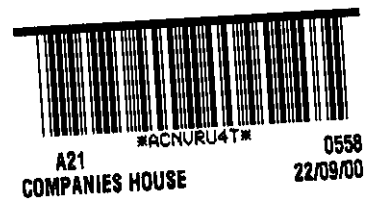


**FOXTONS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**  
**SIGNED COPY**



# FOXTONS LIMITED

## COMPANY INFORMATION

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Directors	J M Hunt P J L Rollings
Secretary	R Gipson
Company number	1680058
Registered office	92 Park Lane London W1Y 4EJ
Auditors	Rothman Pantall & Co Clareville House 26/27 Oxendon Street London SW1Y 4EP
Bankers	National Westminster Bank Plc 176 London Road Portsmouth Hants SW1H 0HN
Solicitors	Mishcon de Reya 21 Southampton Row London WC1B 5HS

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# FOXTONS LIMITED

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# FOXTONS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their report and financial statements for the year ended 31 December 1999.

### Principal activities and review of the business

The principal activity of the company continued to be that of estate and lettings agents.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

The group chairman's statement is provided in the group consolidated financial statements of Heven Holdings Limited.

### Results and dividends

The results for the year are set out on page 4.

An ordinary dividend of £5,100,000 has been paid during the year. (1998- £Nil).

### Post balance sheet events

There have been no significant post balance sheet events affecting the company.

### Year 2000

We have identified the key risks to the business and have developed a plan to minimise their impact. We have considered not only our own systems but also those of our major suppliers and customers. Although no organisation can guarantee that no year 2000 problems will arise, we believe that, having identified and removed the major risks to the business in accordance with the plan we have developed, it will be possible to quickly resolve any such problems as may arise without significant additional costs.

The company has not experienced any significant year 2000 problems.

### Directors

The following directors have held office since 1 January 1999:

J M Hunt  
P J L Rollings

### Directors' interests

The directors' interests in the shares of the company, including spouse's interest as required by the Companies Act, were as stated below:

	Ordinary of £ 1 each	
	31 December 1999	1 January 1999
J M Hunt	-	-
P J L Rollings	-	-

The interests of J M Hunt in the issued shares of the holding company, Heven Holdings Limited, are shown in the accounts of that company.

# FOXTONS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

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### Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Rothman Pantall & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

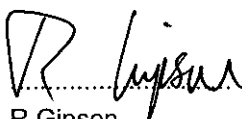
### Directors' responsibilities

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

By order of the board

  
.....  
R Gipson  
Secretary  
18/9/00  
.....

# FOXTONS LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS OF FOXTONS LIMITED

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We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

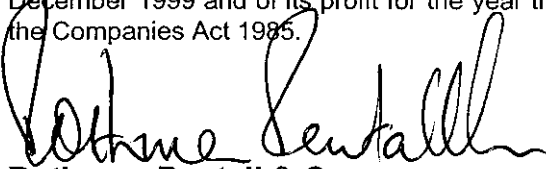
### Basis of opinion

We conducted our audit in accordance with 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 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Rothman Pantall & Co**  
Chartered Accountants & Registered Auditors  
Clareville House  
26/27 Oxendon Street  
London  
SW1Y 4EP

18 September 2000

# FOXTONS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Turnover	2	24,402,934	14,130,496
Administrative expenses		(15,593,832)	(15,654,918)
<b>Operating profit/(loss)</b>	3	8,809,102	(1,524,422)
Other interest receivable and similar income	4	230,736	162,596
Amounts written off investments	5	-	(92,129)
Interest payable and similar charges	6	(315,726)	(295,821)
<b>Profit/(loss) on ordinary activities before taxation</b>		8,724,112	(1,749,776)
Tax on profit/(loss) on ordinary activities	7	(3,061,095)	258,063
<b>Profit/(loss) on ordinary activities after taxation</b>		5,663,017	(1,491,713)
Dividends	8	(5,100,000)	-
<b>Retained profit/(loss) for the year</b>	17	563,017	(1,491,713)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

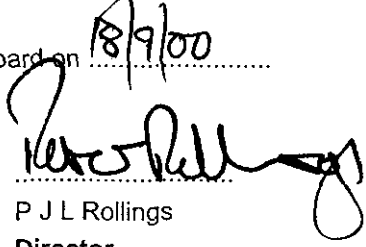
# FOXTONS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	1999 £	£	1998 £	£
<b>Fixed assets</b>					
Intangible assets	9	614,985		831,594	
Tangible assets	10	4,607,024		3,100,704	
Investments	11	-		10,000	
		<u>5,222,009</u>		<u>3,942,298</u>	
<b>Current assets</b>					
Debtors	12	8,040,065		5,660,866	
Creditors: amounts falling due within one year	13	(11,836,393)		(8,618,577)	
<b>Net current liabilities</b>		<u>(3,796,328)</u>		<u>(2,957,711)</u>	
<b>Total assets less current liabilities</b>		<u>1,425,681</u>		<u>984,587</u>	
<b>Creditors: amounts falling due after more than one year</b>	14	(181,293)		(264,311)	
<b>Provisions for liabilities and charges</b>	15	-		(38,905)	
		<u>1,244,388</u>		<u>681,371</u>	
<b>Capital and reserves</b>					
Called up share capital	16	10,000		10,000	
Revaluation reserve	17	104,824		104,824	
Profit and loss account	17	1,129,564		566,547	
<b>Shareholders' funds - equity interests</b>	18	<u>1,244,388</u>		<u>681,371</u>	

The financial statements were approved by the Board on 18/9/00

  
J M Hunt  
Director

  
P J L Rollings  
Director



# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a 100 per cent subsidiary of Heven Holdings Limited and therefore over 90 per cent of the voting rights of the company are controlled within the group. Consolidated financial statements in which the company is included are publicly available.

#### 1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life. Currently goodwill is being written off over 10 years.

#### 1.5 Development expenditure

The expenditure associated with the initial development of new offices is capitalised and amortised over a period of two years. No such expenditure was incurred in the current year.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Short-term leasehold property	Over the term of the lease.
Fixtures, fittings & equipment	20% - 25% straight line
Motor vehicles	25% straight line

#### 1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

*Rentals payable under operating leases are charged against income on a straight line basis over the lease term.*

#### 1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 1 Accounting policies

#### 1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating profit/(loss)	1999 £	1998 £
	Operating profit/(loss) is stated after charging:		
	Amortisation of intangible assets	216,609	370,159
	Depreciation of tangible assets	1,012,724	798,755
	Operating lease rentals	785,500	810,635
	Auditors' remuneration	13,000	12,000
	Remuneration of auditors for non-audit work	41,219	46,500

4	Other interest receivable and similar income	1999 £	1998 £
	Bank interest	229,203	159,263
	Other interest	1,533	3,333
		230,736	162,596

5	Amounts written off investments	1999 £	1998 £
	Amounts written off current asset investments	-	92,129

# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

<b>6</b>	<b>Interest payable</b>	<b>1999</b>	<b>1998</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	1,129	3,075
	Other interest	-	18,000
	Hire purchase interest	52,826	86,098
	On overdue tax	261,771	188,648
		<u>315,726</u>	<u>295,821</u>
<b>7</b>	<b>Taxation</b>	<b>1999</b>	<b>1998</b>
		<b>£</b>	<b>£</b>
	<b>U.K. current year taxation</b>		
	U.K. corporation tax at 30% (1998 - 31%)	3,100,000	23,283
	Contribution made to group company in respect of loss surrendered	243,553	-
	Tax benefit of loss surrendered	(243,553)	-
	Deferred taxation	(38,905)	(74,137)
		<u>3,061,095</u>	<u>(50,854)</u>
	<b>Prior years</b>		
	U.K. corporation tax	-	(207,209)
		<u>3,061,095</u>	<u>(258,063)</u>
<b>8</b>	<b>Dividends</b>	<b>1999</b>	<b>1998</b>
		<b>£</b>	<b>£</b>
	Ordinary paid	<u>5,100,000</u>	<u>-</u>

# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 9 Intangible fixed assets

	Goodwill	Development Costs	Total
	£	£	£
<b>Cost</b>			
At 1 January 1999	911,089	426,000	1,337,089
Written off	-	(426,000)	(426,000)
	<hr/>	<hr/>	<hr/>
At 31 December 1999	911,089	-	911,089
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 January 1999	204,995	300,500	505,495
Written off	-	(426,000)	(426,000)
Charge for year	91,109	125,500	216,609
	<hr/>	<hr/>	<hr/>
At 31 December 1999	296,104	-	296,104
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 1999	614,985	-	614,985
	<hr/>	<hr/>	<hr/>
At 31 December 1998	706,094	125,500	831,594
	<hr/>	<hr/>	<hr/>

# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 10 Tangible fixed assets

	Short-term leasehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 1999	2,006,151	1,430,421	1,592,597	5,029,169
Additions	832,117	467,446	1,614,044	2,913,607
Disposals	-	-	(622,575)	(622,575)
At 31 December 1999	2,838,268	1,897,867	2,584,066	7,320,201
<b>Depreciation</b>				
At 1 January 1999	464,160	814,595	649,710	1,928,465
On disposals	-	-	(228,009)	(228,009)
Charge for the year	98,892	333,164	580,665	1,012,721
At 31 December 1999	563,052	1,147,759	1,002,366	2,713,177
<b>Net book value</b>				
At 31 December 1999	2,275,216	750,108	1,581,700	4,607,024
At 31 December 1998	1,541,991	615,826	942,887	3,100,704

### Comparable historical cost for the land and buildings included at valuation:

	£
<b>Cost</b>	
Historical cost at 1 January 1999 and at 31 December 1999	105,176
<b>Depreciation based on cost</b>	
At 1 January 1999	74,939
Charge for the year	5,259
At 31 December 1999	80,198
<b>Net book values</b>	
At 31 December 1999	24,978
At 31 December 1998	30,237

# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 10 Tangible fixed assets

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
<b>Net book values</b>	
At 31 December 1999	765,187
At 31 December 1998	925,815
<b>Depreciation charge for the year</b>	
31 December 1999	345,916
31 December 1998	353,322

### 11 Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 January 1999	10,000
Disposals	(10,000)
At 31 December 1999	-

# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

12 Debtors	1999 £	1998 £
Trade debtors	3,095,505	1,607,001
Amounts owed by parent undertaking	4,411,259	3,572,892
Other debtors	56,828	96,826
Prepayments and accrued income	476,473	384,147
	<u>8,040,065</u>	<u>5,660,866</u>

Amounts falling due after more than one year and included in the debtors above are:

	1999 £	1998 £
Amounts owed by group undertakings	<u>4,411,259</u>	<u>3,572,892</u>

13 Creditors: amounts falling due within one year	1999 £	1998 £
Bank loans and overdrafts	290,820	82,975
Net obligations under finance lease and hire purchase contracts	451,637	548,136
Trade creditors	1,162,213	716,518
Corporation tax	4,024,147	1,247,383
Other taxes and social security costs	2,886,690	2,962,277
Other creditors	234,358	1,240,202
Accruals and deferred income	2,786,528	1,821,086
	<u>11,836,393</u>	<u>8,618,577</u>

The bank overdraft is secured by a fixed and floating charge over the assets and undertakings of the company.

# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

14 Creditors: amounts falling due after more than one year	1999 £	1998 £
Net obligations under finance leases and hire purchase agreements	181,293	264,311
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	451,637	548,136
Repayable between one and five years	181,293	264,311
	632,930	812,447
Included in liabilities falling due within one year	(451,637)	(548,136)
	181,293	264,311

### 15 Provisions for liabilities and charges

Deferred  
taxation  
£

Balance at 1 January 1999	38,905
Profit and loss account	(38,905)
Balance at 31 December 1999	-

Deferred tax is provided at 30% (1998 - 30%) analysed over the following timing differences:

	1999 £	Fully provided 1998 £
Other timing differences	-	38,905

16 Share capital	1999 £	1998 £
<b>Authorised</b>		
50,000 Ordinary of £ 1 each	50,000	50,000
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary of £ 1 each	10,000	10,000



# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 17 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 1999	104,824	566,547
Retained profit for the year	-	563,017
Balance at 31 December 1999	104,824	1,129,564

### 18 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit/(Loss) for the financial year	5,663,017	(1,491,713)
Dividends	(5,100,000)	-
Net addition to/(depletion in) shareholders' funds	563,017	(1,491,713)
Opening shareholders' funds	681,371	2,173,084
Closing shareholders' funds	1,244,388	681,371

### 19 Contingent liabilities

At the year end the company had given a guarantee in respect of the bank borrowings of its ultimate parent undertaking. At 31 December 1999 these borrowings amounted to £2,632,235 (1998 - £2,893,957).

### 20 Financial commitments

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1999 £	1998 £	1999 £	1998 £
Expiry date:				
Within one year	-	-	-	20,581
In over five years	770,000	759,000	-	-
	770,000	759,000	-	20,581

# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

<b>21 Capital commitments</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>

At 31 December 1999 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	2,846,000	275,000
	<u>          </u>	<u>          </u>

The capital commitments at the year end refer to a contract for office refurbishment and the update of the company's motor vehicle fleet.

<b>22 Directors' emoluments</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>

Emoluments for qualifying services	152,799	3,778,333
	<u>          </u>	<u>          </u>

### 23 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	<b>Amount outstanding</b>		<b>Maximum</b>
	<b>1999</b>	<b>1998</b>	<b>in year</b>
	<b>£</b>	<b>£</b>	<b>£</b>
J M Hunt	-	-	1,034,094
	<u>          </u>	<u>          </u>	<u>          </u>

### 24 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	<b>1999</b>	<b>1998</b>
	<b>Number</b>	<b>Number</b>
	197	177
	<u>          </u>	<u>          </u>

#### Employment costs

	<b>£</b>	<b>£</b>
Wages and salaries	7,351,037	8,656,121
Social security costs	890,191	863,431
	<u>          </u>	<u>          </u>
	8,241,228	9,519,552
	<u>          </u>	<u>          </u>

# FOXTONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

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### 25 Control

The ultimate parent company is Heven Holdings Limited, a company registered in England and Wales. The ultimate controlling party is Mr J M Hunt, a director.

### 26 Related party transactions

During the year the company made arms length transactions with related parties as follows:

Rent of £50,000 (1998 - £50,000) was charged to Alexander Hall Associates Limited, a company of which J M Hunt is a director and shareholder.

Sales income of £23,638 (1998 - £56,700) was charged to Jellybean Limited, a company in which J M Hunt is a director and shareholder.

Expenditure totalling £13,763 (1998 - £71,416) was transacted with Octagon Academy Limited, a company in which J M Hunt is a director and shareholder.

At the year end there were no material balances outstanding in respect of the above transactions.

No disclosure has been made in these financial statements of transactions with entities that are part of the group or investees of the group qualifying as related parties, as consolidated financial statements including Foxtons Limited are publicly available. All of the voting rights of Foxtons Limited are controlled within the group.