

FOXTONS LIMITED

REPORT AND ACCOUNTS

PERIOD ENDED 27TH SEPTEMBER 1994

SIGNED COPY

Clareville House
26/27 Oxendon Street
London SW1Y 4EP

ROTHMAN PANTALL & CO.
Chartered Accountants



FOXTONS LIMITED

REPORT AND ACCOUNTS

FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

CONTENTS	PAGE
Report of the Directors	1
Statement of Directors' responsibilities	2
Auditors' Report to the Members	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Accounts	7 to 16

FOXTONS LIMITEDREPORT OF THE DIRECTORSFOR THE PERIOD ENDED 27TH SEPTEMBER 1994

The directors present their report and the audited accounts for the period ended 27th September 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

There were no significant changes in the operation of the company's business during the period.

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

RESULTS AND DIVIDENDS

The results for the period 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 and their beneficial interests in the company's shares at the beginning and end of the period were as follows:

	<u>Ordinary shares of £1.00 each</u>	
	<u>1994</u>	<u>1993</u>
J M Hunt	-	10,000
S J Cusack	-	-

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 period are recorded in the notes to the accounts.

In the opinion of the directors, the value of the company's freehold land and buildings is not materially different from that shown in the accounts in relation to its use in the company's trade.

AUDITORS

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

REGISTERED OFFICE
94-98 Old Brompton Road
London SW7 3RD

By order of the Board


S J Cusack
Secretary

Date. 19.12.94...

FOXTONS LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIESFOR THE PERIOD ENDED 27TH SEPTEMBER 1994

It is the responsibility of the directors to prepare financial statements for each period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for the period. 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 PERIOD ENDED 27TH SEPTEMBER 1994

We have audited the accounts 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 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.

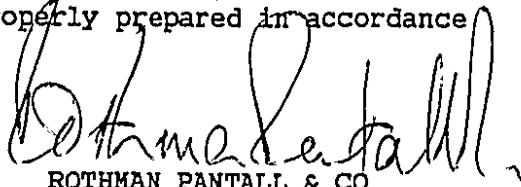
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. 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 27th September 1994 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Date

19 December 1994



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

FOXTONS LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD ENDED 27TH SEPTEMBER 1994

	Note	1994 £	1993 £
TURNOVER	2	4,908,468	3,417,279
Administrative expenses		(1,035,935)	(931,696)
Other operating charges		(2,490,678)	(2,026,705)
OPERATING PROFIT	3	<u>1,381,855</u>	<u>458,878</u>
Profit on disposal of fixed assets		37,427	7,830
Interest receivable and similar income	6	2,461	-
Interest payable and similar charges	7	(105,275)	(81,742)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,316,468</u>	<u>384,966</u>
Taxation on profit on ordinary activities	8	(491,753)	(158,366)
PROFIT FOR THE FINANCIAL PERIOD		<u>824,715</u>	<u>226,600</u>
RETAINED PROFIT BROUGHT FORWARD		277,764	51,164
RETAINED PROFIT CARRIED FORWARD	9	<u>£1,102,479</u> =====	<u>£277,764</u> =====

There are no gains or losses other than the profit for the period.

The notes on pages 7 to 16 form part of these accounts.

FOXTONS LIMITEDBALANCE SHEET27TH SEPTEMBER 1994

	Note	1994		1993	
		£	£	£	£
FIXED ASSETS					
Intangible Assets	10		359,688		245,001
Tangible Assets	11		1,033,778		1,665,241
			<u>1,393,466</u>		<u>1,910,242</u>
CURRENT ASSETS					
Freehold property	12	2,326,793		-	
Debtors	13	1,276,081		612,899	
Investments	14	222,650		222,650	
Cash at Bank and in Hand		713		379	
		<u>3,826,237</u>		<u>835,928</u>	
CREDITORS: Amounts falling due within one year	15	(3,495,248)		(1,042,484)	
NET CURRENT ASSETS/(LIABILITIES)			<u>330,989</u>		<u>(206,556)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,724,455</u>		<u>1,703,686</u>
CREDITORS: Amounts falling due after more than one year	16		(128,192)		(986,022)
PROVISIONS FOR LIABILITIES AND CHARGES:					
Deferred Taxation	17		(53,884)		-
NET ASSETS			<u>£1,542,379</u> =====		<u>£717,664</u> =====
CAPITAL AND RESERVES					
Share Capital	21		10,000		10,000
Revaluation Reserve	22		429,900		429,900
Profit and Loss Account			1,102,479		277,764
			<u>£1,542,379</u> =====		<u>£717,664</u> =====

Approved by the Board of Directors on...19.12.94...and signed on their behalf by:

..... Director
J M Hunt

..... Director
S J Cusack

The notes on pages 7 to 16 form part of these accounts.

FOXTONS LIMITEDCASH FLOW STATEMENTFOR THE PERIOD ENDED 27TH SEPTEMBER 1994

	1994		1993	
	£	£	£	£
CASH FLOW FROM OPERATING ACTIVITIES				
Operating profit	1,381,855		458,878	
Amortisation charges	54,959		78,998	
Depreciation charges	342,870		279,838	
(Increase) in debtors	(663,182)		(339,935)	
Increase/(Decrease) in creditors	1,816,226		(120,598)	
NET CASH INFLOW		2,932,728		357,181
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	2,461		-	
Interest paid	(57,430)		(61,723)	
Interest element of finance lease charges	(34,564)		(11,777)	
Other similar charges	(13,281)		(8,241)	
		(102,814)		(81,741)
TAXATION				
Corporation tax paid (including ACT)	(62,088)		(25,000)	
		(62,088)		(25,000)
INVESTING ACTIVITIES				
Payments to acquire				
Intangible fixed assets	(169,647)		-	
Tangible fixed assets	(2,194,819)		(401,319)	
Short-term investments	-		(222,650)	
Receipts from sales of Tangible fixed assets	194,048		21,449	
		(2,170,418)		(602,520)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		597,408		(352,080)
FINANCING				
Bank loan (repaid)	(80,951)		(77,342)	
Other loans (repaid)/increased	(409,568)		409,568	
		(490,519)		332,226
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		£106,889		£(19,854)
		=====		=====
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS				
	1994	Change in year	1993	
	£	£	£	
Cash at bank and in hand	713	334	379	
Bank overdraft	(85,605)	106,555	(192,160)	
	£(84,892)	£106,889	£(191,781)	
	=====	=====	=====	

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

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%
Freehold Buildings	2%
Leasehold Property	Over the lease term
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.

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.

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

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

3. OPERATING PROFIT

Operating profit is stated after charging:

	1994 £	1993 £
Directors' emoluments	425,814	477,543
Amortisation	54,959	78,998
Depreciation	342,870	279,838
(Profit) on disposals of fixed assets	(37,427)	(7,830)
Auditors' remuneration	6,000	4,000
Operating lease charges:		
Plant and equipment	2,229	2,229
Other leases	130,271	155,000
	=====	=====

4. PARTICULARS OF STAFF

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

	1994 £	1993 £
Wages and Salaries	1,544,130	1,330,295
Social Security Costs	127,071	87,575
	£1,671,201	£1,417,870
	=====	=====

PORTCANE LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

PARTICULARS OF STAFF (continued)

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

	1994	1993
Administration and Management	18	15
Sales	35	25
	<u>53</u>	<u>40</u>
	=====	=====

5. DIRECTORS' REMUNERATION

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

	1994 £	1993 £
Emoluments for services as directors	439,579	477,543
	=====	=====

Emoluments excluding pension contributions:

	1994 £	1993 £
Highest paid director	340,999	411,694
	=====	=====

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

	1994	1993
£ 65,001 - 70,000	-	1
£ 80,001 - 85,000	1	-
	=====	=====

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1994 £	1993 £
Bank interest receivable	2,461	-
	=====	=====

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1994 £	1993 £
Interest payable on bank overdrafts	57,430	61,724
HP interest and finance leases charges	34,564	11,777
Other similar charges payable	13,281	8,241
	<u>£105,275</u>	<u>£81,742</u>
	=====	=====

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The charge in the profit and loss account comprises:

	1994 £	1993 £
Current period corporation tax at 33%	430,709	146,887
Under provision in previous years	7,160	18,979
Increase/(Decrease) in deferred tax provision	53,884	(7,500)
	<u>£491,753</u>	<u>£158,366</u>
	=====	=====

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

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	1994 £	1993 £
Profit for the period	824,715	226,600
Net movement on shareholders' funds	<u>824,715</u>	<u>226,600</u>
Opening shareholders funds	717,664	491,064
Closing shareholders funds	<u>£1,542,379</u>	<u>£717,664</u>
	=====	=====

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

10. INTANGIBLE FIXED ASSETS

	Goodwill	Deferred expenditure	Total
	£	£	£
COST			
Balance brought forward	490,000	192,990	682,990
Additions at cost	-	169,647	169,647
Balance carried forward	<u>490,000</u> =====	<u>362,637</u> =====	<u>852,637</u> =====
AMORTISATION			
Balance brought forward	245,000	192,990	437,990
Depreciation charge	48,597	6,362	54,959
Balance carried forward	<u>293,597</u> =====	<u>199,352</u> =====	<u>492,949</u> =====
NET BOOK VALUE			
Carried forward	<u>£196,403</u> =====	<u>£163,285</u> =====	<u>£359,688</u> =====
Brought forward	<u>£245,000</u> =====	<u>-</u> =====	<u>£245,000</u> =====

FOXTON'S LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

11. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Short-term Leasehold Property £	Fixtures, Fittings & Equipment £	Motor Vehicles £	TOTAL £
COST/VALUATION:					
Balance B/Fwd	901,402	491,685	333,247	645,924	2,372,258
Additions	1,516,779	117,555	124,625	435,860	2,194,819
Disposals	-	(91,244)	-	(218,264)	(309,508)
Transfer to current assets (see note 12)	(2,418,181)	-	-	-	(2,418,181)
Balance C/Fwd	<u>-</u>	<u>517,996</u>	<u>457,872</u>	<u>863,520</u>	<u>1,839,388</u>
DEPRECIATION:					
Balance B/Fwd	69,180	114,275	222,898	300,662	707,015
Depn on disposals	-	(28,873)	-	(124,014)	(152,887)
Depn charge	22,208	39,788	70,681	210,193	342,870
Transfer to current assets (see note 12)	(91,388)	-	-	-	(91,388)
Balance C/Fwd	<u>-</u>	<u>125,190</u>	<u>293,579</u>	<u>386,841</u>	<u>805,610</u>
NET BOOK VALUE:					
At 27th September 1994	<u>-</u>	<u>392,806</u>	<u>164,293</u>	<u>476,679</u>	<u>1,033,778</u>
At 1st October 1993	<u>832,222</u>	<u>377,410</u>	<u>110,349</u>	<u>345,262</u>	<u>1,665,243</u>

Included in the above figures are assets held under finance leases:

	1994		1993	
	NBV £	Depr'n Charge £	NBV £	Depr'n Charge £
Fixtures and Fittings	-	-	-	29,114
Motor Vehicles	345,644	131,053	205,622	71,191
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

TANGIBLE FIXED ASSETS (continued)

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

	1994 £	1993 £
Cost	410,939	750,603
Depreciation	93,662	91,543
	<u>£317,277</u>	<u>£659,060</u>
	=====	=====

Included in fixed assets are assets which have all been revalued on an open market basis as follows:-

	£
Leasehold property revalued in 1989	160,000
	=====

12. FREEHOLD PROPERTY

Since the year end the freehold property of the company has been sold to the company's ultimate parent company as part of a group re-organisation. Consequently the assets are recognised in these accounts as current assets. As part of this re-organisation the company has leased back the offices it occupies on open market terms. The freehold properties have been used as security for borrowings advanced to the ultimate parent company by its bankers.

13. DEBTORS

	1994 £	1993 £
Trade debtors	816,381	376,166
Other debtors	344,987	174,646
Prepayments and accrued income	114,713	62,087
	<u>£1,276,081</u>	<u>£612,899</u>
	=====	=====

14. CURRENT ASSET INVESTMENTS

	1994 £	1993 £
Leasehold property	222,650	222,650
	=====	=====

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

15. CREDITORS: Amounts falling due within one year

	1994 £	1993 £
Bank loans and overdrafts	568,605	252,537
Trade creditors	178,699	207,062
Directors' current account	403	-
Corporation tax	558,357	182,576
Other taxes & social security costs	524,339	87,886
Obligations under H.P/finance leases	284,800	102,058
Other creditors	95,753	81,484
Accruals and deferred income	1,284,292	128,881
	<u>£3,495,248</u>	<u>£1,042,484</u>
	=====	=====

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

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

	1994 £	1993 £
Bank loan (see below)	-	503,574
Obligations under H.P/finance leases	111,462	72,880
Directors loans	-	409,568
Other loans	16,730	-
	<u>£128,192</u>	<u>£986,022</u>
	=====	=====

The bank loan was repaid on 28 September 1994 and is shown in current liabilities.

The capital element of the loans falling due for repayment is as follows:

	1994 £	1993 £
Due between two and five years	-	134,090
Due after five years	-	369,484
	<u>-</u>	<u>£503,574</u>
	=====	=====

Bank borrowings are secured by a fixed charge over the freehold properties and a floating charge over the other assets and undertakings of the company.

FOXTONS LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

17. DEFERRED TAX

At 27th September 1994 the total potential liability for deferred taxation together with the amount provided was as follows:

	Total Potential Liability		Amount Provided	
	1994	1993	1994	1993
	£	£	£	£
Short term timing differences	53,884	-	53,884	-
Accelerated capital allowances	44,528	40,959	-	-
Capital gains	231,140	235,456	-	-
	<u>£329,552</u>	<u>£276,415</u>	<u>£53,884</u>	<u>-</u>
	=====	=====	=====	=====

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

18. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS AND FINANCE LEASES

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

	1994	1993
	£	£
Total amounts payable:		
- within 1 year	284,800	102,058
- between 2 and 5 years	111,452	72,880
	<u>£396,262</u>	<u>£174,938</u>
	=====	=====

19. COMMITMENTS UNDER NON-CANCELLABLE OPERATING LEASES .

The company has annual commitments under operating leases as follows:

	1994		1993	
	Land and Buildings	Other Items	Land and Buildings	Other Items
	£	£	£	£
Agreements expiring:				
- between 2 and 5 years	-	-	-	2,230
- after more than 5 years	147,000	-	155,000	-
	<u>£147,000</u>	<u>-</u>	<u>£155,000</u>	<u>£2,230</u>
	=====	=====	=====	=====

20. TRANSACTIONS WITH DIRECTORS

Material Interests of Directors

During the period management charges receivable from J.M. Hunt as proprietor of Foxtons Lettings amounted to £1,100,000 (1993 £1,042,902). At the year end the amount outstanding due to the company was £397,006.

FORTON LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 27TH SEPTEMBER 1994

21. SHARE CAPITAL

	1994		1993	
	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
	=====	=====	=====	=====

22. REVALUATION RESERVE

There has not been any movement on the Revaluation Reserve during the period.

23. ULTIMATE PARENT COMPANY

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

24. CAPITAL COMMITMENTS

At 27th September 1994 there were no outstanding commitments for capital expenditure (1993:£nil).

25. CONTINGENT LIABILITIES

At 27th September 1994 the company had undertaken to guarantee the bank borrowings of its ultimate parent company. At 27th September 1994 these borrowings amounted to £nil. (1993:£nil)