

COMPANY REGISTRATION NUMBER 1680058

FOXTONS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2008

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FOXTONS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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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 Auditor 10 Orange Street Haymarket London WC2H 7DQ
Bankers	Bank of Scotland 39 Albyn Place Aberdeen AB10 1YN

FOXTONS LIMITED
THE DIRECTOR'S REPORT
YEAR ENDED 31 DECEMBER 2008

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

Foxtons Ltd is the main operating company within the Foxtons Group which was created in June 2007 following the sale of the original business by its founder. The change of ownership itself had no operating impact but coincided with a dramatic downturn in the property market. Foxtons Ltd revenues fell by 30% caused by a fall in sales commissions offset partially by growth in our lettings business. Despite turmoil in the market the company remained profitable at an EBITDA level generating £10m compared with £28.5m in the prior year.

The performance during the year is set out as follows:

- Turnover decrease: 30.4%
- Operating profit decrease: 83% (excluding exceptional items)
- Net increase in no. of offices: 1 office

FUTURE DEVELOPMENTS

The market looks as though it has hit the bottom during 2008 and has shown signs of recovery during 2009.

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 goals by opening further offices dependent on market conditions.

POST BALANCE SHEET EVENT

Since the balance sheet date the main stakeholders in the business have agreed a capital reorganisation of the group that the company belongs to, which aims to realign the group's debt structure with future cashflows, which will leave the group on a sound financial footing.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,370,290. Particulars of dividends paid are detailed in note 8 to the financial statements.

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

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

In respect of loans guaranteed by the company these are held in the group company, Foxtons Intermediate Holdings 3 Limited. This company meets the loan and interest payments.

Trade debtors are managed in respect of cash flow risk by policies concerning the regular monitoring of amounts outstanding. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

FOXTONS LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

DIRECTOR

The director who served the company during the year was as follows:

M R Brown

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.

The trade creditors at the year end were on average 15 days (2007: 27 days).

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 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 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.

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.

FOXTONS LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

DISABLED EMPLOYEES

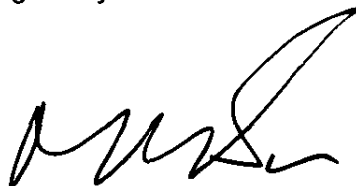
The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing 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 internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

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

Signed by order of the director



M. BROWN
Director

Approved by the director on 15/1/10

FOXTONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FOXTONS LIMITED

YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of Foxtons Limited for the year ended 31 December 2008 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 2008

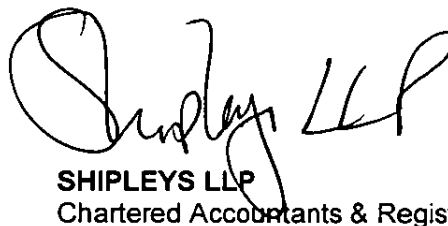
OPINION

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 2008 and of its loss 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.

15/1/10

10 Orange Street
Haymarket
London
WC2H 7DQ



SHIPLEYS LLP
Chartered Accountants & Registered Auditors

FOXTONS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
TURNOVER	2	75,187,789	108,104,976
Administrative expenses		(78,663,896)	(85,483,703)
OPERATING (LOSS)/PROFIT	3	(3,476,107)	22,621,273
Attributable to:			
Operating profit before exceptional items		3,911,564	22,621,273
Exceptional items	3	(7,387,671)	—
		(3,476,107)	22,621,273
Interest receivable and similar income		2,835,893	2,244,172
Interest payable and similar charges	6	(339,805)	(542,367)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(980,019)	24,323,078
Tax on (loss)/profit on ordinary activities	7	(390,271)	(7,761,527)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,370,290)	16,561,551

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 9 to 18 form part of these financial statements.

FOXTONS LIMITED

BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	9	16,002,701	16,626,326
CURRENT ASSETS			
Debtors	10	12,754,450	15,977,353
Cash at bank and in hand		<u>6,526,496</u>	<u>6,920,968</u>
		19,280,946	22,898,321
CREDITORS: Amounts falling due within one year	12	<u>(23,425,426)</u>	<u>(21,967,362)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(4,144,480)</u>	<u>930,959</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,858,221	17,557,285
CREDITORS: Amounts falling due after more than one year	13	(1,139,801)	(1,117,223)
PROVISIONS FOR LIABILITIES			
Other provisions	15	<u>(3,485,465)</u>	<u>—</u>
		<u>7,232,955</u>	<u>16,440,062</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	10,000	10,000
Profit and loss account	20	<u>7,222,955</u>	<u>16,430,062</u>
SHAREHOLDERS' FUNDS	21	<u>7,232,955</u>	<u>16,440,062</u>

These financial statements were approved and signed by the director and authorised for issue on 15/1/10.....

.....
M R BROWN

Company Registration Number: 1680058



The notes on pages 9 to 18 form part of these financial statements.

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention 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.

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

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.

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

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.

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.

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

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

An analysis of turnover is given below:

	2008 £	2007 £
United Kingdom	75,187,789	108,104,976

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2008 £	2007 £
Depreciation of owned fixed assets	2,250,960	2,166,020
Depreciation of assets held under hire purchase agreements	1,103,298	855,205
Profit on disposal of fixed assets	(66,007)	(33,543)
Operating lease costs:		
- Other	8,135,122	7,828,648
Net loss on foreign currency translation	965	9,112
Auditor's remuneration - audit of the financial statements	37,676	29,000
Auditor's remuneration - other fees	11,766	18,673

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

3. OPERATING (LOSS)/PROFIT *(continued)*

PAYE audit 2007 settlement	3,902,206	—
OFT renewal commission case	<u>3,485,465</u>	<u>—</u>

The 2007 PAYE settlement is the amount payable to HMRC, regarding Staff Overseas Trips Benefits & Staff Entertaining Benefits (dating back from 2001/02) and failures to return Fuel Benefits on P11Ds (dating back from 2003/04)

OFT renewal commission case - These costs relate to a case brought against Foxtons by the OFT that resulted in the court deciding that Foxtons' renewal commission terms were not clear.

	2008 £	2007 £
Auditor's remuneration - audit of the financial statements	<u>37,676</u>	<u>29,000</u>
Auditor's remuneration - other fees:		
- Taxation services	<u>11,766</u>	<u>18,673</u>

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

4. PARTICULARS OF EMPLOYEES

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

	2008	2007
	No	No
Number of administrative staff	434	539
Number of sales staff	575	780
	<u>1,009</u>	<u>1,319</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	36,091,538	45,653,519
Social security costs	3,961,133	5,925,637
	<u>40,052,671</u>	<u>51,579,156</u>

5. DIRECTOR'S EMOLUMENTS

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

	2008	2007
	£	£
Emoluments receivable	<u>650,000</u>	<u>397,150</u>

Emoluments of highest paid director:

	2008	2007
	£	£
Total emoluments	<u>650,000</u>	<u>397,150</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Finance charges	213,833	222,548
Other similar charges payable	125,972	319,819
	<u>339,805</u>	<u>542,367</u>

£110,250 (2007: £316,074) relates to amounts due on overdue tax.

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28% (2007 - 30%)	891,062	7,733,113
Total current tax	891,062	7,733,113
Deferred tax:		
Origination and reversal of timing differences	(500,791)	28,414
Tax on (loss)/profit on ordinary activities	<u>390,271</u>	<u>7,761,527</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2007 - 30%).

	2008 £	2007 £
(Loss)/profit on ordinary activities before taxation	<u>(980,019)</u>	<u>24,323,078</u>
(Loss)/profit on ordinary activities by rate of tax	(274,405)	7,296,923
Expenses not deductible for tax purposes	1,781,554	145,129
Capital allowances for period in excess of depreciation	95,512	292,010
Adjustments to tax charge in respect of previous periods	(711,599)	(949)
Payment in respect of group relief	891,062	4,257,986
Receipt in respect of group relief	<u>(891,062)</u>	<u>(4,257,986)</u>
Total current tax (note 7(a))	<u>891,062</u>	<u>7,733,113</u>

8. DIVIDENDS

Equity dividends

	2008 £	2007 £
Paid during the year:		
Dividends on equity shares	<u>7,836,817</u>	<u>37,583,803</u>

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Assets in the Course of Construction £	Total £
COST					
At 1 January 2008	11,843,819	12,297,191	2,461,427	1,013,593	27,616,030
Additions	1,060	262,235	964,708	2,006,172	3,234,175
Disposals	—	—	(1,162,907)	—	(1,162,907)
Transfers	2,228,314	591,570	—	(2,819,884)	—
At					
31 December 2008	<u>14,073,193</u>	<u>13,150,996</u>	<u>2,263,228</u>	<u>199,881</u>	<u>29,687,298</u>
DEPRECIATION					
At 1 January 2008	2,540,799	7,508,364	940,541	—	10,989,704
Charge for the year	1,087,514	1,737,337	529,407	—	3,354,258
On disposals	—	—	(659,365)	—	(659,365)
At					
31 December 2008	<u>3,628,313</u>	<u>9,245,701</u>	<u>810,583</u>	<u>—</u>	<u>13,684,597</u>
NET BOOK VALUE					
At					
31 December 2008	<u>10,444,880</u>	<u>3,905,295</u>	<u>1,452,645</u>	<u>199,881</u>	<u>16,002,701</u>
At 31 December 2007	<u>9,303,020</u>	<u>4,788,827</u>	<u>1,520,886</u>	<u>1,013,593</u>	<u>16,626,326</u>

Hire purchase agreements

Included within the net book value of £16,002,701 is £3,147,244 (2007 - £2,653,154) 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 £1,103,298 (2007 - £855,205).

10. DEBTORS

	2008 £	2007 £
Trade debtors	9,102,772	12,771,785
Amounts owed by group undertakings	—	192,305
Other debtors	158,520	200,557
Prepayments and accrued income	2,708,203	2,528,542
Deferred taxation (note 11)	784,955	284,164
	<u>12,754,450</u>	<u>15,977,353</u>

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2008	2007
	£	£
Included in debtors (note 10)	<u>784,955</u>	<u>284,164</u>

The movement in the deferred taxation account during the year was:

	2008	2007
	£	£
Balance brought forward	284,164	312,578
Profit and loss account movement arising during the year	<u>500,791</u>	<u>(28,414)</u>
Balance carried forward	<u>784,955</u>	<u>284,164</u>

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

	2008	2007
	£	£
Excess of depreciation over taxation allowances	<u>784,955</u>	<u>284,164</u>
	<u>784,955</u>	<u>284,164</u>

12. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	1,134,409	2,612,965
Amounts owed to group undertakings	3,754,861	4,795,109
Corporation tax	1,474,072	2,185,671
Other taxation and social security	6,473,226	2,521,548
Hire purchase agreements	1,344,343	1,157,279
Other creditors	90,239	99,467
Accruals and deferred income	<u>9,154,276</u>	<u>8,595,323</u>
	<u>23,425,426</u>	<u>21,967,362</u>

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

	2008	2007
	£	£
Hire purchase agreements	<u>1,139,801</u>	<u>1,117,223</u>

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2008 £	2007 £
Amounts payable within 1 year	1,344,343	1,157,279
Amounts payable between 2 to 5 years	1,139,801	1,117,223
	<u>2,484,144</u>	<u>2,274,502</u>

15. OTHER PROVISIONS

	2008 £
Other provisions:	
Movement for year	<u>3,485,465</u>

OFT renewal commission case - The provision relates to a case brought against Foxtons by the OFT.

16. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	74,000	18,560	79,500	507,072
Within 2 to 5 years	246,072	1,840,920	271,072	2,028,288
After more than 5 years	5,263,883	-	4,494,033	-
	<u>5,583,955</u>	<u>1,859,480</u>	<u>4,844,605</u>	<u>2,535,360</u>

17. 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 2008 the maximum potential liability under the cross guarantees amounted to £272,747,784 (2007: £261,646,357).

As mentioned in the Directors report a capital reorganisation has been agreed by the major stakeholders in the group, which leaves the group on a sound financial footing.

18. 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 Intermediate Holdings 3 Limited).

FOXTONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

19. SHARE CAPITAL

Authorised share capital:

	2008 £	2007 £
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2008 No	£	2007 No	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

20. PROFIT AND LOSS ACCOUNT

	2008 £	2007 £
Balance brought forward	16,430,062	37,452,314
(Loss)/profit for the financial year	(1,370,290)	16,561,551
Equity dividends	(7,836,817)	(37,583,803)
Balance carried forward	<u>7,222,955</u>	<u>16,430,062</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
(Loss)/Profit for the financial year	(1,370,290)	16,561,551
Equity dividends	(7,836,817)	(37,583,803)
Net reduction to shareholders' funds	(9,207,107)	(21,022,252)
Opening shareholders' funds	<u>16,440,062</u>	<u>37,462,314</u>
Closing shareholders' funds	<u>7,232,955</u>	<u>16,440,062</u>

22. ULTIMATE PARENT COMPANY

The ultimate parent company is CIE Management II Limited. Following the year end a capital reorganisation took place leaving no overall controlling party.