

Scrutton Estates Limited

Financial statements

For the year ended 30 April 2005

Grant Thornton 



Company No. 734610

Company information

Company registration number	734610
Registered office	1 - 3 Cambus Road LONDON E16 4AY
Directors	Mr C B Scrutton Mrs A M Scrutton
Secretary	Mrs A M Scrutton
Bankers	National Westminster Bank plc Gredley House 1-11 Broadway Stratford LONDON E15 4BQ
Solicitors	Edwards Duthie 9-15 York Road ILFORD Essex IG1 3AD
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors Byron House Cambridge Business Park Cowley Road CAMBRIDGE CB4 0WZ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 April 2005.

Principal activities and business review

The company is principally engaged in the investment in residential and commercial property.

There was a profit for the year after taxation amounting to £982,380 (2004: £858,652). Interim dividends were declared during the year of £300,022 (2004: £199,990) leaving £682,358 (2004: £658,662) retained.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 30 April 2005	At 1 May 2004
Mr C B Scrutton	'A' Ordinary	5,000	5,000
Mrs A M Scrutton	'A' Ordinary	12,636	12,636
	'B' Ordinary	<u>10,136</u>	<u>10,136</u>

In addition to the above C B Scrutton and A M Scrutton have the following interest as trustees of the following trusts:

Scrutton Family Settlement (10,136 'C' ordinary shares)

Mrs B Scrutton Settlement of 2/8/1991 (11,148 'A' ordinary, 22,398 'B' ordinary and 22,398 'C' ordinary shares)

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD



Mr C B Scrutton
Director

31/10/05

Report of the independent auditors to the members of Scrutton Estates Limited

We have audited the financial statements of Scrutton Estates Limited for the year ended 30 April 2005 which comprise the principal accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses and notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 considered 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.

Report of the independent auditors to the members of
Scrutton Estates Limited (continued)

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 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
CAMBRIDGE

31 October 2006

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover is the total amount receivable by the company for services provided.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, by equal annual instalments over the useful economic life of that asset as follows:

Fixtures & Plant	-	25%
Motor Vehicles	-	25%

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the revaluation is transferred to the investment revaluation reserve unless a deficit on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year. No depreciation is charged during the period.

This is in accordance with SSAP 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Profit and loss account

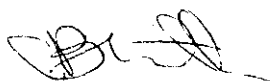
	Note	2005 £	2004 £
Turnover	1	1,730,769	1,592,826
Operating costs:			
Raw materials and consumables		105	(1,479)
Staff costs	3	254,338	277,210
Depreciation written off fixed assets	2	15,965	6,961
Other operating charges		210,801	210,134
Operating profit	2	1,249,560	1,100,000
Interest receivable		3,460	1,120
Interest payable and similar charges	5	—	(1,119)
Profit on ordinary activities before taxation		1,253,020	1,100,001
Tax on profit on ordinary activities	6	270,640	241,349
Profit on ordinary activities after taxation		982,380	858,652
Dividends	7	300,022	199,990
Retained profit for the financial year	17	682,358	658,662

All of the activities of the company are classed as continuing.

Balance sheet

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	8	<u>46,650,378</u>	<u>38,717,743</u>
Current assets			
Stocks	9	9,553	9,658
Debtors	10	88,572	81,772
Cash at bank		<u>210,076</u>	<u>103,244</u>
		<u>308,201</u>	<u>194,674</u>
Creditors: amounts falling due within one year	12	<u>348,973</u>	<u>312,859</u>
Net current liabilities		<u>(40,772)</u>	<u>(118,185)</u>
Total assets less current liabilities		<u>46,609,606</u>	<u>38,599,558</u>
Capital and reserves			
Called-up equity share capital	16	120,000	120,000
Revaluation reserve	17	41,440,964	34,113,274
Other reserves	17	567,247	567,247
Profit and loss account	17	<u>4,481,395</u>	<u>3,799,037</u>
Shareholders' funds	18	<u>46,609,606</u>	<u>38,599,558</u>

These financial statements were approved by the directors on 30/10/05 and are signed on their behalf by:



Mr C B Scrutton

Other primary statements

Statement of total recognised gains and losses

	2005	2004
	£	£
Profit for the financial year	982,380	858,652
Unrealised profit on revaluation of certain fixed assets	<u>7,327,690</u>	—
Total gains and losses recognised for the year	<u>8,310,070</u>	<u>858,652</u>

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company, wholly in the United Kingdom.

2 Operating profit

Operating profit is stated after charging/(crediting):

	2005	2004
	£	£
Depreciation of owned fixed assets	15,965	6,961
Profit on disposal of fixed assets	(15)	—
Auditors' remuneration:		
Audit fees	<u>9,250</u>	<u>9,000</u>

3 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Number of administrative staff	<u>9</u>	<u>9</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	199,263	213,912
Social security costs	31,886	29,961
Other pension costs	23,189	33,337
	<u>254,338</u>	<u>277,210</u>

In addition to the above are the following costs which have been capitalised:

	2005	2004
	£	£
Wages and salaries	<u>101,346</u>	<u>40,683</u>

4 Directors

Remuneration in respect of directors was as follows:

	2005	2004
	£	£
Emoluments receivable	98,564	99,295
Value of company pension contributions to money purchase schemes	13,564	13,564
	<u>112,128</u>	<u>112,859</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005	2004
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

5 Interest payable and similar charges

	2005	2004
	£	£
Interest payable on bank borrowing	<u>—</u>	<u>1,119</u>

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
In respect of the year:		
United Kingdom corporation tax at 30% (2004 - 30%)	275,140	241,000
Adjustment in respect of prior period	(4,500)	(351)
Total current tax	<u>270,640</u>	<u>240,649</u>
Deferred tax:		
Origination and reversal of timing differences (note 11):		
Other	<u>—</u>	<u>700</u>
Tax on profit on ordinary activities	<u>270,640</u>	<u>241,349</u>

6 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>1,253,020</u>	<u>1,100,001</u>
Profit on ordinary activities by rate of tax	375,906	330,000
Expenses not deductible for tax purposes	16	7,486
Capitalised expenditure treated as expenses for tax purposes	(86,190)	(81,209)
Difference between capital allowances for the period and depreciation	96	30
Marginal relief	(14,683)	(14,519)
Other timing differences	(5)	(788)
Adjustments to tax charge in respect of prior periods	(4,500)	(351)
Total current tax (note 6(a))	<u>270,640</u>	<u>240,649</u>

7 Dividends

	2005 £	2004 £
Equity dividends:		
Dividend paid on 'A' ordinary shares	<u>300,022</u>	<u>199,990</u>

8 Tangible fixed assets

	Freehold Investment Property £	Fixtures & Plant £	Motor Vehicles £	Total £
Cost or valuation				
At 1 May 2004	38,700,583	20,778	35,819	38,757,180
Additions	581,727	3,487	35,696	620,910
Disposals	—	—	(4,591)	(4,591)
Revaluation	7,327,690	—	—	7,327,690
At 30 April 2005	<u>46,610,000</u>	<u>24,265</u>	<u>66,924</u>	<u>46,701,189</u>
Depreciation				
At 1 May 2004	—	18,743	20,694	39,437
Charge for the year	—	1,887	14,078	15,965
On disposals	—	—	(4,591)	(4,591)
At 30 April 2005	<u>—</u>	<u>20,630</u>	<u>30,181</u>	<u>50,811</u>
Net book value				
At 30 April 2005	<u>46,610,000</u>	<u>3,635</u>	<u>36,743</u>	<u>46,650,378</u>
At 30 April 2004	<u>38,700,583</u>	<u>2,035</u>	<u>15,125</u>	<u>38,717,743</u>

8 Tangible fixed assets (continued)

The figures stated above for the cost or valuation include valuations as follows:

	2005	2004
	£	£
At cost	—	1,025,583
Valuation - 30 April 2002	—	37,675,000
Valuation - 30 April 2005	46,610,000	—
	<u>46,610,000</u>	<u>38,700,583</u>

Freehold investment property was revalued on 30 April 2005 by McDowalls Independent Chartered Surveyors (RICS member). The basis of the interim valuation used was existing market knowledge of values, taking into account existing tenancies. The surplus has been transferred to the revaluation reserve.

The last full valuation was carried out as at 30 April 2002 by McDowalls Independent Chartered Surveyors.

No provision has been made in the deferred taxation account for the estimated corporation tax that would be payable on disposal at this valuation because, in the opinion of the directors, the properties are unlikely to be disposed off in the foreseeable future.

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Freehold investment property
	£
Cost	4,988,758
Net book amount at 30 April 2005	<u>4,988,758</u>
Net book amount at 30 April 2004	<u>4,407,031</u>

9 Stocks

	2005	2004
	£	£
Raw materials and consumables	<u>9,553</u>	<u>9,658</u>

10 Debtors

	2005	2004
	£	£
Trade debtors	69,865	60,227
Other debtors	1,131	2,279
Prepayments and accrued income	15,976	17,666
Deferred taxation (note 11)	1,600	1,600
	<u>88,572</u>	<u>81,772</u>

11 Deferred taxation

The deferred tax included in the balance sheet is as follows:

	2005	2004
	£	£
Included in debtors (note 10)	<u>1,600</u>	<u>1,600</u>

The movement in the deferred taxation account during the year was:

	2005	2004
	£	£
Balance brought forward	1,600	2,300
Profit and loss account movement arising during the year	—	(700)
Balance carried forward	<u>1,600</u>	<u>1,600</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2005	2004
	£	£
Excess of depreciation over taxation allowances on fixed assets	1,300	1,300
Other timing differences	300	300
	<u>1,600</u>	<u>1,600</u>

12 Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	9,260	7,939
Corporation tax	275,286	240,999
PAYE and social security	9,823	9,131
Other creditors	1,867	—
Pension contributions	979	996
Accruals and deferred income	51,758	53,794
	<u>348,973</u>	<u>312,859</u>

13 Pensions

The company operates a defined contribution pension scheme for the benefit of the directors and employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

14 Contingent liabilities

The directors have confirmed that there were no contingent liabilities which should be disclosed at 30 April 2005 and 30 April 2004.

15 Controlling related party

The company was under the control of the directors throughout the current and previous year.

16 Share capital

Authorised share capital:

	2005	2004
	£	£
40,000 'A' ordinary shares of £1 each	40,000	40,000
40,000 'B' ordinary shares of £1 each	40,000	40,000
40,000 'C' ordinary shares of £1 each	40,000	40,000
	<u>120,000</u>	<u>120,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
'A' ordinary shares of £1 each	40,000	40,000	40,000	40,000
'B' ordinary shares of £1 each	40,000	40,000	40,000	40,000
'C' ordinary shares of £1 each	40,000	40,000	40,000	40,000
	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>

'A' Ordinary Shares

The 'A' ordinary shares carry an entitlement to a dividend. On winding up the holders of the 'A' ordinary shares are entitled to a return of capital of up to the aggregate (in respect of each share) of the nominal value of each share held by them and the sum of £183. The 'A' ordinary shares carry 100% of the voting rights.

'B' Ordinary Shares

The 'B' ordinary shares carry no entitlement to dividends. On winding up the holders of the 'B' ordinary shares are entitled to a return of capital of up to the aggregate (in respect of each share) of the nominal value of each share held by them and the sum of £815. The 'B' ordinary shares carry no voting rights.

'C' Ordinary Shares

The 'C' ordinary shares carry no entitlement to dividends. On winding up the holders of 'C' ordinary shares are entitled to 100% of any remaining surplus after amounts due to 'A' ordinary and 'B' ordinary shareholders. The 'C' ordinary shares carry no voting rights.

17 Reserves

	Revaluation reserve	Other reserves	Profit and loss account
	£	£	£
At 1 May 2004	34,113,274	567,247	3,799,037
Retained profit for the year	—	—	682,358
Other gains and losses	—	—	—
Revaluation of fixed assets	7,327,690	—	—
At 30 April 2005	<u>41,440,964</u>	<u>567,247</u>	<u>4,481,395</u>

The balances on the revaluation reserve and other reserves may not be distributed legally under sections 263 and 264 of the Companies Act 1985.

18 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Profit for the financial year	982,380	858,652
Dividends	(300,022)	(199,990)
	682,358	658,662
Other net recognised gains and losses	7,327,690	—
New equity share capital subscribed	—	40,000
Less capitalised from reserves	—	(40,000)
Net addition to shareholders' equity funds	8,010,048	658,662
Opening shareholders' equity funds	38,599,558	37,940,896
Closing shareholders' equity funds	46,609,606	38,599,558

19 Capital commitments

The directors have confirmed that there were no capital commitments at 30 April 2005 or 30 April 2004.

Management information

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditors' report on pages 5 to 6.**

Profit and loss account

	2005 £	2004 £
Turnover	1,730,769	1,592,826
Operating costs		
Raw materials and consumables	105	(1,479)
Staff costs	254,338	277,210
Depreciation written off fixed assets	15,965	6,961
Other operating charges	210,801	210,134
	<u>481,209</u>	<u>492,826</u>
Operating profit	1,249,560	1,100,000
Bank interest receivable	3,460	1,120
	<u>1,253,020</u>	<u>1,101,120</u>
Interest payable on bank loans and overdrafts	—	(1,119)
Profit on ordinary activities	1,253,020	<u>1,100,001</u>

Notes to the detailed profit and loss account

	2005 £	2004 £
Raw materials and consumables		
Change in stocks	<u>105</u>	<u>(1,479)</u>
Staff costs		
Director:		
Director salary	95,000	95,000
Director pension contributions	13,564	13,564
	<u>108,564</u>	<u>108,564</u>
Administration staff:		
Employee costs	104,263	118,912
National insurance	31,886	29,961
Other pension contributions	9,625	19,773
	<u>145,774</u>	<u>168,646</u>
	<u>254,338</u>	<u>277,210</u>
Other operating charges		
Establishment expenses:		
Rates and water	5,785	6,882
Insurance	35,060	30,693
Property repairs and maintenance	104,124	91,930
	<u>144,969</u>	<u>129,505</u>
General expenses:		
Motor vehicle expenses	7,632	12,618
Sundry trading expenses	20,428	9,871
Legal and professional charges	5,932	32,168
Auditors' remuneration	9,250	9,000
	<u>43,242</u>	<u>63,657</u>
Financial costs:		
Bad debts	20,459	14,291
Bank charges	2,146	2,681
	<u>22,605</u>	<u>16,972</u>
	<u>210,816</u>	<u>210,134</u>