

Scrutton Estates Limited
Financial statements
For the year ended 30 April 2007

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Company No. 734610

Company information

Company registration number	734610
Registered office	1 Cambus Road LONDON E16 4AY
Directors	Mr C B Scrutton Mrs A M Scrutton Mr T J 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
Auditor	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 2007

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 £1,137,864(2006 £1,001,731) Interim dividends were declared during the year of £300,000 (2006 £300,000)

The directors are happy with the performance for the year and are confident that this can be sustained going forward

The directors and their interests in the shares of the company

The directors who served the company during the year were as follows

Mr C B Scrutton
Mrs A M Scrutton
Mr T J Scrutton

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 these 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

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

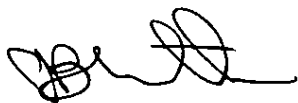
Auditor

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



C B Scrutton
Director

18 December 2007

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

We have audited the financial statements of Scrutton Estates Limited for the year ended 30 April 2007 which comprise the principal accounting policies, profit and loss account, balance sheet, note of historical cost profits and losses and notes 1 to 18. 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 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.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Grant Thornton 

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

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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Cambridge

7 January 2008

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 directors' valuation based on 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. On disposal the balance in the revaluation reserve relating to the disposed asset is transferred to the profit and loss reserve.

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Profit and loss account

	Note	2007 £	2006 £
Turnover	1	2,231,201	1,840,102
Operating costs:			
Raw materials and consumables		(2,320)	6,182
Staff costs	2	238,158	293,041
Depreciation written off fixed assets	3	15,870	15,571
Other operating charges		515,303	249,693
Operating profit	3	1,464,190	1,275,615
Interest receivable and similar income		24,815	9,016
Profit on ordinary activities before taxation		1,489,005	1,284,631
Tax on profit on ordinary activities	5	351,142	282,900
Profit for the financial year	17	<u>1,137,864</u>	<u>1,001,731</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above


The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	7	<u>47,953,785</u>	<u>47,270,886</u>
Current assets			
Stocks	8	5,691	3,371
Debtors	9	129,424	118,639
Cash at bank and in hand		<u>483,390</u>	<u>292,379</u>
		618,505	414,389
Creditors: amounts falling due within one year	11	<u>423,089</u>	<u>373,938</u>
Net current assets		<u>195,416</u>	<u>40,451</u>
Total assets less current liabilities		<u>48,149,201</u>	<u>47,311,337</u>
Capital and reserves			
Called-up equity share capital	15	120,000	120,000
Revaluation reserve	16	41,328,050	41,440,964
Other reserves	16	567,247	567,247
Profit and loss account	16	<u>6,133,904</u>	<u>5,183,126</u>
Shareholders' funds	17	<u>48,149,201</u>	<u>47,311,337</u>

These financial statements have been prepared in accordance with the special provisions for small companies under part VII of the Companies Act 1985

These financial statements were approved by the directors on 18th Dec 07 and are signed on their behalf by



Mr C B Scrutton
 Director

Other primary statements

Note of historical cost profits and losses

	2007	2006
	£	£
Profit on ordinary activities before taxation	1,489,005	1,284,631
Re-valuation of investment property realised on disposal	112,914	—
Historical cost profit on ordinary activities before taxation	<u>1,601,919</u>	<u>1,284,631</u>
Historical cost profit for the year		
After taxation	<u>1,250,778</u>	<u>1,001,731</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 Directors and employees

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

	2007	2006
	No	No
Number of administrative staff	<u>10</u>	<u>10</u>

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	176,054	235,974
Social security costs	34,980	33,353
Other pension costs	27,124	23,714
	<u>238,158</u>	<u>293,041</u>

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

	2007	2006
	£	£
Wages and salaries	<u>149,653</u>	<u>83,593</u>

3 Operating profit

Operating profit is stated after charging

	2007	2006
	£	£
Depreciation of owned fixed assets	15,870	15,571
Auditor's remuneration		
Audit fees	10,248	9,000
Accountancy fees	<u>3,500</u>	<u>3,250</u>

4 Directors

Remuneration in respect of directors was as follows

	2007	2006
	£	£
Emoluments receivable	166,217	95,000
Value of company pension contributions to money purchase schemes	27,124	13,564
	<u>193,341</u>	<u>108,564</u>

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

	2007	2006
	No	No
Money purchase schemes	<u>2</u>	<u>1</u>

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007	2006
	£	£
Current tax		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	352,512	285,146
Over/under provision in prior year	(3,604)	(146)
Total current tax	<u>348,908</u>	<u>285,000</u>
Deferred tax		
Origination and reversal of timing differences (note 10)		
Capital allowances	2,233	(2,000)
Other	-	(100)
Total deferred tax (note 10)	<u>2,233</u>	<u>(2,100)</u>
Tax on profit on ordinary activities	<u>351,141</u>	<u>282,900</u>

5 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>1,489,005</u>	<u>1,284,631</u>
Profit on ordinary activities by rate of tax	446,702	385,389
Expenses not deductible for tax purposes	352	2,924
Capitalised expenditure treated as expenses for tax purposes	(119,913)	(91,364)
Difference between capital allowances for the period and depreciation	2,226	1,940
Marginal relief	(8,130)	(13,843)
Other timing differences	54	100
R&D tax credit	269	-
Indexation and rebasing	30,952	-
Adjustments to tax charge in respect of prior periods	(3,604)	(146)
Total current tax (note 5(a))	<u>348,908</u>	<u>285,000</u>

6 Dividends

Dividends on shares classed as equity

	2007 £	2006 £
Paid during the year		
Equity dividends on 'A' ordinary shares	<u>300,000</u>	<u>296,349</u>
Proposed at the year-end (recognised as a liability)		
Equity dividends on 'A' ordinary shares	<u>-</u>	<u>3,651</u>

7 Tangible fixed assets

	Freehold Investment Property £	Fixtures & plant £	Motor Vehicles £	Total £
Cost or valuation				
At 1 May 2006	47,245,344	25,000	66,924	47,337,268
Additions	825,207	1,964	–	827,171
Disposals	(128,402)	–	–	(128,402)
At 30 April 2007	<u>47,942,149</u>	<u>26,964</u>	<u>66,924</u>	<u>48,036,037</u>
Depreciation				
At 1 May 2006	–	22,123	44,259	66,382
Charge for the year	–	2,129	13,741	15,870
At 30 April 2007	<u>–</u>	<u>24,252</u>	<u>58,000</u>	<u>82,252</u>
Net book value				
At 30 April 2007	<u>47,942,149</u>	<u>2,712</u>	<u>8,924</u>	<u>47,953,785</u>
At 30 April 2006	<u>47,245,344</u>	<u>2,877</u>	<u>22,665</u>	<u>47,270,886</u>

If the properties had not been revalued, they would have been included on the historical cost basis at the following amounts

	2007 £	2006 £
At cost	<u>6,431,852</u>	<u>5,622,133</u>

Freehold investment property was revalued on 30 April 2005 by McDowalls Independent Chartered Surveyors (RICS member). The basis of the valuation used was existing market knowledge of values, taking into account existing tenancies. The surplus has been transferred to the revaluation reserve. The directors believe this to be an appropriate estimate of the market value at 30 April 2007.

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 of in the foreseeable future.

8 Stocks

	2007 £	2006 £
Raw materials and consumables	<u>5,691</u>	<u>3,371</u>

9 Debtors

	2007	2006
	£	£
Trade debtors	111,774	91,379
Other debtors	9,667	12,301
Prepayments and accrued income	6,516	11,259
Deferred taxation (note 10)	1,467	3,700
	<u>129,424</u>	<u>118,639</u>

10 Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2007	2006
	£	£
Included in debtors (note 9)	<u>1,467</u>	<u>3,700</u>

The movement in the deferred taxation account during the year was

	2007	2006
	£	£
Balance brought forward	3,700	1,600
Profit and loss account movement arising during the year	(2,233)	2,100
Balance carried forward	<u>1,467</u>	<u>3,700</u>

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

	2007	2006
	£	£
Excess of taxation allowances over depreciation on fixed assets	-	3,300
Other timing differences	<u>1,467</u>	<u>400</u>
	<u>1,467</u>	<u>3,700</u>

11 Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	7,929	5,807
Corporation tax	348,908	285,146
PAYE and social security	10,527	10,884
Proposed dividends	-	3,651
Other creditors	732	2,407
Pension contributions	1,497	1,313
Accruals and deferred income	53,496	64,730
	<u>423,089</u>	<u>373,938</u>

12 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.

13 Contingent liabilities

The directors have confirmed that there were no contingent liabilities which should be disclosed at 30 April 2007 nor 30 April 2006.

14 Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

15 Share capital

Authorised share capital

	2007	2006
	£	£
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

	2007		2006	
	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>

15 Share capital (continued)

Ordinary 'A' Shares

The ordinary 'A' shares carry an entitlement to a dividend, the amount being at the discretion of the company. On winding up the holders of the ordinary 'A' 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 ordinary 'A' shares carry 100% of the voting rights.

Ordinary 'B' Shares

The ordinary 'B' shares carry no entitlement to dividends. On winding up the holders of the ordinary 'B' 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 ordinary 'B' shares carry no voting rights.

Ordinary 'C' shares

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

16 Reserves

	Revaluation reserve	Other reserves	Profit and loss account
	£	£	£
At 1 May 2006	41,440,964	567,247	5,183,126
Profit for the year	–	–	1,137,864
Equity dividends	–	–	(300,000)
Reserve transfer	(112,914)	–	112,914
At 30 April 2007	41,328,050	567,247	6,133,904

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

17 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the financial year	1,137,864	1,001,731
Equity dividends paid	(300,000)	(300,000)
Net addition to shareholders' funds	837,864	701,731
Opening shareholders' funds	47,311,337	46,609,606
Closing shareholders' funds	48,149,201	47,311,337

18 Capital commitments

The directors have confirmed that there were no capital commitments at 30 April 2007 or 30 April 2006.