

Company Registration No 1680058 (England and Wales)

FOXTONS LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006



FOXTONS LIMITED

COMPANY INFORMATION

Director	J M Hunt
Secretary	K Daly
Company number	1680058
Registered office	Building One Chiswick Business Park London W4 5BE
Auditors	Rothman Pantall & Co Clareville House 26/27 Oxendon Street London SW1Y 4EP
Business address	Building One Chiswick Business Park London W4 5BE
Bankers	Bank of Scotland Telford House, 3 Mid New Cultins Edinburgh EH11 4DH
Solicitors	Mishcon de Reya 21 Southampton Row London WC1B 5HS

FOXTONS LIMITED

CONTENTS

	Page
Director's report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 18

FOXTONS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The director presents his report and financial statements for the year ended 31 December 2006

Principal activities and review of the business

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

2006 has been Foxtons' most successful year to date with turnover increasing by 31% and profit before tax increasing by 98%. New offices were opened in Canary Wharf, Guildford and Kingston. We also moved our existing successful Islington office to larger premises to permit further growth. The market for Foxtons in London and Surrey continues to be buoyant and it is expected that results will continue to improve through existing offices increasing market share and further new office openings. We expect to continue to achieve economies of scale as we expand our office network around a single central head office based in Chiswick through which all our support services are provided.

Financial instruments

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and finance lease agreements. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances there is an amalgamated group offset facility in place, and loans guaranteed by the company are held in the parent company, Heven Holdings Limited. The parent company meets the loan and interest payments.

The company is a lessee in respect of finance leased assets. The liquidity risk is managed by ensuring there are sufficient funds to meet the payments.

Trade debtors are managed in respect of credit and cash flow risk by the following:

- for sales commissions payment is obtained directly from the vendor's solicitor on completion, and
- for lettings commissions, by "rent collecting" on behalf of the landlord in the majority of cases the company is able to obtain settlement of its fee during the first two months of the let.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Results and dividends

The results for the year are set out on page 6.

An ordinary dividend of £6,600,000 has been paid during the year (2005 - £3,500,000).

Director

The following director has held office since 1 January 2006:

J M Hunt

FOXTONS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

Director's interests

The director's interest in the shares of the company, including spouse's interest as required by the Companies Act, was as stated below

	Ordinary shares of £1 each	
	31 December 2006	1 January 2006
J M Hunt	-	-

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

Employee involvement

It is the company's policy to ensure that equal opportunities are available to all, regardless of gender, marital status, ethnic origin or nationality. Full and fair consideration is given to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Consideration will be given to employees of the company who become disabled, to continue in their employment or to be trained for other positions in the group. It is also the company's policy to periodically update employees regarding the development of the company's business.

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

FOXTONS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the director 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 director is 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

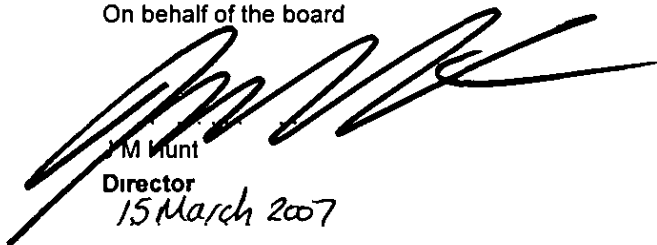
The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



J M Hunt
Director
15 March 2007

FOXTONS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FOXTONS LIMITED

We have audited the financial statements of Foxtons Limited for the year ended 31 December 2006 set out on pages 6 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 auditors' 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 the director and auditors

As described in the Statement of Director's Responsibilities on page 3, the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, and whether in our opinion the information given in the director's report is consistent with the financial statements. We also 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 director's remuneration and other transactions is not disclosed.

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

Basis of audit 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 director 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.

FOXTONS LIMITED

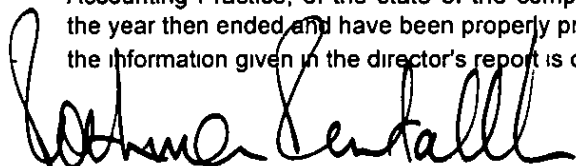
INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FOXTONS LIMITED

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 31 December 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and the information given in the director's report is consistent with the financial statements



Rothman Pantall & Co

Chartered Accountants
Registered Auditor

16 March 2007

Clareville House
26/27 Oxendon Street
London
SW1Y 4EP

FOXTONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Turnover	2	94,270,469	71,729,329
Administrative expenses		(70,530,842)	(60,055,642)
Operating profit	3	23,739,627	11,673,687
Other interest receivable and similar income	4	1,425,615	1,269,500
Interest payable and similar charges	5	(240,207)	(374,558)
Profit on ordinary activities before taxation		24,925,035	12,568,629
Tax on profit on ordinary activities	6	(8,260,713)	(4,011,631)
Profit for the year	15	16,664,322	8,556,998

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 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Intangible assets	8	-		90,000	
Tangible assets	9	18,669,652		14,422,474	
Investments		-		5,000	
		<u>18,669,652</u>		<u>14,517,474</u>	
Current assets					
Debtors amounts falling due within one year	10	19,293,622	11,396,851		
Debtors amounts falling due after more than one year	10	14,498,870	15,236,461		
Cash at bank and in hand		<u>10,303,037</u>	<u>5,010,761</u>		
		44,095,529	31,644,073		
Creditors: amounts falling due within one year	11	<u>(22,911,210)</u>	<u>(17,119,884)</u>		
Net current assets		<u>21,184,319</u>		<u>14,524,189</u>	
Total assets less current liabilities		<u>39,853,971</u>		<u>29,041,663</u>	
Creditors' amounts falling due after more than one year	12	<u>(2,391,657)</u>	<u>(1,643,671)</u>		
		<u>37,462,314</u>	<u>27,397,992</u>		
Capital and reserves					
Called up share capital	14	10,000		10,000	
Revaluation reserve	15	-		104,824	
Profit and loss account	15	<u>37,452,314</u>		<u>27,283,168</u>	
Shareholders' funds	16	<u>37,462,314</u>		<u>27,397,992</u>	

Approved by the Board and authorised for issue on

15 March 2007


M. Hunt
Director

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

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 Tangible fixed assets and depreciation

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

Land and buildings Freehold	2% straight line
Short-term leasehold property	Over the term of the lease
Fixtures, fittings & equipment	20% - 25% straight line
Motor vehicles	25% straight line

1.6 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.

1.7 Investments

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

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1 8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1 9 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

	2006 £	2005 £
Operating profit is stated after charging		
Amortisation of intangible assets	90,000	120,000
Depreciation of tangible assets	2,898,760	3,040,988
Loss on disposal of tangible assets	165,895	-
Loss on foreign exchange transactions	4,063	626
Operating lease rentals		
- Plant and machinery	2,194,749	2,039,565
- Other assets	4,473,777	3,697,216
Auditors' remuneration	29,000	29,000
Remuneration of auditors for non-audit work	49,770	29,969
and after crediting		
Profit on disposal of tangible assets	-	(176,211)

4 Investment income

	2006 £	2005 £
Bank interest	1,306,158	1,143,023
Other interest	119,457	126,477
	<u>1,425,615</u>	<u>1,269,500</u>

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

5	Interest payable	2006 £	2005 £
	Hire purchase interest	170,197	155,051
	On overdue tax	64,609	213,487
	Other interest	5,401	6,020
		<hr/>	<hr/>
		240,207	374,558
		<hr/>	<hr/>

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

6	Taxation	2006 £	2005 £
	Domestic current year tax		
	U K corporation tax	8,050,933	4,185,540
	Adjustment for prior years	246,138	31,802
	Payment in respect of group relief	37,653	226,548
	Receipt in respect of group relief	(37,653)	(226,548)
	Current tax charge	8,297,071	4,217,342
	Deferred tax		
	Deferred tax charge/credit current year	(36,358)	(205,711)
		<u>8,260,713</u>	<u>4,011,631</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>24,925,035</u>	<u>12,568,629</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	<u>7,477,511</u>	<u>3,770,589</u>
	Effects of		
	Non deductible expenses	112,524	68,857
	Depreciation add back	896,628	948,296
	Capital allowances	(579,105)	(553,049)
	Adjustments to previous periods	246,138	31,802
	Chargeable disposals	143,375	(49,153)
	Payment in respect of group relief	37,653	226,548
	Receipt in respect of group relief	(37,653)	(226,548)
		<u>819,560</u>	<u>446,753</u>
	Current tax charge	8,297,071	4,217,342
7	Dividends	2006 £	2005 £
	Ordinary interim paid	<u>6,600,000</u>	<u>3,500,000</u>

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2006 & at 31 December 2006	1,200,000
Amortisation	
At 1 January 2006	1,110,000
Charge for the year	90,000
At 31 December 2006	1,200,000
Net book value	
At 31 December 2006	-
At 31 December 2005	90,000

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

9 Tangible fixed assets

	Land and buildings Freehold £	Short-term leasehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2006	-	10,604,699	12,893,754	2,074,913	25,573,366
Additions	3,400,000	3,179,671	1,779,069	1,055,638	9,414,378
Disposals	-	(2,689,857)	(4,380,585)	(614,274)	(7,684,716)
At 31 December 2006	3,400,000	11,094,513	10,292,238	2,516,277	27,303,028
Depreciation					
At 1 January 2006	-	2,060,362	8,152,192	938,338	11,150,892
On disposals	-	(857,156)	(4,248,667)	(310,453)	(5,416,276)
Charge for the year	-	591,849	1,885,817	421,094	2,898,760
At 31 December 2006	-	1,795,055	5,789,342	1,048,979	8,633,376
Net book value					
At 31 December 2006	3,400,000	9,299,458	4,502,896	1,467,298	18,669,652
At 31 December 2005	-	8,544,337	4,741,562	1,136,575	14,422,474

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

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Net book values			
At 31 December 2006	2,759,043	1,226,525	3,985,568
At 31 December 2005	1,790,505	776,505	2,567,010
Depreciation charge for the year			
At 31 December 2006	592,881	376,752	969,633
At 31 December 2005	449,855	308,358	758,213

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

10 Debtors	2006 £	2005 £
Trade debtors	13,705,097	8,978,873
Amounts owed by parent and fellow subsidiary undertakings	15,671,747	13,563,078
Other debtors	2,175,184	2,105,663
Prepayments and accrued income	1,927,886	1,709,478
Deferred tax asset (see note 13)	312,578	276,220
	<u>33,792,492</u>	<u>26,633,312</u>

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

	2006 £	2005 £
Amounts owed by group undertakings	14,498,870	13,245,129
Other debtors	-	1,991,332
	<u>14,498,870</u>	<u>15,236,461</u>

11 Creditors: amounts falling due within one year	2006 £	2005 £
Net obligations under hire purchase contracts	1,505,065	887,900
Trade creditors	2,169,891	2,117,560
Amounts owed to parent and fellow subsidiary undertakings	143,853	477,201
Corporation tax	8,013,280	4,332,711
Other taxes and social security costs	2,738,762	2,188,097
Other creditors	199,900	92,235
Accruals and deferred income	8,140,459	7,024,180
	<u>22,911,210</u>	<u>17,119,884</u>

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

12 Creditors: amounts falling due after more than one year	2006 £	2005 £
Net obligations under hire purchase contracts	2,391,657	1,643,671
Net obligations under hire purchase contracts		
Repayable within one year	1,505,065	887,900
Repayable between one and five years	2,391,657	1,643,671
	3,896,722	2,531,571
Included in liabilities falling due within one year	(1,505,065)	(887,900)
	2,391,657	1,643,671

13 Provisions for liabilities and charges

The deferred tax asset (included in debtors, note 10) is made up as follows.

	2006 £	2005 £
Balance at 1 January 2006	(276,220)	
Profit and loss account	(36,358)	
Balance at 31 December 2006	(312,578)	
	2006 £	2005 £
Decelerated capital allowances	(312,578)	(276,220)

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

14 Share capital	2006 £	2005 £
Authorised		
50,000 Ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

15 Statement of movements on reserves	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2006	104,824	27,283,168
Profit for the year	-	16,664,322
Transfer from revaluation reserve to profit and loss account	(104,824)	104,824
Dividends paid	-	(6,600,000)
Balance at 31 December 2006	-	37,452,314

16 Reconciliation of movements in shareholders' funds	2006 £	2005 £
Profit for the financial year	16,664,322	8,556,998
Dividends	(6,600,000)	(3,500,000)
Net addition to shareholders' funds	10,064,322	5,056,998
Opening shareholders' funds	27,397,992	22,340,994
Closing shareholders' funds	37,462,314	27,397,992

17 Contingent liabilities

At the year end the company had given a cross guarantee in respect of the bank borrowings of certain group and connected companies. At 31 December 2006 the maximum potential liability under the cross guarantee amounted to £31,726,776

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

18 Financial commitments

At 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007

	Land and buildings			Other
	2006	2005	2006	2005
	£	£	£	£
Operating leases which expire				
Within one year	35,000	51,540	750,865	86,889
Between two and five years	273,400	243,400	1,538,459	1,923,761
In over five years	4,548,887	3,645,378	-	-
	<u>4,857,287</u>	<u>3,940,318</u>	<u>2,289,324</u>	<u>2,010,650</u>

19 Director's emoluments

	2006	2005
	£	£
Emoluments for qualifying services	<u>-</u>	<u>42,314</u>

20 Employees

Number of employees

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

2006	2005
Number	Number
<u>1,033</u>	<u>889</u>

Employment costs

	2006	2005
	£	£
Wages and salaries	37,496,503	30,709,394
Social security costs	3,997,264	3,285,797
	<u>41,493,767</u>	<u>33,995,191</u>

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

21 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

22 Related party transactions

During the year the company made transactions with related parties as follows

The company has provided loan finance at arms length for Triostrike Limited, a company owned by J M Hunt, and at the year end an amount of £1,975,565 (2005 - £1,991,332) was due to the company This funding was provided in order for Triostrike Limited to finance the purchase and refurbishment of freehold property in Fulham

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

23 Post balance sheet events

Post year end the company has transferred its freehold land and buildings to a fellow subsidiary company, Ocubis Limited The year end and subsequent transfer value is £3,400,000