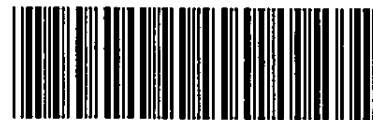


COMPANY REGISTRATION NUMBER 1680058

FOXTONS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2007

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FOXTONS HOLDINGS LIMITED

CEO STATEMENT

FOR THE PERIOD ENDED 31 DECMEBER 2007

The New Foxtons Group

The new Foxtons Group was created in June 2007, following the sale of the original business by its founder. The change of ownership had no operating impact and the new Group has two principal operating divisions - Foxtons Limited, handling sales and lettings, and Alexander Hall Associates Limited, handling mortgages.

2007 – a record year

2007 was a record year for the Group. Our revenues grew by 18.6% on a like-for-like basis. This was despite the credit crunch, which impacted the sales market from June, and the introduction of HIPs in August 2007, which had a disruptive effect on the market for the remainder of the year.

We continued to invest in our world class systems and brand marketing campaigns to maintain, and indeed build, our position as London's leading property company.

New offices were opened in Pinner, Dulwich and Woking and we are more than pleased with their performance to date – the Foxtons model demonstrably enables new offices to establish themselves more rapidly than those of our competitors.

Foxtons

The result was that Foxtons grew strongly, raising its turnover to £108 million and increasing its EBITDA. This was despite the effect of the credit crunch, which adversely impacted sales commissions in the last two quarters of 2007. Foxtons also maintained its reputation for innovation and customer service by introducing free HIPs in August 2007, accepting the significant cost involved in order to minimise the impact of uncertainty this unwelcome regulation brings for clients. Foxtons now offers high quality HIPs at good prices through low-cost intermediaries in return for commissions which have a positive effect on margins.

Alexander Hall

For Alexander Hall, 2007 was also a record year, and the business grew its turnover by 50.6% to £15.5 million and doubled its EBITDA to £4.8 million.

Looking Forward to 2008

2008 has been dominated by the impact of the credit crunch on the UK economy generally and the financial and property markets in particular. The cost of credit has increased, and the availability of credit has decreased. The resulting lack of liquidity in mortgage markets and the unprecedented levels of uncertainty have clearly and adversely affected revenues for both Foxtons and Alexander Hall in the first quarter of 2008, and we expect the difficult trading conditions to continue for some time.

None of this has been helpful. In building our Group, however, we deliberately established a model capable of taking us through the property cycle, not least through the long-standing emphasis we have placed on developing our lettings, as well as our sales business. In addition, our operating systems, which are unique to our industry, give us an advantage in cost efficiency as well as customer service. Together with our brand strength, they account for our differentiation in the market.

As a result, Foxtons lettings business has continued to show high growth both in volumes which were up 16% in long lets in the first quarter of this year, and in rental values, which were up 6% over the same period. This has led to over 22% revenue growth for long lets in the first quarter, partially off-setting the fall in revenues from Sales.

We have also achieved significant cost savings across the Group in response to the market downturn. Consequently, the Group continues to be profitable on an EBITDA basis, albeit at a reduced level than for the same period in 2007.

Notwithstanding the difficult trading environment, we have deliberately retained our underlying structure which supports our differentiation and positions us strongly to exploit the eventual return of the sales market when

liquidity and certainty returns. We have also continued to build our network, successfully opening a new office in Camden and continuing to acquire leases with new sites at Streatham, Temple Fortune and North Finchley. Further sites are being negotiated in Twickenham, Barnet, Brondesbury, Stratford and Crystal Palace.

The acquisition of Foxtons Group last year was highly leveraged, and we therefore have a significant interest charge. However, much of the interest is non-cash, particularly since the Group opted to utilise its right to capitalise the interest on the mezzanine debt in the first quarter of this year.

Looking ahead, we see the pressure on our sector continuing. Equally, in the longer term, we see the prospects for residential property, with the fundamental drivers of demand and supply, being thoroughly positive. We are confident of Foxtons' ability not just to trade through the difficult times, but to emerge relatively stronger than our competitors. Indeed, the signs of our improving our market position are already evident. We have a powerful mix of highly motivated, experienced agents, a leading brand and well-developed relationships with thousands of buyers and sellers. The difficult market conditions will not continue forever, and we believe we are extremely well positioned for the future.

FOXTONS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

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FOXTONS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The director	M R Brown
Company secretary	K.Daly
Registered office	Building One, Chiswick Park 566 Chiswick High Road London W4 5BE
Auditor	Shipleys LLP Chartered Accountants & Registered Auditors 10 Orange Street Haymarket London WC2H 7DQ
Bankers	Bank of Scotland 39 Albyn Place Aberdeen AB10 1YN

FOXTONS LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

2007 has been Foxtons' most successful year to date with turnover increasing by 15%. New offices were opened in Pinner, Dulwich and Woking. This performance was achieved despite the effects of the credit crunch and HIPS which adversely impacted Sales Commissions and profitability for the last quarter of 2007. Both these factors are continuing to impact results going into 2008. Nevertheless, we are pleased to say that our lettings business has achieved significant growth in 2007 which has continued into 2008.

FUTURE DEVELOPMENTS

It is unclear how long the sales market will be affected by the current economic uncertainties. However, it is anticipated that at some point during 2009 these uncertainties will be resolved and the sales market will improve significantly.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £16,561,551. Particulars of dividends paid and proposed are detailed in note 8 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors.

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

Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding.

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

STRATEGY

The company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth. The company aims to achieve these aims by opening further offices, leading the market with a fresh and innovative approach to marketing, and maintaining a sound financial strategy.

DIRECTORS

The directors who served the company during the year were as follows:

M R Brown
J M Hunt

M R Brown was appointed as a director on 15 June 2007.

J M Hunt retired as a director on 15 June 2007.

FOXTONS LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the company is a continuation of uncertainties in the sales market

KEY PERFORMANCE INDICATORS

Performance during the year is set out in the table below

Description

Turnover - % increase on year	14.7%
Operating profit - % decrease on year	(4.7)%
Net increase in the number of new offices	3 offices

The value of properties sold and lettings deals completed continues to increase year on year

POLICY ON THE PAYMENT OF CREDITORS

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

DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 UK 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

FOXTONS LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

The director is responsible for keeping proper accounting records that 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

In so far as the director is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued through the use of internal media.

FOXTONS LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

AUDITOR

On 1 April 2007, the auditors of the Company, the London office of Rothman Pantall & Co., merged with Shipleys LLP.

In accordance with section 385 of the Companies Act 1985, a resolution proposing for the re-appointment of Shipleys LLP as the company's auditor will be proposed at the next Annual General Meeting in 2008.

Registered office:
Building One, Chiswick Park
566 Chiswick High Road
London
W4 5BE

Signed by order of the director



M BROWN

Approved by the director on . 01/05/2008

FOXTONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FOXTONS LIMITED

YEAR ENDED 31 DECEMBER 2007

We have audited the financial statements of Foxtons Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

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. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we 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

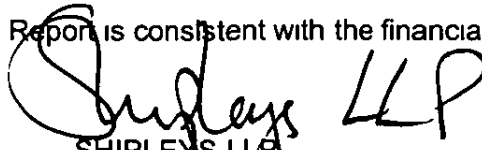
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FOXTONS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2007

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 2007 and of its profit for the year then ended,
- the financial statements 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


SHIPLEY'S LLP
Chartered Accountants
& Registered Auditors

10 Orange Street
Haymarket
London
WC2H 7DQ

01/05/2008

FOXTONS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
TURNOVER	2	108,104,976	94,270,469
Administrative expenses		(85,483,703)	(70,530,842)
OPERATING PROFIT	3	22,621,273	23,739,627
Interest receivable and similar income		2,244,172	1,425,615
Interest payable and similar charges	6	(542,367)	(240,207)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		24,323,078	24,925,035
Tax on profit on ordinary activities	7	(7,761,527)	(8,260,713)
PROFIT FOR THE FINANCIAL YEAR		<u>16,561,551</u>	<u>16,664,322</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the
year as set out above

The notes on pages 10 to 18 form part of these financial statements

FOXTONS LIMITED

BALANCE SHEET

31 DECEMBER 2007

	Note	2007 £	£	2006 £	£
FIXED ASSETS					
Tangible assets	9		16,626,326		18,669,653
CURRENT ASSETS					
Debtors	10	15,977,353		33,792,493	
Cash at bank and in hand		6,920,968		10,303,037	
		<u>22,898,321</u>		<u>44,095,530</u>	
CREDITORS: Amounts falling due within one year	12	<u>(21,967,362)</u>		<u>(22,911,212)</u>	
NET CURRENT ASSETS			930,959		21,184,318
TOTAL ASSETS LESS CURRENT LIABILITIES			17,557,285		39,853,971
CREDITORS: Amounts falling due after more than one year	13		<u>(1,117,223)</u>		<u>(2,391,657)</u>
			<u>16,440,062</u>		<u>37,462,314</u>
CAPITAL AND RESERVES					
Called-up equity share capital	18		10,000		10,000
Profit and loss account	19		16,430,062		37,452,314
SHAREHOLDERS' FUNDS	20		<u>16,440,062</u>		<u>37,462,314</u>

These financial statements were approved and signed by the director and authorised for issue on 21/05/2008



M BROWN
Director

The notes on pages 10 to 18 form part of these financial statements.

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

1. 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 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)

Cash flow statement

The director has 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 wholly owned and its parent publishes a consolidated cash flow statement

Turnover

The turnover shown in the profit and loss account represents amounts derived from ordinary activities invoiced during the year, stated net of value added tax and trade discounts

Goodwill

Goodwill was acquired and was written off in equal annual installments over its estimated useful economic life. It was fully written off at the end of 31 December 2006.

Amortisation 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

Fixed assets

Tangible fixed assets other than freehold land are stated at cost less depreciation

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

Leasehold Property	- Over the term of the lease
Fixtures & Fittings	- 20% - 25% Straight Line
Motor Vehicles	- 25% Straight Line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES *(continued)*

Hire purchase commitments

Assets obtained under the hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful economic 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.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the director considers 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.

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Foxtons Holdings Limited, and is included in the consolidated accounts of that company.

2. TURNOVER

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

An analysis of turnover is given below.

	2007 £	2006 £
United Kingdom	<u>108,104,976</u>	<u>94,270,469</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Amortisation	—	90,000
Depreciation of owned fixed assets	2,166,020	2,140,547
Depreciation of assets held under hire purchase agreements	855,205	758,213
(Profit)/Loss on disposal of fixed assets	(33,543)	165,895
Operating lease costs		
Other	7,828,648	6,668,526
Net loss on foreign currency translation	9,112	4,063
Auditor's remuneration - audit of the financial statements	29,000	29,000
Auditor's remuneration - other fees	<u>18,673</u>	<u>49,770</u>

	2007 £	2006 £
Auditor's remuneration - audit of the financial statements	<u>29,000</u>	<u>29,000</u>
Auditor's remuneration - other fees		
- Other services	<u>18,673</u>	<u>49,770</u>

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2007 No	2006 No
Number of administrative staff	<u>1,319</u>	<u>1,033</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	45,653,519	37,474,718
Social security costs	<u>4,925,637</u>	<u>3,997,264</u>
	<u>50,579,156</u>	<u>41,471,982</u>

5. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were

	2007 £	2006 £
Emoluments	<u>397,150</u>	<u>—</u>
Emoluments attributable to highest paid director	<u>397,150</u>	<u>—</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Finance charges	222,548	170,197
Other interest payable	<u>319,819</u>	<u>70,010</u>
	<u>542,367</u>	<u>240,207</u>

£316,074 relates to amounts due on overdue tax

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007 £	2006 £
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	7,732,164	8,050,933
Adjustment for prior years	949	246,138
Payment in respect of group relief	4,257,986	37,653
Receipt in respect of group relief	(4,257,986)	(37,653)
Total current tax	7,733,113	8,297,071
Deferred tax		
Origination and reversal of timing differences	28,414	(36,358)
Tax on profit on ordinary activities	<u>7,761,527</u>	<u>8,260,713</u>

(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 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>24,323,078</u>	<u>24,925,035</u>
Profit on ordinary activities by rate of tax	7,296,923	7,477,511
Expenses not deductible for tax purposes	145,129	112,524
Capital allowances for period in excess of depreciation	292,010	460,898
Adjustments to tax charge in respect of previous periods	(949)	246,138
Payment in respect of group relief	4,257,986	37,653
Receipt in respect of group relief	(4,257,986)	(37,653)
Total current tax (note 7(a))	<u>7,733,113</u>	<u>8,297,071</u>

8. DIVIDENDS

Equity dividends

	2007 £	2006 £
Paid	<u>37,583,803</u>	<u>6,600,000</u>

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

9. TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
COST					
At 1 January 2007	3,400,000	11,094,513	10,292,240	2,516,278	27,303,031
Additions	–	1,998,630	2,339,319	1,056,260	5,394,209
Disposals	(3,400,000)	(235,731)	(334,368)	(1,111,111)	(5,081,210)
At 31 December 2007	<u>–</u>	<u>12,857,412</u>	<u>12,297,191</u>	<u>2,461,427</u>	<u>27,616,030</u>
DEPRECIATION					
At 1 January 2007	–	1,795,055	5,789,343	1,048,980	8,633,378
Charge for the year	–	763,983	1,776,918	480,324	3,021,225
On disposals	–	(18,239)	(57,897)	(588,763)	(664,899)
At 31 December 2007	<u>–</u>	<u>2,540,799</u>	<u>7,508,364</u>	<u>940,541</u>	<u>10,989,704</u>
NET BOOK VALUE					
At 31 December 2007	<u>–</u>	<u>10,316,613</u>	<u>4,788,827</u>	<u>1,520,886</u>	<u>16,626,326</u>
At 31 December 2006	<u>3,400,000</u>	<u>9,299,458</u>	<u>4,502,897</u>	<u>1,467,298</u>	<u>18,669,653</u>

Hire purchase agreements

Included within the net book value of £16,626,326 is £2,653,154 (2006 - £2,567,010) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £855,205 (2006 - £758,213).

10. DEBTORS

	2007 £	2006 £
Trade debtors	12,771,785	13,705,097
Amounts owed by group undertakings	192,305	15,671,747
Deferred tax asset (note 11)	284,164	312,578
Other debtors	200,557	2,175,185
Prepayments and accrued income	2,528,542	1,927,886
	<u>15,977,353</u>	<u>33,792,493</u>

FOXTONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2007 £	2006 £
Included in debtors (note 10)	<u>284,164</u>	<u>312,578</u>

The movement in the deferred taxation account during the year was

	2007 £	2006 £
Balance brought forward	312,578	276,220
Profit and loss account movement arising during the year	<u>(28,414)</u>	<u>36,358</u>
Balance carried forward	<u>284,164</u>	<u>312,578</u>

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

	2007 £	2006 £
Excess of depreciation over taxation allowances	<u>284,164</u>	<u>312,578</u>
	<u>284,164</u>	<u>312,578</u>

12. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	2,612,965	2,169,893
Amounts owed to group undertakings	4,795,109	143,853
Corporation tax	2,185,671	8,013,280
Other taxation and social security	2,521,548	2,738,762
Hire purchase agreements	1,157,279	1,505,065
Other creditors	99,467	199,900
Accruals and deferred income	8,595,323	8,140,459
	<u>21,967,362</u>	<u>22,911,212</u>

13. CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Hire purchase agreements	<u>1,117,223</u>	<u>2,391,657</u>

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2007	2006
	£	£
Amounts payable within 1 year	1,157,279	1,505,065
Amounts payable between 2 to 5 years	1,117,223	2,391,657
	<u>2,274,502</u>	<u>3,896,722</u>

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire				
Within 1 year	79,500	507,072	35,000	750,865
Within 2 to 5 years	271,072	2,028,288	273,400	1,538,459
After more than 5 years	4,494,033	-	4,548,887	-
	<u>4,844,605</u>	<u>2,535,360</u>	<u>4,857,287</u>	<u>2,289,324</u>

16. CONTINGENCIES

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 2007 the maximum potential liability under the cross guarantees amounted to £261,646,357

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by its parent company, Foxtons Holdings Limited

18. SHARE CAPITAL

Authorised share capital

	2007	2006
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid

	2007		2006
	No	£	No
	10,000	10,000	10,000
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

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19. PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
Balance brought forward	37,452,314	27,283,168
Profit for the financial year	16,561,551	16,664,322
Equity dividends	(37,583,803)	(6,600,000)
Transfer from revaluation reserve	—	104,824
Balance carried forward	<u>16,430,062</u>	<u>37,452,314</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	16,561,551	16,664,322
Equity dividends	(37,583,803)	(6,600,000)
Transfer from rev reserve	—	104,824
Transfer to profit and loss account	—	(104,824)
Net (reduction)/addition to shareholders' funds	<u>(21,022,252)</u>	<u>10,064,322</u>
Opening shareholders' funds	37,462,314	27,397,992
Closing shareholders' funds	<u>16,440,062</u>	<u>37,462,314</u>

21. ULTIMATE PARENT COMPANY

The ultimate parent company is CIE Management II Limited