

Financial statements Scrutton Estates Limited

For the Year Ended 30 April 2011

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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 Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY

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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 2011

Principal activities and business review

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

There was a profit for the year after taxation amounting to £1,585,568 (2010 £1,402,670) Dividends of £150,000 were declared and paid during the year (2010 £450,000)

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

Directors

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 Directors' 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) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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 auditor is 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 auditor is aware of that information

Donations

During the year the company made the following contributions

	2011	2010
	£	£
Charitable	<u>3,115</u>	<u>3,025</u>

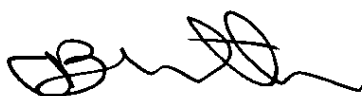
Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

ON BEHALF OF THE BOARD



C B Scrutton

Director

17-Nov-11



Independent auditor's report to the members of Scrutton Estates Limited

We have audited the financial statements of Scrutton Estates Limited for the year ended 30 April 2011 which comprise the principal accounting policies, profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2011 and of its profit for the year then ended,
- 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Scrutton Estates Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the report of the directors

Grant Thornton UK LLP

JAMES BROWN (Senior Statutory Auditor)
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS

Cambridge

28 November 2011

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, and in accordance with applicable UK accounting standards

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, over the useful economic life of that asset as follows

Fixtures & plant	-	25%
Motor Vehicles	-	25%

Other investments

Investments are held at their market value

Investment properties

The company's freehold property is held for long-term investment and is included in the balance sheet at its open market value. The surplus or deficit on revaluation of such properties is transferred to the revaluation reserve. Where a deficit arising from the revaluation of an investment property is expected to be permanent, it is charged to the profit and loss account. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from statutory accounting principles, which requires depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

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	2011 £	2010 £
Turnover	1	2,600,811	2,438,509
Other operating income		<u>3,333</u>	<u>5,681</u>
		2,604,144	2,444,190
Raw materials and consumables		<u>1,897</u>	<u>(1,304)</u>
Staff costs	2	311,233	358,149
Depreciation written off fixed assets	3	10,931	4,741
Other operating charges		<u>265,484</u>	<u>308,622</u>
Operating profit	3	2,014,599	1,773,982
Interest receivable		<u>12,164</u>	<u>6,897</u>
Profit on ordinary activities before taxation		2,026,763	1,780,879
Tax on profit on ordinary activities	5	441,195	378,209
Profit for the financial year	17	<u>1,585,568</u>	<u>1,402,670</u>

All of the activities of the company are classed as continuing

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

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	7	46,185,293	45,269,480
Investments	8	726,165	—
		46,911,458	45,269,480
Current assets			
Stocks	9	7,957	9,854
Debtors	10	182,474	166,352
Cash at bank		306,076	513,834
		496,507	690,040
Creditors: amounts falling due within one year	12	492,584	477,306
Net current assets		3,923	212,734
Total assets less current liabilities		46,915,381	45,482,214
Capital and reserves			
Called-up equity share capital	16	120,000	120,000
Revaluation reserve	17	35,810,652	35,813,053
Other reserves	17	567,247	567,247
Profit and loss account	17	10,417,482	8,981,914
Shareholders' funds	18	46,915,381	45,482,214

These financial statements were approved by the directors and authorised for issue on 17 Nov 11, and are signed on their behalf by



Mr C B Scrutton

Director

Company Registration Number 734610

Other primary statements

Statement of total recognised gains and losses

	2011	2010
	£	£
Profit for the financial year	1,585,568	1,402,670
Unrealised loss on revaluation of Fixed asset investments	(2,401)	–
Total gains and losses recognised for the year	<u>1,583,167</u>	<u>1,402,670</u>

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

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the 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

	2011	2010
	No	No
Number of administrative staff	8	8

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	221,044	267,101
Social security costs	33,689	34,848
Other pension costs	56,500	56,200
	<u>311,233</u>	<u>358,149</u>

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

	2011	2010
	£	£
Wages and salaries	<u>99,182</u>	<u>57,537</u>

3 Operating profit

Operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation of owned fixed assets	10,931	4,741
Profit on disposal of fixed assets	(3,333)	(5,681)
Auditor's remuneration		
Audit fees	8,500	8,000
Taxation fees	<u>2,660</u>	<u>3,625</u>

4 Directors

Remuneration in respect of directors was as follows

	2011	2010
	£	£
Remuneration receivable	175,143	174,077
Value of company pension contributions to money purchase schemes	56,500	56,200
	<u>231,643</u>	<u>230,277</u>

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

	2011	2010
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	2011	2010
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 27.84% (2010 - 28%)	439,815	383,503
Under/(over) provision in prior year	1,690	(5,314)
Total current tax	<u>441,505</u>	<u>378,189</u>
Deferred tax		
Reversal and origination of timing differences (note 11)		
Other timing differences	(310)	20
Tax on profit on ordinary activities	<u>441,195</u>	<u>378,209</u>

5 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 27.84% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>2,026,763</u>	<u>1,780,879</u>
Profit on ordinary activities by rate of tax	564,251	498,646
Capitalised expenditure treated as expenses for tax purposes	(111,741)	(112,977)
Difference between capital allowances for the period and depreciation	633	(19)
Marginal relief	(13,328)	(2,147)
Adjustments to tax charge in respect of prior periods	1,690	(5,314)
Total current tax (note 5(a))	<u>441,505</u>	<u>378,189</u>

6 Dividends

Dividends on shares classed as equity

	2011 £	2010 £
Paid during the year		
Equity dividends on 'A' ordinary shares	<u>150,000</u>	<u>450,000</u>

7 Tangible fixed assets

	Freehold Investment Property £	Fixtures & plant £	Motor Vehicles £	Total £
Cost or valuation				
At 1 May 2010	45,264,325	31,484	67,444	45,363,253
Additions	894,667	—	32,077	926,744
Disposals	—	—	(19,270)	(19,270)
At 30 April 2011	<u>46,158,992</u>	<u>31,484</u>	<u>80,251</u>	<u>46,270,727</u>
Depreciation				
At 1 May 2010	—	29,447	64,326	93,773
Charge for the year	—	1,130	9,801	10,931
On disposals	—	—	(19,270)	(19,270)
At 30 April 2011	<u>—</u>	<u>30,577</u>	<u>54,857</u>	<u>85,434</u>
Net book value				
At 30 April 2011	<u>46,158,992</u>	<u>907</u>	<u>25,394</u>	<u>46,185,293</u>
At 30 April 2010	<u>45,264,325</u>	<u>2,037</u>	<u>3,118</u>	<u>45,269,480</u>

7 Tangible fixed assets (continued)

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

	2011 £	2010 £
At cost	<u>10,163,692</u>	<u>9,269,025</u>

Freehold investment property was revalued on 13 May 2009 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 deficit was transferred to the revaluation reserve. The directors believe the current valuation to be an appropriate estimate of the market value at 30 April 2011.

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 Investments

	Other fixed asset investments £
Cost or valuation	
Additions	728,566
Revaluations	(2,401)
At 30 April 2011	<u>726,165</u>
Net book value	
At 30 April 2011	<u>726,165</u>
At 30 April 2010	<u>-</u>

9 Stocks

	2011 £	2010 £
Raw materials and consumables	<u>7,957</u>	<u>9,854</u>

10 Debtors

	2011 £	2010 £
Trade debtors	146,406	129,995
Other debtors	9,475	8,303
Prepayments and accrued income	22,339	24,110
Deferred taxation (note 11)	4,254	3,944
	<u>182,474</u>	<u>166,352</u>

11 Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2011	2010
	£	£
Included in debtors (note 10)	<u>4,254</u>	<u>3,944</u>

The movement in the deferred taxation account during the year was

	2011	2010
	£	£
Balance brought forward	3,944	3,964
Profit and loss account movement arising during the year	310	(20)
Balance carried forward	<u>4,254</u>	<u>3,944</u>

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

	2011	2010
	£	£
Other timing differences	<u>4,254</u>	<u>3,944</u>
	<u>4,254</u>	<u>3,944</u>

12 Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	23,042	63,290
Corporation tax	439,937	378,189
PAYE and social security	8,388	9,170
Other creditors	217	5,657
Accruals and deferred income	21,000	21,000
	<u>492,584</u>	<u>477,306</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 2011 or 30 April 2010.

15 Related party transactions

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

16 Share capital

Authorised share capital

	2011	2010
	£	£
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

	2011		2010	
	No	£	No	£
40,000 'A' ordinary shares of £1 each	40,000	40,000	40,000	40,000
40,000 'B' ordinary shares of £1 each	40,000	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>

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. (These rights only apply after the holders of the ordinary 'A' shares have been paid in full). 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.

17 Reserves

	Revaluation reserve	Other reserves	Profit and loss account
	£	£	£
At 1 May 2010	35,813,053	567,247	8,981,914
Profit for the year	–	–	1,585,568
Equity dividends	–	–	(150,000)
Other gains and losses			
- Revaluation of fixed assets investments	(2,401)	–	–
At 30 April 2011	<u>35,810,652</u>	<u>567,247</u>	<u>10,417,482</u>

18 Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Profit for the financial year	1,585,568	1,402,670
Other net recognised gains and losses	(2,401)	–
Equity dividends	(150,000)	(450,000)
Net addition to shareholders' funds	<u>1,433,167</u>	<u>952,670</u>
Opening shareholders' funds	<u>45,482,214</u>	<u>44,529,544</u>
Closing shareholders' funds	<u>46,915,381</u>	<u>45,482,214</u>

19 Capital commitments

The directors have confirmed that there were no capital commitments at 30 April 2011 or 30 April 2010