
SCRUTTON ESTATES LIMITED

REPORT AND FINANCIAL STATEMENTS

◆ *Year ended 30 April 1997* ◆



COMPANY NO: 734610

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SCRUTTON ESTATES LIMITED

COMPANY INFORMATION

Directors	C B Scrutton A M Scrutton
Secretary	A M Scrutton
Registered office	1 - 3 Cambus Road LONDON E16 4AY
Registered number	734610
Auditors	Robson Rhodes Chartered Accountants Daedalus House Station Road CAMBRIDGE CB1 2RE

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 April 1997.

Principal activity

The principal activity of the company in the year under review continues to be that of investment in residential and commercial property.

Result and dividend

The result for the year is set out on page 5. The company has paid dividends on the 'A' ordinary shares amounting to £33,370 (1996: £44,603) and dividends on the 'B' ordinary shares amounting to £191,130 (1996: £198,197).

Fixed assets

The movement in fixed assets is set out in note 10 to the financial statements.

Directors

The present directors of the company are set out on page 1.

The directors serving at the end of the year had interests in the share capital of the company at the beginning and end of the year as follows:

	Ordinary shares of £1 each			
	30 April 1997		30 April 1996	
	B Shares	D Shares	B Shares	D Shares
C B Scrutton	5,136	10,136	10,136	10,136
A M Scrutton	5,000	-	-	-

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors have:

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that are reasonable and prudent;
- ◆ followed applicable accounting standards; and
- ◆ prepared financial statements on the going concern basis.

REPORT OF THE DIRECTORS (continued)

Directors' responsibilities for the financial statements(continued)

The directors are responsible for ensuring that the company is keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Robson Rhodes, are willing to continue in office, and a resolution to reappoint them will be proposed at the annual general meeting.

Approval

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act relating to small companies.

The report by the directors was approved by the Board on 22 December 1997 and signed on its behalf by:



Charles Barry Scrutton
Director

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF SCRUTTON ESTATES LIMITED**

We have audited the financial statements on pages 5 to 14 which have been prepared on the basis of the accounting policies set out on pages 7 and 8.

Respective Responsibilities of Directors and Auditors

As described on pages 2 and 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

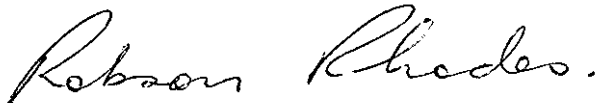
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Robson Rhodes
Chartered Accountants and Registered Auditor

Cambridge
22 December 1997

PROFIT AND LOSS ACCOUNT
for the year ended 30 April 1997

	Note	1997 £	1996 £
Turnover - continuing operations	2	882,218	846,032
Change in stocks of finished goods and work in progress		(105)	(6,423)
Staff costs		(105,047)	(130,963)
Depreciation		(44,533)	(31,755)
Other operating charges		(150,155)	(285,751)
		<hr/>	<hr/>
Operating profit - continuing operations	3	582,378	391,140
Interest receivable and similar income	6	6,799	55
Interest payable	7	(8,611)	(4,219)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		580,566	386,976
Tax on profit on ordinary activities	8	(64,072)	(76,000)
		<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year		516,494	310,976
Dividends	9	(224,500)	(242,800)
		<hr/>	<hr/>
Retained profit for the year	16	291,994	68,176
		<hr/>	<hr/>

No other gains or losses arose in the year other than those reported above.

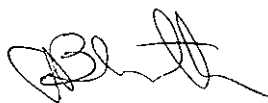
Movement in Reserves is set out in note 16.

SCRUTTON ESTATES LIMITED**BALANCE SHEET
at 30 April 1997**

	Note	1997 £	1996 £
Fixed assets			
Tangible assets	10	6,900,617	6,643,205
Current assets			
Stock	11	5,025	5,130
Debtors	12	83,955	162,577
Cash in hand		1,523	-
Creditors: Amounts falling due within one year	13	90,503 (294,256)	167,707 (403,368)
Net current liabilities		(203,753)	(235,661)
Total assets less current liabilities		6,696,864	6,407,544
Creditors: Amounts falling due after more than one year	14	(1,336)	(4,010)
Net assets		6,695,528	6,403,534
Capital and reserves			
Called up share capital	15	80,000	80,000
Revaluation reserve	16	4,834,342	4,834,342
Other reserves	16	567,247	567,247
Profit and loss account	16	1,213,939	921,945
Shareholders' funds (all equity)	17	6,695,528	6,403,534

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 22 December 1997 and signed on its behalf by:



Charles Barry Scrutton
Director

NOTES TO THE FINANCIAL STATEMENTS

30 April 1997

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings.

Turnover

Turnover represents net invoiced rents which are not subject to value added tax.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

Advance corporation tax on dividends paid and provided for the year is not written off if UK corporation tax liabilities for the foreseeable future are expected to be sufficient to absorb this tax.

Tangible fixed assets and depreciation

In accordance with Statement of Standard Accounting Practice 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and no depreciation or amortisation is provided. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Depreciation is provided on improvements to the property at a rate of 4% per annum on cost at the year end. Other assets are depreciated at a rate of 25% per annum on cost.

Pensions

The company operates a defined contribution pension scheme for one of the directors. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

NOTES TO THE FINANCIAL STATEMENTS**30 April 1997****1. ACCOUNTING POLICIES (continued)****Leased assets**

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital outstanding.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company and are derived solely in the United Kingdom.

3. OPERATING PROFIT

Operating profit is arrived at after charging:

	1997	1996
	£	£
Auditors remuneration	6,500	5,500
Depreciation	44,533	31,755
	<u> </u>	<u> </u>

4. EMPLOYEES

Average weekly number of employees, including directors:

	1997	1996
	No	No
Management and administration	9	6
	<u> </u>	<u> </u>

Staff costs, including directors:

	1997	1996
	£	£
Wages and salaries	86,777	114,345
Social security costs	13,660	12,008
Other pension costs	4,610	4,610
	<u> </u>	<u> </u>
	105,047	130,963
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
30 April 1997

5. DIRECTORS

	1997	1996
	£	£
Emoluments		
Remuneration as executives	58,596	73,946
	<u> </u>	<u> </u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997	1996
	£	£
Commissions receivable	39	55
Other interest receivable	6,760	-
	<u> </u>	<u> </u>
	6,799	55
	<u> </u>	<u> </u>

7. INTEREST PAYABLE

	1997	1996
	£	£
On bank loan and overdraft	8,006	3,210
Finance lease	605	605
Other	-	404
	<u> </u>	<u> </u>
	8,611	4,219
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS**30 April 1997****8. TAXATION**

	1997	1996
	£	£
Corporation tax		
Current year at 26% (1996: 25%)	105,000	76,000
Adjustment in respect of previous years	(40,928)	-
	<hr/>	<hr/>
	64,072	76,000
	<hr/>	<hr/>

Deferred taxation amounting to £351,000 (1996: £362,000) has not been provided on the revaluation surplus on properties on the grounds that the properties are not expected to be sold in the foreseeable future.

9. DIVIDENDS

	1997	1996
	£	£
Paid interim dividends		
- on 'A' ordinary shares	33,370	44,603
- on 'B' ordinary shares	191,130	198,197
	<hr/>	<hr/>
	224,500	242,800
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
30 April 1997

10. TANGIBLE FIXED ASSETS

	Freehold investment property £	Improve- ments £	Motor vehicles £	Fixtures and plant £	Total £
Cost/valuation					
At 1 May 1996	6,000,000	683,128	16,675	3,353	6,703,156
Additions	-	301,357	-	588	301,945
At 30 April 1997	6,000,000	984,485	16,675	3,941	7,005,101
Depreciation					
At 1 May 1996	-	55,521	3,697	733	59,951
Charge for the year	-	39,379	4,169	985	44,533
At 30 April 1997	-	94,900	7,866	1,718	104,484
Net book value					
At 30 April 1997	6,000,000	889,585	8,809	2,223	6,900,617
At 30 April 1996	6,000,000	627,607	12,978	2,620	6,643,205

The properties were valued by independent Chartered Surveyors, MacDowell and Francis (RICS members) in January 1993 on the basis of their open market value, taking into account existing tenancies. The directors do not consider the property value to have changed materially during the year.

If the properties had not been revalued they would have been included in the balance sheet at the following amounts:

	£
Cost and net book value	
At 30 April 1996 and 1997	841,836

The net book value of tangible fixed assets includes £3,822 (1996: £5,734) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £1,912 (1996: £1,912).

NOTES TO THE FINANCIAL STATEMENTS**30 April 1997****11. STOCK**

	1997	1996
	£	£
Raw materials and consumables	5,025	5,130
	<u> </u>	<u> </u>

12. DEBTORS

	1997	1996
	£	£
Trade debtors	22,702	23,819
Corporation tax recoverable	51,010	66,152
ACT recoverable	-	60,700
Other debtors and prepayments	10,243	11,906
	<u> </u>	<u> </u>
	83,955	162,577
	<u> </u>	<u> </u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997	1996
	£	£
Bank loans and overdraft	126,744	146,493
Trade creditors	19,641	11,313
Corporation tax	48,875	76,000
Other taxation and social security	3,943	5,828
Other creditors and accruals	92,381	161,061
Obligations under finance leases	2,672	2,673
	<u> </u>	<u> </u>
	294,256	403,368
	<u> </u>	<u> </u>

The loan is secured on property owned by the company.

NOTES TO THE FINANCIAL STATEMENTS

30 April 1997

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

	1997 £	1996 £
Obligations under finance leases Repayable in 2 - 5 years	1,336	4,010
	<u> </u>	<u> </u>

15. SHARE CAPITAL

	1997 £	1996 £
Authorised, allotted and fully paid		
3,716 'A' ordinary shares of £1 each	3,716	3,716
21,284 'B' ordinary shares of £1 each	21,284	21,284
15,000 'C' ordinary shares of £1 each	15,000	15,000
40,000 'D' ordinary shares of £1 each	40,000	40,000
	<u> </u>	<u> </u>
	80,000	80,000
	<u> </u>	<u> </u>

16. RESERVES

	Revaluation reserve £	Capital redemption reserve £	Capital reserve £	Profit and loss account £
At 1 May 1996	4,834,342	10,000	557,247	921,945
Retained profit for the year	-	-	-	291,994
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 April 1997	4,834,342	10,000	557,247	1,213,939
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

30 April 1997

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Opening shareholders' funds	6,403,534	6,335,358
Total recognised gains	516,494	310,976
Dividends	(224,500)	(242,800)
	<hr/>	<hr/>
Closing shareholders' funds	6,695,528	6,403,534
	<hr/>	<hr/>