

**REGISTRARS COPY**



A29 \*A880HGIT\* 0388  
COMPANIES HOUSE 06/12/02

**SCRUTTON ESTATES LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2002

# SCRUTTON ESTATES LIMITED

## FINANCIAL STATEMENTS

For the year ended 30 April 2002

---

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  
East London Business Centre  
Gredley House, 1-11 Broadway  
Stratford  
LONDON  
E15 4BQ

Solicitors: Edwards Duthie  
9-15 York Road  
ILFORD  
Essex  
IG1 3AD  
E13 8PT

Auditors: Grant Thornton  
Registered Auditors  
Chartered Accountants  
Byron House  
Cambridge Business Park  
Cowley Road  
CAMBRIDGE  
CB4 0WZ

# SCRUTTON ESTATES LIMITED

## FINANCIAL STATEMENTS

For the year ended 30 April 2002

---

INDEX	PAGE
Report of the directors	1 - 2
Report of the independent auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Other primary statements	7
Notes to the financial statements	8 - 15

# SCRUTTON ESTATES LIMITED

## REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 April 2002.

### Principal activities

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

### Business review

There was a profit for the year after taxation amounting to £642,224 (2001: profit £625,855). Interim dividends were declared during the year of £406,000 (2001: £215,950) leaving £236,224 (2001: £409,905) retained.

### Directors

The present membership of the Board is set out below. Both directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 1 May 2001 and 30 April 2002 were as follows:

	'A' Ordinary shares		'B' Ordinary shares		'D' Ordinary shares	
	30 April 2002	1 May 2001	30 April 2002	1 May 2001	30 April 2002	1 May 2001
Mr C B Scrutton	12,636	-	10,136	5,136	-	10,136
Mrs A M Scrutton	5,000	-	-	5,000	-	-

On 21 February 2002 the 'A', 'B' and 'C' ordinary shares were consolidated and redesignated as 'A' ordinary shares. The 'D' ordinary shares were redesignated as 'B' ordinary shares.

### Charitable contributions

Donations to charitable organisations amounted to £500 (2001: £nil).

### Directors' responsibilities for the financial statements

Company law in the United Kingdom 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 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 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.

# SCRUTTON ESTATES LIMITED

## REPORT OF THE DIRECTORS

---

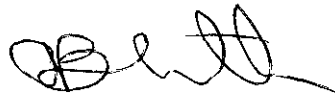
### Auditors

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

### Small company exemption

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

ON BEHALF OF THE BOARD



C B Scrutton  
Director

29 November 2002

**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 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the directors' report 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 directors' report 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 directors' report, 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Grant Thornton*

**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**CAMBRIDGE**

*4 December 2002*

# **SCRUTTON ESTATES LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

---

### **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention except that freehold investment properties are shown at their revalued amounts.

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year apart from the policy for deferred tax. Following the introduction of FRS 19, the company has made full provision for deferred tax. The effect of the prior year adjustment has been £nil as there has been no additional deferred tax to provide for under the new policy.

### **TURNOVER**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets (excluding investment properties - see below) are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, excluding investment properties, by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

Fixtures and plant	25%
Motor vehicles	25%

### **INVESTMENT PROPERTIES**

Investment properties are revalued at least once every 5 years, and are included in the balance sheet at their open market values. The surpluses or deficits on revaluation of such properties are transferred to the revaluation reserve.

Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from the Companies Act 1985, 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. The amount which might otherwise have been shown cannot be separately identified or quantified.

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

### **RETIREMENT BENEFITS**

#### **Defined Contribution Pension Scheme**

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

**SCRUTTON ESTATES LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 30 April 2002

	Note	2002 £	2001 £
<b>Turnover</b>	1	<b>1,274,002</b>	1,191,376
Change in stocks		(498)	(1,065)
Staff costs	3	(260,754)	(231,921)
Depreciation		(7,244)	(7,980)
Other operating charges		(183,198)	(133,650)
<b>Operating profit</b>		<b>822,308</b>	816,760
Net interest	2	(12,024)	(15,927)
<b>Profit on ordinary activities before taxation</b>	1	<b>810,284</b>	800,833
Tax on profit on ordinary activities	4	(168,060)	(174,978)
<b>Profit for the financial year</b>		<b>642,224</b>	625,855
Dividends	5	(406,000)	(215,950)
<b>Profit transferred to reserves</b>	11	<b>236,224</b>	409,905

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



# SCRUTTON ESTATES LIMITED

BALANCE SHEET AT 30 APRIL 2002

	Note	2002 £	2002 £	2001 £	2001 £
<b>Fixed assets</b>					
Tangible assets	6		37,678,921		13,933,798
<b>Current assets</b>					
Stocks	7	6,617		7,115	
Debtors	8	65,272		80,703	
Cash at bank and in hand		60,326		255,266	
		132,215		343,084	
<b>Creditors: amounts falling due within one year</b>	9	(483,797)		(537,243)	
<b>Net current liabilities</b>			(351,582)		(194,159)
<b>Total assets less current liabilities</b>			37,327,339		13,739,639
<b>Capital and reserves</b>					
Called up share capital	10		80,000		80,000
Revaluation reserve	11		34,113,274		10,761,798
Other reserves	11		567,247		567,247
Profit and loss account	11		2,566,818		2,330,594
<b>Equity shareholders' funds</b>	12		37,327,339		13,739,639

These 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 of Directors on

29<sup>th</sup> Nov 2002

C B Scrutton



Director

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

**SCRUTTON ESTATES LIMITED**

**OTHER PRIMARY STATEMENTS**

For the year ended 30 April 2002

---

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Profit for the financial year</b>	<b>642,224</b>	<b>625,855</b>
Unrealised surplus on revaluation of investment properties	<b>23,351,476</b>	<b>-</b>
<b>Total recognised gains and losses for the year</b>	<b>23,993,700</b>	<b>625,855</b>
<b>Total gains and losses recognised since last financial statements</b>	<b>23,993,700</b>	<b>625,855</b>

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

# SCRUTTON ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

---

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to the principal activity of the company.

The profit on ordinary activities is stated after:

	2002 £	2001 £
Auditors' remuneration	8,500	8,000
Depreciation Tangible fixed assets, owned	<u>7,244</u>	<u>7,980</u>

### 2 NET INTEREST

	2002 £	2001 £
On bank loans and overdrafts	<u>12,024</u>	<u>15,927</u>

# SCRUTTON ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	245,887	242,166
Social security costs	24,703	24,270
Other pension costs	30,283	19,514
	<u>300,873</u>	<u>285,950</u>

Included in the above are the following costs which have been capitalised:

	2002 £	2001 £
Wages and salaries	<u>40,119</u>	<u>54,029</u>

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

	2002 Number	2001 Number
Management and administration	<u>9</u>	<u>8</u>

Remuneration in respect of directors was as follows:

	2002 £	2001 £
Emoluments	101,118	100,623
Pension contributions to money purchase pension schemes	13,564	13,564
	<u>114,682</u>	<u>114,187</u>

During the year 1 director (2001: 1) participated in money purchase pension schemes.

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2002 £	2001 £
Corporation tax at 30%	170,000	176,500
Adjustment in respect of prior period	(1,940)	(1,522)
Total current tax and tax on profit on ordinary activities	<u>168,060</u>	<u>174,978</u>

# SCRUTTON ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

### TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% (2001: 30%).

The differences are explained as follows:

	2002 £	2001 £
Profit on ordinary activities before taxation	810,284	800,833
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	243,085	240,250
Effect of:		
Expenses not deductible for tax purposes	3,983	1,737
Capitalised expenditure treated as expenses for tax purposes	(58,421)	(44,927)
Difference between capital allowances for the period and depreciation	1,249	604
Marginal relief	(21,842)	(21,164)
Other timing differences	1,946	-
Adjustments to tax charge in respect of prior periods	(1,940)	(1,522)
Current tax charge for the period	168,060	174,978

Deferred taxation amounting to £8,918,418 (2000: £2,023,731) 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.

### 5 DIVIDENDS

	2002 £	2001 £
Equity interim dividends:		
- on 'A' ordinary shares at £12.25 per share	45,521	25,009
- on 'B' ordinary shares at £12.25 per share	260,729	143,241
- on 'C' ordinary shares at £6.65 per share	99,750	47,700
	406,000	215,950

On 21 February 2002 the 'A', 'B' and 'C' ordinary shares were consolidated and redesignated into 'A' ordinary shares. The 'D' ordinary shares were redesignated as 'B' ordinary shares.

The dividends were declared before the redesignations occurred.

# SCRUTTON ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

### 6 TANGIBLE FIXED ASSETS

	Freehold investment property £	Fixtures and plant £	Motor vehicles £	Total £
Cost or valuation				
At 1 May 2001	13,924,211	16,716	15,204	13,956,131
Additions	399,313	1,578	-	400,891
Surplus on revaluation	23,351,476	-	-	23,351,476
At 30 April 2002	37,675,000	18,294	15,204	37,708,498
Depreciation				
At 1 May 2001	-	13,468	8,865	22,333
Provided in the year	-	3,035	4,209	7,244
At 30 April 2002	-	16,503	13,074	29,577
Net book amount at 30 April 2002	37,675,000	1,791	2,130	37,678,921
Net book amount at 30 April 2001	13,924,211	3,248	6,339	13,933,798

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

	Investment property 2002 £	2001 £
At cost	-	924,211
Valuation - 30 April 1998	-	13,000,000
Valuation - 30 April 2002	37,675,000	-
	37,675,000	13,924,211

Freehold investment property was revalued on 30 April 2002 by McDowells Independent Chartered Surveyor (RICS member). The basis of the valuation used was open market value, taking into account existing tenancies. The surplus has been transferred to the revaluation reserve.

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.

# SCRUTTON ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

### 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:

	Freehold investment property £
Net book amount at 30 April 2002	<u>3,381,448</u>
Net book amount at 30 April 2001	<u>2,982,135</u>

### 7 STOCKS

	2002 £	2001 £
Raw materials and consumables	<u>6,617</u>	<u>7,115</u>

### 8 DEBTORS

	2002 £	2001 £
Trade debtors	52,920	71,353
Other debtors	185	253
Taxation recoverable	691	-
Prepayments and accrued income	<u>11,476</u>	<u>9,097</u>
	<u>65,272</u>	<u>80,703</u>

# SCRUTTON ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

### 9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans	250,000	325,000
Trade creditors	8,987	9,171
Corporation tax	170,000	176,805
Social security and other taxes	7,883	7,698
Proposed dividends	27,125	1,188
Other creditors	916	-
Pension contributions	733	-
Accruals and deferred income	18,153	17,381
	<u>483,797</u>	<u>537,243</u>

#### Bank loans

The loans are secured by a fixed and floating charge over the assets of the company. The bank loans are technically repayable on demand, and hence have been classified within creditors due within one year. However, the loans are repayable by lump sum reductions over a five year period which commenced in 1999. Interest is charged at 2.5% above NatWest base rate.

### 10 SHARE CAPITAL

	2002 £	2001 £
Authorised, allotted, called up and fully paid		
40,000 'A' ordinary shares of £1 each (2001: 3,716)	40,000	3,716
40,000 'B' ordinary shares of £1 each (2001: 21,284)	40,000	21,284
0 'C' ordinary shares of £1 each (2001: 15,000)	-	15,000
0 'D' ordinary shares of £1 each (2001: 40,000)	-	40,000
	<u>80,000</u>	<u>80,000</u>

On 21 February 2002 the 'A', 'B' and 'C' ordinary shares were consolidated and redesignated into 'A' ordinary shares. The 'D' ordinary shares were redesignated as 'B' ordinary shares.



# SCRUTTON ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

### 11 RESERVES

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 May 2001	10,761,798	567,247	2,330,594
Retained profit for the year	-	-	236,224
Surplus on revaluation of assets	23,351,476	-	-
At 30 April 2002	<u>34,113,274</u>	<u>567,247</u>	<u>2,566,818</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.

### 12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	642,224	625,855
Dividends	(406,000)	(215,950)
Other recognised gains and losses	<u>23,351,476</u>	<u>-</u>
Net increase in shareholders' funds	23,587,700	409,905
Shareholders' funds at 1 May 2001	<u>13,739,639</u>	<u>13,329,734</u>
Shareholders' funds at 30 April 2002	<u>37,327,339</u>	<u>13,739,639</u>

### 13 CAPITAL COMMITMENTS

The company had no capital commitments at 30 April 2002 or 30 April 2001.

### 14 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 April 2002 or 30 April 2001.

### 15 RETIREMENT BENEFITS

Defined Contribution Pension Scheme

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.

# **SCRUTTON ESTATES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 April 2002

---

### **16 TRANSACTIONS WITH DIRECTORS**

The company paid for taxation services on behalf of Mr C B Scrutton in the year amounting to £nil (2000: £1,757). At the year end, these amounts had been fully paid.

### **17 CONTROLLING RELATED PARTY**

The directors are this company's controlling related party by virtue of their directorships of and shareholdings in the company.