, questions may receive individual responses. For questions received after 31 July 2020, the Directors will endeavour to provide answers as soon as practicable but responses may be provided after 8 August 2020. The Directors anticipate the Q&A will be grouped into themes, and where there is overlap in submitted questions on similar or related themes one response will be provided covering the specific issue. Responses will not be provided to questions which do not relate to the business of the meeting or that the Directors determine require the disclosure of confidential or commercially sensitive information or are already answered on the website or are already addressed elsewhere including in the annual report and accounts. The Company reserves the right to answer questions only from shareholders or those otherwise legally permitted to raise questions at the Company's AGM.

The situation relating to Covid-19 continues to develop and the Directors will continue to monitor closely the situation, as well as the latest Government guidance, as to how it may affect arrangements for the AGM, which may have to change at short notice. If it becomes necessary to change the arrangements for the AGM, information will be found on the Company's website and via a regulatory announcement.

Notice of Meeting *(Continued)*

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 83rd Annual General Meeting of the Members of Mountview Estates P.L.C. (incorporated in England and Wales with registered number 00328020) (the Company) will be held on 12 August 2020 at 11.30am for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

1. To receive and consider the Reports of the Directors and the Auditors and the audited Statements of Accounts of the Company for the year ended 31 March 2020.
2. To declare a final dividend of 200 pence per share payable on 17 August 2020 to shareholders on the register at 10 July 2020.
3. To re-elect Mrs M.M. Bray as a Director of the Company.
4. To re-elect Mr D.M. Sinclair as a Director of the Company.
5. To re-elect Ms M.L. Archibald (formerly Jarvis) as a Director of the Company, provided that resolution 12 is passed.
6. To re-elect Mr A.W. Powell as a Director of the Company, provided that resolution 13 is passed.
7. To re-elect Dr A.R. Williams as a Director of the Company.
8. To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) in the Annual Report and Accounts for the year ended 31 March 2020.
9. To approve the Directors' Remuneration Policy set out on pages 38 to 42 of the Directors' Remuneration Report which is contained in the Annual Report and Accounts for the year ended 31 March 2020, such Policy to take effect from the conclusion of the Annual General Meeting.
10. To elect Messrs BSG Valentine as auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next general meeting at which the Company's annual report and accounts are laid before the meeting.
11. To authorise the Directors to determine the Auditors' remuneration for the ensuing year.

In accordance with Listing Rule 9.2.2ER notice is also hereby given for the independent shareholders of the Company only:

12. To re-elect Ms M.L. Archibald (formerly Jarvis) as a Director of the Company, provided that resolution 5 is passed.
13. To re-elect Mr A.W. Powell as a Director of the Company, provided that resolution 6 is passed.

By Order of the Board

M.M. Bray
Company Secretary

Mountview House
151 High Street
Southgate
London N14 6EW

9 July 2020

IMPORTANT NOTE PLEASE READ:

In contrast with previous years when conventional AGMs have been held and you were able to attend in person at the meeting, along with the Directors and other shareholders, this year for the reasons explained on page 89 (Important information on format of the annual general meeting) that is not going to be possible for the safety of all shareholders and Directors.

This year, the arrangements for the 2020 AGM have been changed and the notes that accompany the Notice of Meeting have been modified to reflect such requirements, including the altered means for shareholders to participate in the 2020 AGM. Although shareholders are not able to attend the AGM in person, shareholders can and are very much encouraged to participate by submitting proxy votes, electronically or by proxy form by post, and questions on the business of the meeting in advance of the AGM. In particular please note the following for this year's AGM:

- unlike in previous years, you, or any named proxy (other than the Chairman of the Meeting), will not be able to attend the AGM in person – shareholder engagement is important to the Directors and a facility for submitting questions in advance of the AGM is being provided and shareholders are encouraged to ask questions via this facility.
- the timetable for submitting proxy votes (either electronically or using the hard copy proxy form) and the proxy deadline of 11.30 a.m. on 10 August 2020 - unlike in previous years, if you miss the deadline for submitting your proxy appointment you will not be able to come along to the AGM and attend in person and vote on the day.
- the advice to nominate the Chairman of the Meeting as your proxy and to provide voting instructions because nominating anyone else will mean that your votes will not count.
- all resolutions will be voted on a poll, rather than on a show of hands, and all valid proxy votes cast will count towards the poll votes – the fact you are not permitted to attend the AGM will not impact your ability to vote and provided you appoint the Chairman of the Meeting as your proxy your vote will be counted.
- the AGM results will be announced, as usual, via a regulatory announcement and will be posted on the Company's website as soon as practicable after the AGM.
- the processes for inspecting Directors service contracts and letters of appointment will not permit seeing them physically on the day of the AGM.
- any references to 'attend' 'speak' or 'vote' in the notice and notes are there for legal reasons for the validity of the notice and should not be read as conveying any right to physically attend the meeting.
- modifications to the standard notes to the Notice of Meeting are shown below in bold text.

Please, therefore read the notes below carefully to learn about the altered processes and in case of any questions please contact Link Asset Services in connection with the voting processes, or Mountview for any other matters. Their contact details are noted below.

Voting questions: For questions on the voting process either by hard copy or via the registrar's website please contact Link Asset Services, by calling them on 0371 664 0300 or, if calling from overseas, on +44 (0) 371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. You can also contact the registrar by email at **enquiries@linkgroup.co.uk**.

For all other matters please contact Mountview Estates P.L.C. on +44 (0)20 8920 5777 or by e-mail at **reception@mountviewplc.co.uk**.

Notice of Meeting *(Continued)*

NOTES:

1. A Member who is entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A proxy need not also be a Member of the Company. If a Member appoints more than one proxy to attend the Meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the Member. If a Member wishes to appoint more than one proxy and so requires additional Forms of Proxy, the Member should contact Link Asset Services (PXS1), 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

   Due to the current Government restrictions relating to Covid-19 and restrictions on attendance at the Meeting detailed on pages 89 and 91, all shareholders are encouraged to appoint the Chairman of the Meeting as their proxy this year to ensure their vote is recognised at the Meeting. Other named proxies will not be allowed to attend the Meeting.

2. A Form of Proxy is enclosed with this Notice and should be completed in accordance with the instructions contained therein. To be effective, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited at the office of the Company's Registrars, Link Asset Services (PXS1), 34 Beckenham Road, Beckenham, Kent BR3 4ZF, by 11.30 a.m. on 10 August 2020 or in the case of any adjournment of the Meeting, not later than 48 hours before the time of such adjourned Meeting. Amended instructions must also be received by the Company's Registrars by the deadline for receipt of Forms of Proxy.

3. You may also submit your voting instructions electronically via our registrar's website. Please go to **www.signalshares.com** and enter Mountview Estates P.L.C. If you have not already registered for Signal Shares you will need to enter your Investor Code which can be found on your share certificate or last dividend confirmation. Once registered you will be able to vote immediately by selecting 'Proxy Voting' from the menu. In order to be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received no later than 11.30 a.m. on 10 August 2020. The proxy appointment will not be accepted if found to contain a computer virus.

4. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 11.30 a.m. on 10 August 2020 or in the case of any adjournment of the Meeting, not later than 48 hours before the time of such adjourned Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended). In any case your proxy instruction must be received by the Company's Registrars, Link Asset Services (PXS1), 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 11.30 a.m. on 10 August 2020 or not later than 48 hours before the time of any adjourned Meeting.

5. Any person receiving a copy of this Notice as a person nominated by a Member to enjoy information rights under Section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the Meeting in place of a Member, do not apply to a Nominated Person as only Members have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the Member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the Member as to the exercise of voting rights at the Meeting.

   Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the Member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that Member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of Section 360B of the Companies Act 2006, entitlement to attend and vote at the Meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company as at close of business on 10 August 2020 (the "Specified Time") or 48 hours (excluding any day or part of any day that is not a working day) before the date of any adjourned Meeting. If the Meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of Members to attend and vote and for the purpose of determining the number of votes they may cast at the adjourned Meeting. Changes to entries on the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

   This year please note given the current restrictions on attending the Meeting, Members will not be allowed entry to attend the Meeting.

7. Any corporation which is a Member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Member, provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares.

   This year please note given the current restrictions on attending the Meeting, corporate representatives of a Member will not be allowed entry to attend the Meeting.

8. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any Member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

9. This Notice, together with information about the total numbers of shares in the Company in respect of which Members are entitled to exercise voting rights at the Meeting as at, 9 July 2020, being the last business day prior to the printing of this Notice and, if applicable, any Members' statements, Members' resolutions or Members' matters of business received by the Company after the date of this Notice, will be available on the Company's website www.mountviewplc.co.uk.

10. Under Section 527 of the Companies Act 2006, Members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the Members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 Companies Act 2006, it must forward the statement to the Company's Auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 Companies Act 2006 to publish on a website.

Notice of Meeting *(Continued)*

11. **In normal circumstances any Member attending the Meeting has the right to ask questions. This year due to the current restrictions on attending the Meeting with Members not being able to attend in person, Members are being asked to submit any questions in relation to the business of the Meeting in advance by email to reception@mountviewplc.co.uk or by writing to the Company Secretary, Mountview House, 151 High Street, Southgate, London N14 6EW. Please submit questions as soon as possible and in any event no later than 31 July 2020. Responses to relevant questions submitted by 31 July 2020 will be provided, by way of a written Q&A, grouped into themes, posted on the Company's website as soon as practicable in advance of the Meeting, and no later than 8 August 2020. Some, but not all, questions may receive individual responses. For questions received after 31 July 2020, the Directors will endeavour to provide answers as soon as practicable but responses may be provided after 8 August 2020. Responses will not be provided to questions which do not relate to the business of the Meeting or that the Directors determine require disclosure of confidential or commercially sensitive information or are already answered on the website or are already addressed elsewhere including in the annual report and accounts. The Company reserves the right to answer questions only from Members or those legally permitted to raise questions at the Meeting.**
12. Any electronic address provided either in this Notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.
13. As at, 9 July 2020, being the last business day prior to the printing of this Notice, the Company's issued capital consisted of 3,899,014 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at, 9 July 2020, are 3,899,014.
14. Copies of the Directors' service contracts and letters of appointment with the Company are available for inspection, **under normal circumstances**, at the registered office at Mountview House, 151 High Street, Southgate, London N14 6EW during normal business hours on weekdays (Saturdays, Sundays and English public holidays excepted) from the date of this Notice until the conclusion of the Meeting.

    Given the current exceptional circumstances should a shareholder wish to inspect any of these documents please submit a request to the Company Secretary at reception@mountviewplc.co.uk.

15. Explanatory note for resolutions 5, 6, 12 and 13

    Changes to the Financial Conduct Authority's Listing Rules (LR) in 2014 introduced new voting requirements for the election of independent Directors in listed companies with a controlling shareholder (a shareholder who exercises 30% or more of the votes). Under the rules, the election or re-election of any Director whom the Company has determined to be independent under the UK Corporate Governance Code must be approved by the shareholders as a whole, and separately by all shareholders excluding the Sinclair family concert party which is collectively deemed to be a controlling shareholder (the Independent Shareholders). Therefore at this year's Meeting there will be two votes each in relation to the re-election of the Non-Executive Director, Ms. M.L. Archibald (formerly Jarvis) and the re-election of the Non-Executive Director, Mr. A.W. Powell, one vote by the shareholders as a whole and another vote by the Independent Shareholders.

    If a vote to re-elect a Non-Executive Director is not passed by the Independent Shareholders, the Company may propose a further resolution to re-elect the relevant Directors between 90 and 120 days from the date of the original vote. This further resolution in respect of each Non-Executive Director must be passed by a majority of the shareholders as a whole only, and there is no requirement for an additional vote by the Independent Shareholders. LR 9.2.2DG allows any Non-Executive Director who is not re-elected by the Independent Shareholders to remain in office until the further resolution has been voted on.

Shareholder Information

FINANCIAL CALENDAR 2020

Final dividend record date	10 July
Annual Report posted to Shareholders	10 July
Annual General Meeting	12 August
Final dividend payment	17 August
Interim results	26 November

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 shareholdings should be addressed to the Company's Registrars:

Link Asset Services (UK) Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

JP
Consultancy, design and production by:
jonesandpalmer.co.uk

Mountview Estates P.L.C.

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