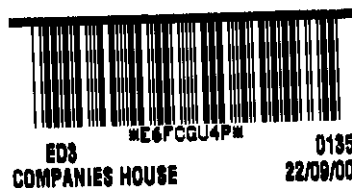


HEVEN HOLDINGS LIMITED
DIRECTORS' REPORT AND
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999

SIGNED COPY



ROTHMAN PANTALL & CO
Chartered Accountants

HEVEN HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 1999

| | |
|---------------------------|--|
| Director: | J M Hunt |
| Secretary: | L J Hunt |
| Company Number: | 2829703 |
| Registered Office: | 92 Park Lane London W1Y 4EJ |
| Auditors: | Rothman Pantall & Co Clareville House 26/27 Oxendon Street London SW1Y 4EP |
| Bankers: | National Westminster Bank Plc 176 London Road Portsmouth Hants PO2 9DR |
| Solicitors: | Mishcon de Reya 21 Southampton Row London WC1B 5HS |

HEVEN HOLDINGS LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999

| CONTENTS | PAGE |
|--|-------------|
| Group chairman's statement | - |
| Director's report | 1-2 |
| Auditors' report | 3 |
| Group profit and loss account | 4 |
| Group statement of total recognised gains and losses | 4 |
| Group balance sheet | 5 |
| Holding company balance sheet | 6 |
| Group cash flow statement | 7 |
| Notes to the group cash flow statement | 8-9 |
| Notes to the financial statements | 10-22 |

**HEVEN HOLDINGS LIMITED
GROUP CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1999**

Sales & Lettings

The Central London residential property market increased in activity levels during 1999 in sales, lettings and short lets. This was fuelled by confidence in the economy both here and in the USA.

Foxtons has continued to build its market share and now has 170 sales personnel supported by a strong predominantly 'homegrown' and experienced management team. Although it is difficult to estimate due to a lack of statistics, we believe we have between 20-25% market share throughout our office spread in London.

We place under offer between £25 and £30 million of residential property per week (variant on seasonal fluctuations) and our lettings and short lets sector signs in excess of 90 tenancy agreements per week.

The Management Team's aim is to capture 40% of the London lettings and sales market through innovative marketing campaigns, carefully selected personnel, extensive training and an increased use of technology. Foxtons.com has seen its traffic increase (to in excess of 7 million hits per month).

Our interim target for the year 2000 is a 30% market share and we estimate a PBT of £11 million

Serviced Offices

The Serviced Office market is proving increasingly popular and is seen as a growth area for the company. Shakespeare House, the companies first Serviced Office located in Battersea, has experienced increasing occupancy levels and significantly increasing rent levels throughout the year and into 2000.

We anticipate the refurbishment of our second serviced office to be completed in October 2000. The Knightsbridge serviced office, located opposite Harvey Nichols Department Store, will be one of the most prestigious in London with 70 offices. It will command top rental rates and will quickly repay the significant investment put into the building by the company.

Once fully operational at 90% occupancy, the combined rental income of these two blocks together with the profit derived from additional services will produce £2.5m pa.

It is the intention of Management to expand this area of the business as and when suitable acquisition opportunities occur.

HEVEN HOLDINGS LIMITED
DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 1999

The director presents his report and financial statements of the group for the year ended 31 December 1999.

Principal activities and review of the business

The principal activity of the company is that of holding company and property investment company. The principal activity of the group is that of estate and lettings agents.

The director is satisfied with the trading performance of the group and it's financial position as of the end of the year. Subsequent to the year end additional bank facilities have been arranged to assist with the working capital requirements of the group.

Results and dividends

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

An ordinary dividend of £4,200,000 was paid during the year (1998: £Nil).

Post balance sheet events

There have been no significant post balance sheet developments.

Year 2000

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

No group company has experienced any significant year 2000 problems.

Director

The following director has held office since 1 January 1999:-

J M Hunt

Directors' interests

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

| | <u>Ordinary Shares of £1 each</u> | |
|----------|--|-----------------------|
| | 31 December 1999 | 1 January 1999 |
| J M Hunt | 10,002 | 10,002 |

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 Annual General Meeting.

HEVEN HOLDINGS LIMITED
DIRECTOR'S REPORT CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

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.


Director's responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state 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 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 to 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.

By Order of the Board


.....
L J Hunt - Secretary

Date 18/9/00

HEVEN HOLDINGS LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 1999

We have audited the financial statements on pages 4 to 22 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 pages 10 to 11.

Respective responsibilities of director and auditors

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

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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.

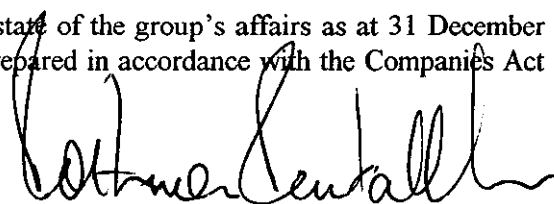
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the group's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date

18 September 2000



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

HEVEN HOLDINGS LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

| | Notes | 1999 £ | 1998 £ |
|---|-------|--------------|---------------|
| Turnover | 2 | 24,798,133 | 14,160,953 |
| Administrative expenses | | (16,812,643) | (15,418,085) |
| Operating profit/(loss) | 3 | 7,985,490 | (1,257,132) |
| Other interest receivable and similar income | 4 | 230,736 | 162,596 |
| Interest payable and similar charges | 5 | (532,367) | (661,074) |
| Amounts written off investments | 6 | - | (92,129) |
| Profit/(loss) on ordinary activities before taxation | | 7,683,859 | (1,847,739) |
| Tax on profit/(loss) on ordinary activities | 7 | (2,817,542) | 241,097 |
| Profit/(loss) on ordinary activities after taxation | | 4,866,317 | (1,606,642) |
| Dividends | 8 | (4,200,000) | - |
| Retained profit/(loss) for the period | 17 | £ 666,317 | £ (1,606,642) |

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

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1999

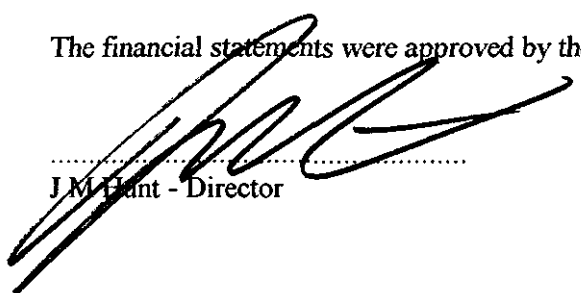
| | Notes | 1999 £ | 1998 £ |
|---|-------|-------------|---------------|
| Profit/(loss) for the year | | 4,866,317 | (1,606,642) |
| Revaluation of fixed assets | 10 | 4,851,642 | - |
| Total recognised gains/(losses) for the year | | £ 9,717,959 | £ (1,606,642) |

The reported profit for the year is not materially different from the profit on an unmodified historical cost basis.

HEVEN HOLDINGS LIMITED
GROUP BALANCE SHEET
AS AT 31 DECEMBER 1999

| | Notes | 1999 £ | 1998 £ |
|--|-------|--------------|-------------|
| Fixed assets | | | |
| Intangible assets | 9 | 636,552 | 831,594 |
| Tangible assets | 10 | 19,415,171 | 11,596,097 |
| Investments | 11 | 761,734 | 893,268 |
| | | <hr/> | <hr/> |
| | | 20,813,457 | 13,320,959 |
| Current assets | | | |
| Debtors | 12 | 3,661,777 | 2,087,974 |
| Cash at bank and in hand | | 12,412 | 2,516 |
| | | <hr/> | <hr/> |
| | | 3,674,189 | 2,090,490 |
| Creditors: amounts falling due within one year | 13 | (12,642,721) | (9,187,820) |
| | | <hr/> | <hr/> |
| Net current liabilities | | (8,968,532) | (7,097,330) |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 11,844,925 | 6,223,629 |
| Creditors: amounts falling due after more than one year | 14 | (2,821,567) | (2,747,122) |
| Provisions for liabilities and charges | 15 | (67,797) | (38,905) |
| | | <hr/> | <hr/> |
| | | 8,955,561 | 3,437,602 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 16 | 10,002 | 10,002 |
| Revaluation reserve | 17 | 7,736,635 | 2,884,993 |
| Profit and loss account | 17 | 1,208,924 | 542,607 |
| | | <hr/> | <hr/> |
| Shareholders' funds - equity interests | 18 | 8,955,561 | 3,437,602 |
| | | <hr/> | <hr/> |

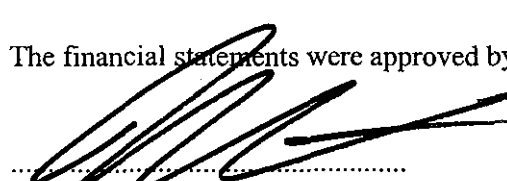
The financial statements were approved by the Board on 18/9/00


J M Hunt - Director

HEVEN HOLDINGS LIMITED
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 1999

| | Notes | 1999 £ | 1998 £ |
|--|-------|-------------|-------------|
| Fixed assets | | | |
| Tangible assets | 10 | 13,558,147 | 8,495,393 |
| Investments | 11 | 2,645,383 | 2,115,167 |
| | | <hr/> | <hr/> |
| | | 16,203,530 | 10,610,560 |
| Current assets | | | |
| Debtors | 12 | 10,000 | - |
| Cash at bank and in hand | | 2,484 | 2,516 |
| | | <hr/> | <hr/> |
| | | 12,484 | 2,516 |
| Creditors: amounts falling due within one year | | | |
| | 13 | (640,594) | (569,244) |
| | | <hr/> | <hr/> |
| Net current liabilities | | (628,110) | (566,728) |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 15,575,420 | 10,043,832 |
| Creditors: amounts falling due after more than one year | | | |
| | 14 | (6,632,348) | (6,055,702) |
| | | <hr/> | <hr/> |
| | | 8,943,072 | 3,988,130 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 16 | 10,002 | 10,002 |
| Share premium account | 17 | 1,221,899 | 1,221,899 |
| Revaluation reserve | 17 | 7,631,811 | 2,780,169 |
| Profit and loss account | 17 | 79,360 | (23,940) |
| | | <hr/> | <hr/> |
| Shareholders' funds - equity interests | 18 | 8,943,072 | 3,988,130 |
| | | <hr/> | <hr/> |

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


 J M Hunt - Director

HEVEN HOLDINGS LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1999

| | 1999 | 1998 |
|---|-------------|-------------|
| | £ | £ |
| Net cash inflow from operating activities | 8,093,658 | 3,296,460 |
| Returns on investments and servicing of finance | | |
| Interest received | 211,211 | 156,992 |
| Interest paid | (359,183) | (388,421) |
| Interest element of finance lease rental payments | (52,826) | (86,098) |
| Amounts written off investments | - | (92,129) |
| | <hr/> | <hr/> |
| Net cash (outflow) for returns on investments and servicing of finance | (200,798) | (409,656) |
| Taxation | (79,684) | (15,783) |
| Capital expenditure and financial investment | | |
| Payments to acquire tangible assets | (3,477,271) | (1,921,890) |
| Payments to acquire investments | (297,152) | (70,815) |
| Receipts from sales of tangible assets | 626,359 | 759,542 |
| Receipts from sales of investments | 120,000 | - |
| | <hr/> | <hr/> |
| Net cash (outflow) for capital expenditure | (3,028,064) | (1,233,163) |
| Acquisitions | | |
| Purchase of investments in subsidiary undertakings | (351,750) | - |
| Purchase of investments in joint ventures | - | (300,000) |
| Cash acquired with subsidiary | 9,928 | - |
| | <hr/> | <hr/> |
| Net cash (outflow) for acquisitions | (341,822) | (300,000) |
| Equity dividends paid | (4,200,000) | - |
| | <hr/> | <hr/> |
| Net cash inflow before management of liquid resources and financing | 243,290 | 1,337,858 |
| Financing | | |
| Repayment of long term bank loan | (261,722) | (671,796) |
| Capital element of hire purchase contracts | (179,517) | (6,679) |
| | <hr/> | <hr/> |
| Net cash (outflow) from financing | (441,239) | (678,475) |
| | <hr/> | <hr/> |
| (Decrease)/Increase in cash in the year | £ (197,949) | £ 659,383 |
| | <hr/> | <hr/> |

HEVEN HOLDINGS LIMITED
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1999

| | | | | | |
|----|---|-----------------------------|------------------------|--|-----------------------------------|
| 1. | Reconciliation of operating profit/(loss) to net cash inflow from operating activities | 1999 £ | 1998 £ | | |
| | Operating profit/(loss) | 7,985,490 | (1,257,132) | | |
| | Depreciation of tangible assets | 1,253,434 | 987,377 | | |
| | Amortisation of intangible assets | 216,609 | 367,009 | | |
| | Profit on disposal of tangible assets | (111,266) | (208,785) | | |
| | Increase in debtors | (1,531,307) | (526,366) | | |
| | Increase in creditors | 280,698 | 3,934,357 | | |
| | | <hr/> | <hr/> | | |
| | Net cash inflow from operating activities | 8,093,658 | 3,296,460 | | |
| | | <hr/> | <hr/> | | |
| 2. | Analysis of net debt | | | | |
| | | 1 January 1999 £ | Cash flow £ | Acquisition of subsidiary £ | 31 December 1999 £ |
| | Net cash: | | | | |
| | Cash at bank and in hand | 2,516 | (32) | 9,928 | 12,412 |
| | Bank overdrafts | (82,975) | (207,845) | - | (290,820) |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | (80,459) | (207,877) | 9,928 | (278,408) |
| | Debt: | | | | |
| | Finance leases | (812,447) | 179,517 | - | (632,930) |
| | Bank loans falling due within one year | (411,146) | - | (115,451) | (526,597) |
| | Bank loans falling due after one year | (2,482,811) | 261,722 | (419,185) | (2,640,274) |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | Net debt | (3,786,863) | 233,362 | (524,708) | (4,078,209) |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| 3. | Reconciliation of net cash flow to movement in net debt | 1999 £ | 1998 £ | | |
| | (Decrease)/Increase in cash in the period | (197,949) | 659,383 | | |
| | Cash (outflow)inflow from decrease/increase in debt and lease financing | (93,397) | 678,475 | | |
| | | <hr/> | <hr/> | | |
| | Movement in net debt in the year | (291,346) | 1,337,858 | | |
| | Opening net debt | (3,786,863) | (5,124,721) | | |
| | | <hr/> | <hr/> | | |
| | Closing net debt | (4,078,209) | (3,786,863) | | |
| | | <hr/> | <hr/> | | |

HEVEN HOLDINGS LIMITED
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1999

| | |
|---|----------------|
| 4. Purchase of subsidiary undertakings | £ |
| Net assets acquired | |
| Tangible fixed assets | 1,250,000 |
| Debtors | 22,971 |
| Cash at bank and in hand | 9,928 |
| Bank loans | (534,636) |
| Creditors | (50,283) |
| Provisions for liabilities and charges | (67,797) |
| | <hr/> |
| | 630,183 |
| Goodwill | 21,567 |
| | <hr/> |
| Satisfied by | 651,750 |
| | <hr/> |
| Payment to purchase investment in joint venture in prior year | 300,000 |
| Payment for remainder of share capital | 351,750 |
| | <hr/> |
| | 651,750 |
| | <hr/> |

The purchase of the subsidiary undertaking took place on the 15 December 1999. The trading results of the subsidiary (formerly joint venture) have not been consolidated as the group share is not material to the group financial statements in either year.

See also note 11 to the financial statements.

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified for revaluations of certain tangible fixed assets.

1.2 Compliance with accounting standards

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

1.3. Turnover

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

1.4. Goodwill

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

1.5 Development expenditure

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

1.6 Tangible fixed assets and depreciation

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

| | |
|--------------------------------|----------------------------|
| Freehold buildings | 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 |

1.7 Leasing and hire purchase commitments

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

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

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

1.8 Investment properties

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve.

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for Investment Properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.9 Investments

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

1.10 Deferred taxation

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

1.11 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.

1.12 Group accounts

The accounts present information about the company and its subsidiary companies. In accordance with Section 230 of the Companies Act 1985, the company has not presented its own profit and loss account.

2. Turnover

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

3. Operating profit/(loss)

| | 1999 | 1998 |
|--|-----------|---------|
| | £ | £ |
| Operating profit/(loss) is stated after charging:- | | |
| Amortisation of intangible assets | 216,609 | 370,159 |
| Depreciation of tangible assets | 1,253,434 | 970,142 |
| Operating lease rentals | 360,000 | 400,635 |
| Auditors' remuneration | 15,100 | 13,675 |
| Remuneration of auditors for non-audit work | 41,219 | 46,500 |
| | <hr/> | <hr/> |

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

| | | | |
|--|---|-------------|-------------|
| 4. | Other interest receivable and similar income | 1999 | 1998 |
| | | £ | £ |
| | Bank interest | 230,736 | 159,263 |
| | Other interest | - | 3,333 |
| | | <hr/> | <hr/> |
| | | £ 230,736 | £ 162,596 |
| | | <hr/> | <hr/> |
| 5. | Interest payable and similar charges | 1999 | 1998 |
| | | £ | £ |
| | On bank loans and overdrafts | 208,770 | 360,963 |
| | Other interest | 17,301 | 18,000 |
| | Hire purchase interest | 52,826 | 86,098 |
| | On overdue tax | 253,470 | 196,013 |
| | | <hr/> | <hr/> |
| | | £ 532,367 | £ 661,074 |
| | | <hr/> | <hr/> |
| 6. | Amounts written off investments | 1999 | 1998 |
| | | £ | £ |
| | Amounts written off current asset investments | £ - | £ 92,129 |
| | | <hr/> | <hr/> |
| 7. | Taxation | 1999 | 1998 |
| | | £ | £ |
| | UK current year taxation | | |
| | UK corporation tax at 30%/31% (1998 - 31%) | 2,856,447 | 40,249 |
| | Deferred taxation | (38,905) | (74,137) |
| | | <hr/> | <hr/> |
| | | 2,817,542 | (33,888) |
| | Prior years | | |
| | UK corporation tax | - | (207,209) |
| | | <hr/> | <hr/> |
| | | £ 2,817,542 | £ (241,097) |
| | | <hr/> | <hr/> |
| <p>Group relief was surrendered by Heven Holdings Limited to its 100% subsidiary, Foxtons Limited, in the year. The tax benefit of the loss surrendered was £243,553 which is to be paid for in full by Foxtons Limited.</p> | | | |
| 8. | Dividends | 1999 | 1998 |
| | | £ | £ |
| | Ordinary paid | £ 4,200,000 | £ - |
| | | <hr/> | <hr/> |

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

9. Intangible fixed assets - Group

| | Development Costs £ | Goodwill £ | Total £ |
|-----------------------|---------------------------|---------------|------------|
| Cost | | | |
| At 1 January 1999 | 426,000 | 911,089 | 1,337,089 |
| Additions | | 21,567 | 21,567 |
| Written off | (426,000) | - | (426,000) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 1999 | - | 932,656 | 932,656 |
| | <hr/> | <hr/> | <hr/> |
| Amortisation | | | |
| At 1 January 1999 | 300,500 | 204,995 | 505,495 |
| Written off | (426,000) | - | (426,000) |
| Charge for year | 125,500 | 91,109 | 216,609 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 1999 | - | 296,104 | 296,104 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 31 December 1999 | - | 636,552 | 636,552 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 1998 | 125,500 | 706,094 | 831,594 |
| | <hr/> | <hr/> | <hr/> |

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

10. Tangible fixed assets - Group

| | Investment property £ | Freehold land and buildings £ | Short-term leasehold property £ | Fixtures fittings & equipment £ | Motor vehicles £ | Total £ |
|---------------------------------|-----------------------------|--|--|--|------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 January 1999 | - | 8,569,341 | 2,006,151 | 1,430,421 | 1,748,304 | 13,754,217 |
| Additions | - | - | 1,282,942 | 467,446 | 1,726,883 | 3,477,271 |
| On acquisition of subsidiary | 1,250,000 | - | - | - | - | 1,250,000 |
| Disposals | - | - | - | - | (734,414) | (734,414) |
| Revaluations | - | 4,893,451 | (41,809) | - | - | 4,851,642 |
| At 31 December 1999 | 1,250,000 | 13,462,792 | 3,247,284 | 1,897,867 | 2,740,773 | 22,598,716 |
| Depreciation | | | | | | |
| At 1 January 1999 | - | 229,655 | 464,160 | 814,595 | 649,710 | 2,158,120 |
| On disposals | - | - | - | - | (228,009) | (228,009) |
| Charge for the year | - | 171,387 | 107,908 | 333,164 | 640,975 | 1,253,434 |
| At 31 December 1999 | - | 401,042 | 572,068 | 1,147,759 | 1,062,676 | 3,183,545 |
| Net book value | | | | | | |
| At 31 December 1999 | 1,250,000 | 13,061,750 | 2,675,216 | 750,108 | 1,678,097 | 19,415,171 |
| At 31 December 1998 | - | 8,339,686 | 1,541,991 | 615,826 | 1,098,594 | 11,596,097 |

Freehold and leasehold properties of the group and company were revalued in the year by the director on the basis of open market value. The valuations as at the year end are based on a subsequent professional valuation carried out in April 2000.

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

| 10. Tangible fixed assets (continued) - Company | Freehold land and buildings | Leasehold land and property | Motor vehicles | Total |
|--|-----------------------------------|-----------------------------------|-------------------|----------------|
| | £ | £ | £ | £ |
| Cost or valuation | | | | |
| At 1 January 1999 | 8,569,341 | - | 155,707 | 8,725,048 |
| Additions | - | 450,825 | 112,839 | 563,664 |
| Disposals | - | - | (111,839) | (111,839) |
| Revaluations | 4,893,451 | (41,809) | - | 4,851,642 |
| | | | | |
| At 31 December 1999 | 13,462,792 | 409,016 | 156,707 | 14,028,515 |
| | | | | |
| Depreciation | | | | |
| At 1 January 1999 | 229,655 | - | - | 229,655 |
| Charge for the year | 171,387 | 9,016 | 60,310 | 240,713 |
| | | | | |
| At 31 December 1999 | 401,042 | 9,016 | 60,310 | 470,368 |
| | | | | |
| Net book value | | | | |
| At 31 December 1999 | 13,061,750 | 400,000 | 96,397 | 13,558,147 |
| | | | | |
| At 31 December 1998 | 8,339,686 | - | 155,707 | 8,495,393 |
| | | | | |
| Comparable historical cost for land and buildings included at valuation | | | Group | Company |
| | | | £ | £ |
| Cost | | | | |
| Historical cost at 1 January 1999 | | | 6,044,017 | 5,938,841 |
| Additions | | | 450,825 | - |
| | | | | |
| At 31 December 1999 | | | 6,494,842 | 5,938,841 |
| | | | | |
| Depreciation based on cost | | | | |
| At 1 January 1999 | | | 388,500 | 313,561 |
| Charge for the year | | | 133,052 | 118,777 |
| | | | | |
| At 31 December 1999 | | | 521,552 | 432,338 |
| | | | | |
| Net book values | | | | |
| At 31 December 1999 | | | 5,973,290 | 5,506,503 |
| | | | | |
| At 31 December 1998 | | | 5,655,517 | 5,625,280 |

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

10. Tangible fixed assets - (continued)

Included in fixed assets are assets held by a subsidiary company under finance leases or hire purchase contracts as follows:-

| | Motor Vehicles 1999 £ | Motor Vehicles 1998 £ |
|----------------------------------|--------------------------------|--------------------------------|
| Net book value at the year end | 765,187 | 925,815 |
| Depreciation charge for the year | 345,916 | 353,322 |

11. Investments - Group

| | Unlisted investments £ | Shares participating interests £ | Total £ |
|--------------------------|------------------------------|---|------------|
| Cost or valuation | | | |
| At 1 January 1999 | 593,268 | 300,000 | 893,268 |
| Additions at cost | 297,152 | 351,750 | 648,902 |
| Disposals | (128,686) | - | (128,686) |
| Reclassification | - | (651,750) | (651,750) |
| At 31 December 1999 | 761,734 | - | 761,734 |

Investments - Company

| | Unlisted investment £ | Shares participating interests £ | Shares Subsidiary undertakings £ | Total £ |
|---------------------|-----------------------------|---|---|------------|
| At 1 January 1999 | 583,268 | 300,000 | 1,231,899 | 2,115,167 |
| Additions at cost | 297,152 | 351,750 | - | 648,902 |
| Disposals | (118,686) | - | - | (118,686) |
| Reclassification | - | (651,750) | 651,750 | - |
| At 31 December 1999 | 761,734 | - | 1,883,649 | 2,645,383 |

The company holds 100% of the issued share capital of Foxtons Limited and Newtopic Limited. The principal activities of the two subsidiary companies throughout the year were estate and letting agents, and real property investment and development respectively. The company increased its investment in Newtopic Limited from 50% to 100% on 15 December 1999. The trading results of Newtopic Limited have not been consolidated as the group share is not material to the group financial statements in either year. Both subsidiary companies are registered in England and Wales.

Also see note 4 to the cashflow statement.

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

12. Debtors

| | 1999 | | 1998 | |
|--------------------------------|------------|--------------|------------|--------------|
| | £ Group | £ Company | £ Group | £ Company |
| Trade debtors | 3,095,505 | - | 1,607,001 | |
| Other debtors | 78,757 | - | 96,826 | - |
| Prepayments and accrued income | 487,515 | 10,000 | 384,147 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 3,661,777 | 10,000 | 2,087,974 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |

13. Creditors: amounts falling due within one year

| | 1999 | | 1998 | |
|--|------------|--------------|------------|--------------|
| | £ Group | £ Company | £ Group | £ Company |
| Bank loans and overdrafts (note 14) | 817,417 | 411,146 | 494,121 | 411,146 |
| Net obligations under finance lease and hire purchase contracts | 451,637 | - | 548,136 | - |
| Trade creditors | 1,162,213 | - | 716,518 | - |
| Corporation tax | 4,206,652 | 136,486 | 1,383,869 | 136,486 |
| Other taxes and social security costs | 2,886,690 | - | 2,962,277 | - |
| Other creditors | 298,837 | 64,479 | 1,240,202 | - |
| Accruals and deferred income | 2,819,275 | 28,483 | 1,842,697 | 21,612 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 12,642,721 | 640,594 | 9,187,820 | 569,244 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

14. Creditors: amounts falling due after more than one year

| | 1999 | | 1998 | |
|--|------------|--------------|------------|--------------|
| | £ Group | £ Company | £ Group | £ Company |
| Bank loans | 2,640,274 | 2,221,089 | 2,482,811 | 2,482,811 |
| Net obligations under finance leases and hire purchase agreements repayable between one and five years | 181,293 | - | 264,311 | - |
| Amounts due to subsidiary undertakings | - | 4,411,259 | - | 3,572,891 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 2,821,567 | 6,632,348 | 2,747,122 | 6,055,702 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Analysis of bank loans | | | | |
| Not wholly repayable within five years by instalments | 2,632,235 | 2,632,235 | 2,893,957 | 2,893,957 |
| Repayable within five years by instalments | 419,185 | - | - | - |
| Included in current liabilities | (411,146) | (411,146) | (411,146) | (411,146) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 2,640,274 | 2,221,089 | 2,482,811 | 2,482,811 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Loan maturity analysis | | | | |
| Between one and two years | | 411,146 | | 411,146 |
| Between two and three years | | 1,233,430 | | 1,233,438 |
| In five years or more | | 576,513 | | 838,227 |
| | | <hr/> | | <hr/> |
| | | 2,221,089 | | 2,482,811 |
| | | <hr/> | | <hr/> |

Bank loans and overdrafts are secured by fixed and floating charges over group assets.

Bank loans and overdrafts includes loans repayable on monthly instalments up to May 2010. Interest payable is either fixed at 9.25% or variable at 2% over the National Westminster Bank Plc base rate.

15. Provisions for liabilities and charges

Deferred taxation

| | Group £ | Company £ |
|--|------------|--------------|
| Balance at 1 January 1999 | 38,905 | - |
| Profit and loss account | (38,905) | - |
| Amount provided for in subsidiary acquired in year | 67,797 | - |
| | <hr/> | <hr/> |
| Balance at 31 December 1999 | 67,797 | - |
| | <hr/> | <hr/> |

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

15. Provisions for liabilities and charges (continued)

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

| | 1999 £ | 1998 £ |
|---|--------------|--------------|
| Revaluation reserve | 67,797 | - |
| Other timing differences - fully provided | - | 38,905 |
| | <hr/> 67,797 | <hr/> 38,905 |
| | <hr/> <hr/> | <hr/> <hr/> |

The full potential group deferred tax liability not provided for, in respect of the revaluation of freehold land and buildings, is £2,320,990 (1998 £865,498).

16. Share capital

| | 1999 £ | 1998 £ |
|---|-------------|-------------|
| Authorised | | |
| Ordinary Shares of £1 each | 100,000 | 100,000 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid | | |
| 10,002 Ordinary shares of £1 each | 10,002 | 10,002 |
| | <hr/> | <hr/> |
| | <hr/> <hr/> | <hr/> <hr/> |

17. Statements of movements on reserves - group

| | Revaluation reserve £ | Profit and loss account £ |
|--------------------------------|-----------------------------|---------------------------------|
| Balance at 1 January 1999 | 2,884,993 | 542,607 |
| Retained profit for the period | - | 666,317 |
| Surplus on revaluation | 4,851,642 | - |
| | <hr/> | <hr/> |
| Balance at 31 December 1999 | 7,736,635 | 1,208,924 |
| | <hr/> <hr/> | <hr/> <hr/> |

Statements of movements on reserves- company

| | Share premium account £ | Revaluation reserve £ | Profit and loss account £ |
|--------------------------------|----------------------------------|-----------------------------|---------------------------------|
| Balance at 1 January 1999 | 1,221,899 | 2,780,169 | (23,940) |
| Retained profit for the period | - | - | 103,300 |
| Surplus on revaluation | - | 4,851,642 | - |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 1999 | 1,221,899 | 7,631,811 | 79,360 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

18. Reconciliation of movements in shareholders' funds

| | 1999 | | 1998 | |
|--|-------------|--------------|-------------|--------------|
| | £ Group | £ Company | £ Group | £ Company |
| Profit/(Loss) for the financial period | 4,866,317 | 4,303,300 | (1,606,642) | (114,929) |
| Dividends | (4,200,000) | (4,200,000) | - | - |
| Surplus on revaluation | 4,851,642 | 4,851,642 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net addition to/(depletion in) shareholders' funds | 5,517,959 | 4,954,942 | (1,606,642) | (114,929) |
| Opening shareholders' funds | 3,437,602 | 3,988,130 | 5,044,244 | 4,103,059 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Closing shareholders' funds | 8,955,561 | 8,943,072 | 3,437,602 | 3,988,130 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

19. Contingent liabilities

At the year end the company had given a guarantee in respect of the bank borrowings of its subsidiary undertaking. At 31 December 1999 these borrowings amounted to £290,820 (1998 £82,975).

20. Financial commitments

At 31 December 1999 the subsidiary companies had the following annual commitments under non-cancellable operating leases (Company £Nil):-

| | 1999 | | 1998 | |
|--------------------|----------------------------|------------|----------------------------|------------|
| | Land and buildings £ | Other £ | Land and Buildings £ | Other £ |
| Expiry date: | | | | |
| Within one year | - | - | - | 20,581 |
| In over five years | 360,000 | - | 349,000 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 360,000 | - | 349,000 | 20,581 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

21. Capital commitments

At 31 December 1999 the group had capital commitments as follows:-

| | 1999 | | 1998 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | £ Group | £ Company | £ Group | £ Company |
| Contracted for but not provided in the financial statements | 2,846,000 | - | 572,152 | 297,152 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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

22. Directors' emoluments

| | 1999 £ | 1998 £ |
|------------------------------------|-------------------|-------------------|
| Emoluments for qualifying services | 767,799 | 3,778,333 |
| | <u> </u> | <u> </u> |

23. Transaction with directors

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

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

24. Employees

Number of employees

The average monthly number of employees of the Group (including directors) during the period was:-

| | 1999 Number | 1998 Number |
|-------------------------|-------------------|-------------------|
| | 202 | 177 |
| | <u> </u> | <u> </u> |
| Employment costs | £ | £ |
| Wages and salaries | 8,237,797 | 8,656,121 |
| Social security costs | 995,468 | 863,431 |
| | <u> </u> | <u> </u> |
| | 9,233,265 | 9,519,552 |
| | <u> </u> | <u> </u> |

HEVEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

25. Control

The ultimate controlling party is Mr J M Hunt, a director of the company.

26. Related party transactions

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

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

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

Expenditure totalling £13,763 (1998 - £71,416) was transacted with Octagon Academy Limited, a company in which Mr J M Hunt is a director and shareholder. The group also received rental income at arms length from Octagon Academy Limited of £180,000 (1998 - £165,000).

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