

Company Registration No: 1680058

FOXTONS LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 30TH SEPTEMBER 1996

SIGNED COPY

Clareville House  
26/27 Oxendon Street  
London SW1Y 4EP

ROTHMAN PANTALL & CO.  
Chartered Accountants



FOXTONS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH SEPTEMBER 1996

The directors present their report and the audited accounts for the year ended 30th September 1996.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company in the year under review was the business of estate agents.

During the year the company has continued its expansion with the opening of further offices. The directors are confident that the increase in the number of offices will enhance the company's trading base.

In the opinion of the directors, the company was in a satisfactory position at the year end.

**RESULTS AND DIVIDENDS**

The results for the year are given on page 4 of the accounts.

The directors recommend that no dividend be paid.

**DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARES**

The directors who served during the year (none of whom had any interest in the share capital of the company) were as follows:

J M Hunt  
S J Cusack  
P J L Rollings (appointed 1 April 1996)

The interests of the directors in the share capital of the ultimate parent company, Heven Holdings Limited, are given in the accounts of that company.

**FIXED ASSETS**

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts.

**AUDITORS**

The auditors, Rothman Pantall & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

REGISTERED OFFICE  
9 Park Lane  
London  
W1Y 4EJ

By order of the Board



S J Cusack  
Secretary

Date. 12.5.97

FOXTONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30TH SEPTEMBER 1996

It is the responsibility of the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the year. In preparing those financial statements the directors are required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv) 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 adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**FOXTONS LIMITED**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 1996**

We have audited the accounts on pages 4 to 15 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 7.

**Respective responsibilities of directors and auditors**

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

**Basis of opinion**

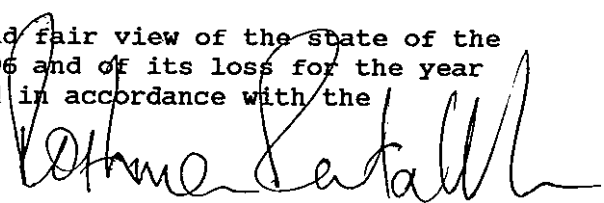
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, have been 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th September 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date. 12 May 1997

  
ROTHMAN PANTALL & CO  
Chartered Accountants and  
Registered Auditors  
Clareville House  
26/27 Oxendon Street  
London SW1Y 4EP

FOXTONS LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 30TH SEPTEMBER 1996

	Note	1996 £	1995 £
TURNOVER	2	4,962,495	5,189,103
Administrative expenses		(1,271,567)	(523,382)
Other operating charges		(4,491,413)	(3,671,202)
OPERATING (LOSS)/PROFIT	3	(800,485)	994,519
Profit on disposal of investments		-	44,855
Interest receivable and similar income	6	1,864	2,688
Profit on disposal of fixed assets		123,645	84,430
Interest payable and similar charges	7	(56,069)	(43,270)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(731,045)	1,083,222
Taxation on (loss)/profit on ordinary activities	8	217,655	(403,289)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	9	(513,390)	679,933
RETAINED PROFIT BROUGHT FORWARD		2,107,488	1,102,479
Transfer (to)/from other reserves: Revaluation Reserve	20	-	325,076
RETAINED PROFIT CARRIED FORWARD		£1,594,098 =====	£2,107,488 =====

There are no recognised gains or losses for either of the two financial years other than the (loss)/profit shown above.

There were no acquisitions or discontinued activities during either of the above financial years.

The notes on pages 7 to 15 form part of these accounts.

## FOXTONS LIMITED

## BALANCE SHEET

30TH SEPTEMBER 1996

	Note	1996		1995	
		£	£	£	£
FIXED ASSETS					
Intangible Assets	10		319,866		323,655
Tangible Assets	11		2,141,199		1,387,862
			<u>2,461,065</u>		<u>1,711,517</u>
CURRENT ASSETS					
Debtors:					
Falling due within one year	12	1,137,645		1,749,845	
Falling due after more than one year	12	872,943		1,110,823	
		<u>2,010,588</u>		<u>2,860,668</u>	
Cash at Bank and in Hand		4,230		3,420	
		<u>2,014,818</u>		<u>2,864,088</u>	
CREDITORS: Amounts falling due within one year	13	(2,384,312)		(2,147,396)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(369,494)</u>		<u>716,692</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,091,571</u>		<u>2,428,209</u>
CREDITORS: Amounts falling due after more than one year	14		(309,438)		(147,602)
PROVISIONS FOR LIABILITIES AND CHARGES:					
Deferred Taxation	15		(73,216)		(58,295)
NET ASSETS			<u>£1,708,922</u>		<u>£2,222,312</u>
			=====		=====
CAPITAL AND RESERVES					
Share Capital	18		10,000		10,000
Revaluation Reserve	19		104,824		104,824
Profit and Loss Account			1,594,098		2,107,488
TOTAL SHAREHOLDERS FUNDS	9		<u>£1,708,922</u>		<u>£2,222,312</u>
			=====		=====

Approved by the Board of Directors on...12.5.97...and signed on their behalf by:

..... Director  
J M Hunt

..... Director  
S J Cusack

The notes on pages 7 to 15 form part of these accounts.

## FOXTONS LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 1996

	1996		1995	
	£	£	£	£
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Operating (loss)/profit	(800,485)		994,519	
Amortisation charges	264,190		167,896	
Depreciation charges	495,347		404,944	
Decrease in debtors	851,770		742,206	
Increase/(Decrease) in creditors	493,151		(1,114,027)	
<b>NET CASH INFLOW</b>		<b>1,303,973</b>		<b>1,195,538</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received	174		1,188	
Other similar income	-		1,500	
Interest paid	(3,095)		(2,867)	
Interest element of hire purchase and finance lease charges	(43,882)		(32,664)	
Other similar charges	(8,834)		(7,737)	
		<b>(55,637)</b>		<b>(40,580)</b>
<b>TAXATION</b>				
Corporation tax paid (including ACT)	(423,668)		(132,086)	
		<b>(423,668)</b>		<b>(132,086)</b>
<b>INVESTING ACTIVITIES</b>				
Payments to acquire				
Intangible fixed assets	(260,400)		(131,863)	
Tangible fixed assets	(1,932,503)		(1,141,666)	
Receipts from sales of				
Tangible fixed assets	807,464		467,066	
Short-term investments	-		267,505	
		<b>(1,385,439)</b>		<b>(538,958)</b>
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(560,771)</b>		<b>483,914</b>
<b>FINANCING</b>				
Bank loan (repaid)	-		(483,000)	
		-		<b>(483,000)</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>£(560,771)</b>		<b>£914</b>
		=====		=====
<b>ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS</b>				
	1996	Change in year	1995	
	£	£	£	
Cash at bank and in hand	4,230	810	3,420	
Bank overdraft	(648,979)	(561,581)	(87,398)	
	<b>£(644,749)</b>	<b>£(560,771)</b>	<b>£(83,978)</b>	
	=====	=====	=====	

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

## 1. ACCOUNTING POLICIES

## ACCOUNTING CONVENTION AND BASIS OF PREPARATION

The accounts have been prepared in accordance with applicable accounting standards and on the historical cost basis as modified by the revaluation of land and buildings.

## TURNOVER

Turnover represents amounts receivable for services supplied to customers and is stated net of Value Added Tax.

## DEFERRED EXPENDITURE

The expenditure costs associated with the initial development of new offices are capitalised and amortised over a period of two years.

## DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Goodwill	10%
Deferred Expenditure	50%
Leasehold Property	Over the term of each lease
Fixtures & Fittings	20% to 25%
Office Equipment	20% to 25%
Motor Vehicles	25%
Computer Equipment	25%

## GOODWILL

Purchased goodwill representing the difference between the fair value of the assets acquired and the consideration paid is capitalised in the accounts and is written off to the profit and loss account over the period of its estimated useful life.

## HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

## FINANCE LEASE AGREEMENTS

Assets held under finance leases where substantially all of the benefits and risks of ownership accrue to the Company, are capitalised and disclosed under tangible fixed assets at their fair value. The assets are depreciated over the shorter of the lease term or their useful economic life. The capital element of the future payments is treated as a liability. The total finance charge for each lease is charged against profits so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.



FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

## 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 profit as incurred.

## DEFERRED TAXATION

Provision is made for deferred taxation in respect of all material timing differences 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.

## 2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company and are derived wholly in the United Kingdom.

## 3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	1996 £	1995 £
Directors' emoluments	424,222	(73,863)
Amortisation	264,190	167,896
Depreciation	495,347	404,944
Auditors' remuneration	6,000	6,000
Operating lease charges:		
Plant and equipment	22,926	-
Property rental	447,777	395,729
	=====	=====

## 4. PARTICULARS OF STAFF

Staff costs, including directors' remuneration, were as follows:

	1996 £	1995 £
Wages and Salaries	2,064,983	1,251,733
Social Security Costs	257,035	137,729
	=====	=====
	£2,322,018	£1,389,462

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

## PARTICULARS OF STAFF (continued)

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

	1996	1995
Administration and Management	82	23
Sales	41	46
	<u>123</u>	<u>69</u>
	=====	=====

## 5. DIRECTORS' REMUNERATION

Directors' remuneration, including pension contributions and benefits in kind, was as follows:

	1996 £	1995 £
Emoluments for services as directors	424,222	(73,863)
	=====	=====

Emoluments excluding pension contributions:

	1996 £	1995 £
Chairman	265,000	(145,621)
	=====	=====
Highest paid director	103,496	71,758
	=====	=====

The number of other directors whose emoluments, excluding pension contributions, were within the following ranges:

	1996	1995
£ 55,001 - 60,000	1	-
	=====	=====

The credit in respect of directors' remuneration for the comparative period arises from the waiver by a director of a bonus of £145,621 previously provided for.

## 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1996 £	1995 £
Bank interest receivable	174	1,188
Other similar income receivable	1,690	1,500
	<u>£1,864</u>	<u>£2,688</u>
	=====	=====

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Interest payable on bank overdrafts	3,345	2,867
HP interest and finance leases charges	43,882	32,664
Other similar charges payable	8,842	7,739
	<u>£56,069</u> =====	<u>£43,270</u> =====

## 8. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The (credit)/charge in the profit and loss account comprises:

	1996 £	1995 £
Current year corporation tax at 33%/33%	(224,167)	392,394
(Over)/Under provision in previous years	(8,410)	6,484
Increase in deferred tax provision	14,922	4,411
	<u>£(217,655)</u> =====	<u>£403,289</u> =====

The profit on disposal of fixed assets has no material effect on the company's charge to corporation tax for the year.

## 9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	1996 £	1995 £
(Loss)/Profit for the year	(513,390)	679,933
Net movement on shareholders' funds	<u>(513,390)</u>	<u>679,933</u>
Opening shareholders' funds	2,222,312	1,542,379
Closing shareholders' funds	<u>£1,708,922</u> =====	<u>£2,222,312</u> =====

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

## 10. INTANGIBLE FIXED ASSETS

	Goodwill	Deferred Expenditure	TOTAL
	£	£	£
<b>COST</b>			
Balance brought forward	490,000	494,500	984,500
Additions at cost	-	260,400	260,400
Balance carried forward	<u>490,000</u> =====	<u>754,900</u> =====	<u>1,244,900</u> =====
<b>AMORTISATION</b>			
Balance brought forward	343,000	317,844	660,844
Depreciation charge	49,000	215,190	264,190
Balance carried forward	<u>392,000</u> =====	<u>533,034</u> =====	<u>925,034</u> =====
<b>NET BOOK VALUE</b>			
Carried forward	<u>£98,000</u> =====	<u>£221,866</u> =====	<u>£319,866</u> =====
Brought forward	<u>£147,000</u> =====	<u>£176,656</u> =====	<u>£323,656</u> =====

## FOXTONS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

## 11. TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Fixtures, Fittings & Equipment £	Motor Vehicles £	TOTAL £
COST/VALUATION				
Brought forward	724,749	526,562	1,118,523	2,369,834
Additions	601,167	196,094	1,135,242	1,932,503
Disposals	-	-	(946,530)	(946,530)
Carried forward	<u>1,325,916</u>	<u>722,656</u>	<u>1,307,235</u>	<u>3,355,807</u>
DEPRECIATION				
Brought forward	174,662	368,123	439,187	981,972
Eliminated on disposals	-	-	(262,711)	(262,711)
Charge for the year	70,229	105,850	319,268	495,347
Carried forward	<u>244,891</u>	<u>473,973</u>	<u>495,744</u>	<u>1,214,608</u>
NET BOOK VALUE				
Carried forward	<u>£1,081,025</u>	<u>£248,683</u>	<u>£811,491</u>	<u>£2,141,199</u>
Brought forward	<u>£550,087</u>	<u>£158,439</u>	<u>£679,336</u>	<u>£1,387,862</u>

Included in the above figures are assets held under hire purchase and finance lease agreements:

	1996		1995	
	NBV £	Depr'n Charge £	NBV £	Depr'n Charge £
Fixtures and Fittings	157,525	39,381	-	-
Motor Vehicles	765,199	282,041	517,598	187,565
	<u>£922,724</u>	<u>£321,422</u>	<u>£517,598</u>	<u>£187,565</u>

Assets held under hire purchase agreements are secured under those agreements.

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

## TANGIBLE FIXED ASSETS (continued)

Included in the above figures are assets which have been revalued on an open market basis as follows:

Leasehold property revalued in 1989 £210,000

The cost and net book value of leasehold property, calculated on the basis of historical cost, is as follows:

	1996	1995
	£	£
Cost	1,218,860	421,478
Depreciation	201,041	124,767
Net book value	<u>£1,017,819</u> =====	<u>£296,711</u> =====

## 12. DEBTORS

	1996	1995
	£	£
Amounts falling due within one year:		
Trade debtors	864,659	1,525,958
Other debtors	109,066	122,215
Prepayments and accrued income	163,920	101,672
	<u>£1,137,645</u> =====	<u>£1,749,845</u> =====
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>£872,943</u> =====	<u>£1,110,823</u> =====

## 13. CREDITORS: Amounts falling due within one year

	1996	1995
	£	£
Bank overdrafts	648,979	87,398
Trade creditors	397,522	477,157
Directors loans	-	100,000
Corporation tax	168,904	825,149
Other taxes & social security costs	323,435	192,687
Hire purchase and finance leases	552,292	261,497
Other creditors	17,651	31,831
Accruals and deferred income	275,529	171,677
	<u>£2,384,312</u> =====	<u>£2,147,396</u> =====

Bank overdraft facilities are secured by a fixed and floating charge over the assets and undertakings of the company.

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

## 14. CREDITORS: Amounts falling due after more than one year

	1996	1995
	£	£
Hire purchase and finance leases	309,433	147,602
	=====	=====

## 15. DEFERRED TAX

At 30th September 1996 the total potential liability for deferred taxation together with the amount provided was as follows:

	Total Potential Liability		Amount Provided	
	1996	1995	1996	1995
	£	£	£	£
Short term timing differences	73,216	58,295	73,216	58,295
Accelerated capital allowances (285,933)	(69,445)	(69,445)	-	-
	£(212,717)	£(11,150)	£73,216	£58,295
	=====	=====	=====	=====

Provision for deferred tax is made where it is probable that the asset or liability will crystallise in the foreseeable future.

## 16. COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows:

	1996	1995
	£	£
Total amounts payable:		
- within 1 year	552,292	261,497
- between 2 and 5 years	309,433	147,602
	£861,725	£409,099
	=====	=====

## 17. COMMITMENTS UNDER NON-CANCELLABLE OPERATING LEASES

The company has annual commitments under operating leases as follows:

	1996		1995	
	Land and Buildings	Other Items	Land and Buildings	Other Items
	£	£	£	£
Agreements expiring:				
- within 1 year	-	38,920	-	-
- between 2 and 5 years	-	26,050	-	-
- after more than 5 years	759,000	-	679,000	-
	£759,000	£64,970	£679,000	-
	=====	=====	=====	=====

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

## 18. EQUITY SHARE CAPITAL

	1996		1995	
	Number	£	Number	£
AUTHORISED SHARE CAPITAL				
Ordinary Shares of £1.00 each	50,000	50,000	50,000	50,000
	=====	=====	=====	=====
ALLOTTED, ISSUED AND FULLY PAID				
Ordinary Shares of £1.00 each	10,000	10,000	10,000	10,000
	=====	=====	=====	=====

## 19. REVALUATION RESERVE

	1996	1995
	£	£
Balance brought forward	104,824	429,900
Movement for the year:		
Revaluation of investment property	-	(325,076)
Balance carried forward	<u>£104,824</u>	<u>£104,824</u>
	=====	=====

## 20. CAPITAL COMMITMENTS

At 30th September 1996 there were no outstanding commitments for capital expenditure (1995: £nil).

## 21. CONTINGENT LIABILITIES

At 30th September 1996 the company had undertaken to guarantee the bank borrowings of its ultimate parent company. At 30th September 1996 these borrowings amounted to £1,478,615 (1995: £1,307,299).

## 22. ULTIMATE PARENT COMPANY

The directors regard Heven Holdings Limited, a company registered in England and Wales, to be the company's ultimate parent company.

## 23. TRANSACTIONS WITH DIRECTORS

During the year, management charges receivable from J M Hunt as proprietor of an unincorporated business amounted to £63,913 (1995: £1,440,000). There was no outstanding balance at the year end (1995: £944,325 due to the company).