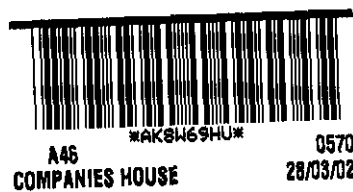


SCRUTTON ESTATES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2001



Company no 734610

SCRUTTON ESTATES LIMITED

FINANCIAL STATEMENTS

For the year ended 30 April 2001

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
PO Box 3653
2nd Floor 54 Marsh Wall
West India Dock
LONDON
E14 9XL

Solicitors: Duthie Hart & Duthie
517-519 Barking Road
LONDON
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 2001

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SCRUTTON ESTATES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 April 2001.

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 £625,855. Interim dividends were declared in the year of £215,950 leaving £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 30 April 2001 and 1 May 2000 were as follows:

	B Ordinary shares		D Ordinary shares	
	30 April 2001	1 May 2000	30 April 2001	1 May 2000
Mr C B Scrutton	5,136	5,136	10,136	10,136
Mrs A M Scrutton	5,000	5,000	-	-

Directors' responsibilities for the financial statements

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 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 maintaining 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

22 March 2002

REPORT OF THE AUDITORS TO THE MEMBERS OF

SCRUTTON ESTATES LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

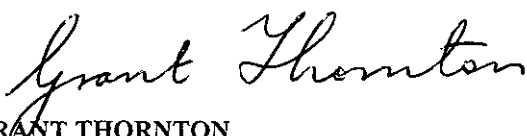
Basis of opinion

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 at 30 April 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
CAMBRIDGE

22 March 2002.

SCRUTTON ESTATES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention except that freehold investment properties are shown at their revalued amounts.

The company is exempt from preparing a cash flow statement on the grounds that it qualifies as a small company.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

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

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

Fixtures and plant	25%
Motor vehicles	25%

INVESTMENT PROPERTIES

Certain of the company's properties are held for long-term investment 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 investment property revaluation reserve. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from the statutory accounting principles, which require 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 stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of 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 2001

	Note	2001 £	2000 £
Turnover: continuing operations	1	1,191,376	1,105,207
Change in stocks		(1,065)	(3,102)
Staff costs	3	(231,921)	(233,996)
Depreciation		(7,980)	(5,724)
Other operating charges		(133,650)	(190,070)
Operating profit: continuing operations		816,760	672,315
Interest payable and similar charges	2	(15,927)	(15,429)
Profit on ordinary activities before taxation	1	800,833	656,886
Tax on profit on ordinary activities	4	(174,978)	(89,722)
Profit for the financial year		625,855	567,164
Dividends	5	(215,950)	(361,843)
Profit transferred to reserves	11	409,905	205,321

There were no recognised gains or losses other than the profit for the financial year.

SCRUTTON ESTATES LIMITED

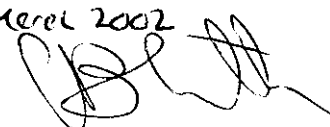
BALANCE SHEET AT 30 APRIL 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	6		13,933,798		13,583,250
Current assets					
Stocks	7	7,115		8,180	
Debtors	8	80,703		55,679	
Cash at bank and in hand		255,266		131,446	
		343,084		195,305	
Creditors: amounts falling due within one year	9	(537,243)		(448,821)	
Net current liabilities			(194,159)		(253,516)
Total assets less current liabilities			13,739,639		13,329,734
Capital and reserves					
Called up share capital	10		80,000		80,000
Revaluation reserve	11		10,761,798		10,761,798
Other reserves	11		567,247		567,247
Profit and loss account	11		2,330,594		1,920,689
Shareholders' funds (all equity)	12		13,739,639		13,329,734

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 22 March 2002

Director



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 2001

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:	2001 £	2000 £
Auditors' remuneration	8,000	7,500
Depreciation and amortisation: Tangible fixed assets, owned	<u>7,980</u>	<u>5,724</u>

2 NET INTEREST

	2001 £	2000 £
Other interest payable and similar charges	<u>15,927</u>	<u>15,429</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	2001 £	2000 £
Wages and salaries	242,166	212,074
Social security costs	24,270	21,171
Other pension costs	19,514	59,909
	<u>285,950</u>	<u>293,154</u>

	2001 £	2000 £
Included in the above are the following costs which have been capitalised:		
Wages and salaries	<u>54,029</u>	<u>59,158</u>

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

	2001 Number	2000 Number
Management and administration	<u>8</u>	<u>8</u>

SCRUTTON ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2001

Remuneration in respect of directors was as follows:

	2001 £	2000 £
Emoluments	100,623	89,633
Pension contributions to money purchase pension schemes	13,564	55,765
	<u>114,187</u>	<u>145,398</u>

During the year 1 director (2000: 1) participated in money purchase pension schemes.

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2001 £	2000 £
Corporation tax	176,500	93,500
	<u>176,500</u>	<u>93,500</u>
Adjustments in respect of prior periods:		
Corporation tax	(1,522)	(3,778)
	<u>174,978</u>	<u>89,722</u>

Deferred taxation amounting to £2,023,731 (2000: £2,045,308) 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

	2001 £	2000 £
Equity interim dividends:		
- on 'A' ordinary shares at £6.73 per share	25,009	21,165
- on 'B' ordinary shares at £6.73 per share	143,241	121,228
- on 'C' ordinary shares at £3.18 per share	47,700	219,450
	<u>215,950</u>	<u>361,843</u>

SCRUTTON ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2001

6 TANGIBLE FIXED ASSETS

	Freehold investment property £	Fixtures and plant £	Motor vehicles £	Total £
Cost or valuation				
At 1 May 2000	13,566,615	15,784	15,204	13,597,603
Additions	357,596	932	-	358,528
At 30 April 2001	13,924,211	16,716	15,204	13,956,131
Depreciation				
At 1 May 2000	-	9,289	5,064	14,353
Provided in the year	-	4,179	3,801	7,980
At 30 April 2001	-	13,468	8,865	22,333
Net book amount at 30 April 2001	<u>13,924,211</u>	<u>3,248</u>	<u>6,339</u>	<u>13,933,798</u>
Net book amount at 30 April 2000	<u>13,566,615</u>	<u>6,495</u>	<u>10,140</u>	<u>13,583,250</u>

The properties were valued by independent Chartered Surveyors, McDowells (RICS members) on 30 April 1998 on the basis of their open market value, taking into account existing tenancies.

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

	Investment property £
Net book amount at 30 April 2001	<u>2,982,135</u>
Net book amount at 30 April 2000	<u>2,624,539</u>

7 STOCKS

	2001 £	2000 £
Raw materials and consumables	<u>7,115</u>	<u>8,180</u>

SCRUTTON ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2001

8 DEBTORS

	2001 £	2000 £
Trade debtors	71,353	46,308
Other debtors	253	267
Prepayments and accrued income	9,097	9,104
	<u>80,703</u>	<u>55,679</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank loans	325,000	325,000
Trade creditors	9,171	6,232
Corporation tax	176,805	93,500
Social security and other taxes	7,698	7,226
Proposed dividends	1,188	1,072
Accruals and deferred income	17,381	15,791
	<u>537,243</u>	<u>448,821</u>

The loans are secured on certain property owned by the company.

10 SHARE CAPITAL

	2001 £	2000 £
Authorised, allotted, called up 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>80,000</u>	<u>80,000</u>

SCRUTTON ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2001

11 RESERVES

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 May 2000	10,761,798	567,247	1,920,689
Retained profit for the year	-	-	409,905
At 30 April 2001	<u>10,761,798</u>	<u>567,247</u>	<u>2,330,594</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

	2001 £	2000 £
Profit for the financial year	625,855	567,164
Dividends	(215,950)	(361,843)
Net increase in shareholders' funds	<u>409,905</u>	<u>205,321</u>
Shareholders' funds at 1 May 2000	13,329,734	13,124,413
Shareholders' funds at 30 April 2001	<u>13,739,639</u>	<u>13,329,734</u>

13 CAPITAL COMMITMENTS

The company had no capital commitments at 30 April 2001 or 30 April 2000.

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 April 2001 or 30 April 2000.

15 PENSIONS

Defined Contribution Scheme

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

The pension charge for the year represents the contributions paid.

SCRUTTON ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2001

16 TRANSACTIONS WITH DIRECTORS

Amounts due in respect of loans, quasi-loans and credit transactions by directors were as follows:

Director	Amount outstanding		Maximum liability during year	Interest due not paid
	2001	2000		
	£	£	£	£
C B Scrutton	0	0	5,000	0

During the year, the company made sales totalling £nil (2000: £24,087) to Mr C B Scrutton. The company paid for taxation services on behalf of Mr C B Scrutton in the year amounting to £1,757 (2000: £nil). 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 directorship and shareholdings.