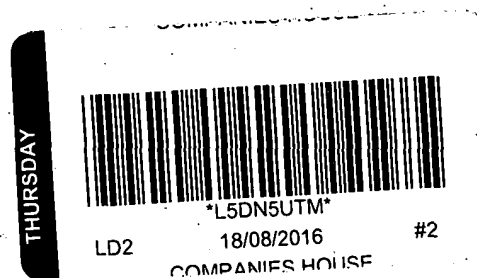


Company Registration No. 01680058

Foxtons Limited

Annual Report and Financial Statements

For year ended 31 December 2015



Foxtons Limited

Annual report and financial statements 2015

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Foxtons Limited

Annual report and financial statements 2015

Officers and professional advisers

Directors

N Budden
G Nieslony

Company Secretary

K Daly

Registered Office

Building One
Chiswick Park
566 Chiswick High Road
London
W4 5BE
United Kingdom

Registered Number

01680058 (England and Wales)

Bankers

Barclays Bank PLC Level 28
1 Churchill Place
London
E14 5HP

Solicitors

Dickson Minto WS
Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Foxtons Limited

Strategic report

The directors present their strategic report for the year ended 31 December 2015.

Foxtons Limited is the leading London estate agency, offering residential property sales and lettings services through its network of 58 branches (as at 31 December 2015). The company focuses on the higher-volume, higher-value property markets in London.

The Company is able to generate high margins through its business model, which combines:

- A strong, single brand;
- High levels of centralisation allowing low cost expansion of branches;
- An innovative application of technology; and
- A powerful culture of sales and service through outstanding training and staff development.

The Company has a clear strategy to grow profitability by:

- Targeting higher volume, higher value residential property markets in London;
- Maintaining a balance between sales and lettings;
- Providing a premium service which supports premium prices;
- Expanding organically to maximise return on capital; and
- Positioning itself for sales volume market growth.

Foxtons Limited comprises two business segments of Sales and Lettings. The majority of operations are in the London area with two branches in the adjacent area of Surrey. Sales revenue was 51.0% of total revenue while lettings revenue was 48.7% and all other 0.3%. This balance across the sales and lettings segments provides financial strength in the Company to withstand fluctuations in the property market. Both estate agency segments are highly profitable.

Organic expansion is a key element of our strategy. We have a successful track record of opening new branches and our plan is to open between five and 10 branches each year. The Company is in a very strong financial position to successfully execute its strategy as it is highly cash generative.

The Company opened seven new branches during the year, increasing the total network to 58 branches. Foxtons has an experienced in-house project team that works with a small number of external professionals to manage the opening of new branches. Organic expansion is seen as a low-risk growth route with many opportunities available within London over the foreseeable future.

Foxtons is a multi-award winning estate agency, winning many prestigious awards for its service, training, website and marketing, both nationally and internationally. These awards demonstrate the unwavering commitment of our people to delivering exceptional service to clients, day in, day out.

Revenue

Despite continuing challenging conditions in the property market during the year as a consequence of the UK General Election, the Company grew revenue across all operating segments.

Sales: During the year, sales commissions increased by 3.4%, which was volume driven with a 4.4% increase in number of deals offset by a fall in revenue per deal of 1.0%. The average revenue fall of 1.0% was well below the published inflation figures for London property prices reflecting the reduced volumes in the higher priced central London area together with new branches at lower average sales prices.

Lettings: Lettings revenue increased by 2.3% versus prior year which was driven by an increase in average revenue per deal.

Adjusted EBITDA margin - Total Adjusted EBITDA margin fell to 32.8% (2014: 34.1%). This reduction reflects the reduced volumes in the higher priced central London area together with roll out of new branches operating mainly in lower priced areas.

Profit before tax (PBT) - PBT of £40.7 million (2014: £42.1 million) is 3.5% down on prior year.

Foxtons Limited

Strategic report (continued)

Principal risks and uncertainties

The Directors continually assess the risks and uncertainties facing the Company and ensure that controls are in place to mitigate them. Risks and uncertainties facing the company include:

Market risk

- Impact on company: Continuous high property price inflation may impact affordability which in turn may reduce transaction levels in the market. The market may also be affected by any reduction in London's standing as a major financial city caused by the decision by the UK to leave the EU. The market is also reliant on the availability of mortgage finance, a deterioration in which may adversely affect Foxtons. The market may also be impacted by any changes in Government policy such as increases in Stamp Duty taxes or increased regulation in the lettings market.
- Mitigation of risk: The Board endeavours to maintain a generally even balance between its sales and lettings revenues and profits in order to provide protection against volatility within the property sales market.

Competitor challenge

- Impact on company: Foxtons operates in a highly competitive marketplace. New or existing competitors could develop new services or methods of working including online and hybrid agents which could give them a competitive advantage over Foxtons.
- Mitigation of risk: Foxtons continually collects information on competitor activity through its branch network and centralised Business Development teams. Foxtons flat management structure allows this competitor intelligence to be fed back to management accurately and quickly so that the Company can rapidly consider appropriate responses. The Board believes that the emotional and complex nature of estate agency transactions means that it is unlikely that online agents will play a major role in the exchange or completion of sales or lettings transactions without the involvement of an estate agent. Any market share gained by online agents is likely to be at the expense of traditional estate agents with low levels of service who compete on price. However, the challenge of online agents will be kept under review.

Compliance with the legal and regulatory environment

- Impact on company: Breaches of laws or regulations could lead to financial penalties and reputational damage.
- Mitigation of risk: The Group is supported by Compliance and Legal teams who monitor regulatory reform proposals and participate in industry forums. Foxtons centralised service structure provides it with a flexible platform from which to respond to regulatory change.

IT systems

- Impact on company: Foxtons business operations are dependent on sophisticated IT systems which could fail, leading to interruption of service or corruption of data.
- Mitigation of risk: All key IT systems are closely monitored by internal and external specialist teams. Dedicated in-house IT development and maintenance teams exist to provide rapid response to IT service issues. Group disaster recovery plans are in place utilising a physically separate location for critical systems.

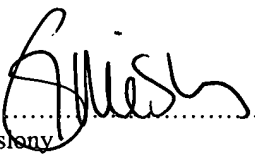
Foxtons Limited

Strategic report (continued)

People

- Impact on company: There is a risk that Foxtons may not be able to recruit and retain sufficient people to satisfy its organic expansion plans. In addition, senior staff may be recruited by competitors.
- Mitigation of risk: Foxtons structured approach to recruitment using internal specialist teams enables us to increase the recruitment of high-quality people quickly, should it become necessary to do so. Foxtons continues to invest in training, development and succession planning so that future leaders can be identified and nurtured.

On behalf of the Board:


.....
G Nieslony
Director

Date: 12/8/2016

Foxtons Limited

Directors' report

The directors present their annual report with the audited financial statements of the company for the year ended 31 December 2015.

Dividends

Dividends of £28,300,000 were paid in the year ended 31 December 2015 (2014: £28,580,000).

Future developments

It is the company's intention to continue with its strategy of organic growth. The company believes that there is potential for 100 Foxtons offices within London and it has already identified locations and sites for most of the new openings planned over the next few years.

Directors

The directors shown below have held office during the whole of the year from 1 January 2015 to the date of this report.

N Budden
G Nieslony

Going Concern

The directors continue to adopt the going concern basis in preparing the financial statements. See note 2 for further information.

Future Developments

The company will continue to operate in this capacity going forward

Financial risk management objectives and policies

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors which are a normal part of any companies' 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.

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.

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.

Statement as to disclosure of information to auditor

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

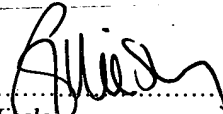
Foxtons Limited

Directors' report (continued)

Auditor

The auditor, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the Board:


.....
G Nieslony
Director

Date: 12/8/2016

Foxtons Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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

Independent auditor's report to the members of Foxtons Limited

We have audited the financial statements of Foxtons Limited for the year ended 31 December 2015 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for my audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations which we require for our audit.

Andy Siddons

Andy Siddons (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date: *12 August 2016*

Foxtons Limited

Statement of comprehensive income For the year ended 31 December 2015

	Notes	2015 £	2014 £
Turnover	3	141,537,149	137,647,735
Administrative expenses		(100,141,464)	(94,897,156)
Operating profit		41,395,685	42,750,579
Interest receivable and similar income		77,106	115,478
		41,472,791	42,866,057
Interest payable and similar charges	5	(809,927)	(740,868)
Profit on ordinary activities before taxation	6	40,662,864	42,125,189
Tax on profit on ordinary activities	7	(8,406,874)	(9,497,072)
Total comprehensive income for the year		32,255,990	32,628,117

The notes form part of these financial statements

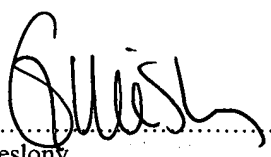
Foxtons Limited

Balance sheet As at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Intangible assets	9	501,404	-
Tangible assets	10	26,667,769	23,957,436
		<u>27,169,173</u>	<u>23,957,436</u>
Current assets			
Debtors	11	12,260,006	11,168,663
Prepayments and accrued income		5,795,495	6,127,331
Cash at bank and in hand		6,003,105	3,785,085
		<u>24,058,606</u>	<u>21,081,079</u>
Creditors: amounts falling due within one year	12	<u>(25,413,326)</u>	<u>(24,571,782)</u>
Net current liabilities		<u>(1,354,720)</u>	<u>(3,490,703)</u>
Total assets less current liabilities		25,814,453	20,466,733
Creditors: amounts falling due after more than one year	13	<u>(11,029,290)</u>	<u>(10,241,379)</u>
Net assets		<u>14,785,163</u>	<u>10,225,354</u>
Capital and reserves			
Called up share capital	14	10,000	10,000
Other reserves		687,750	83,931
Capital contribution		2,463,556	2,463,556
Retained earnings		11,623,857	7,667,867
Shareholder's funds		<u>14,785,163</u>	<u>10,225,354</u>

The financial statements of Foxtons Limited, registered number 01680058 were approved by the Board of Directors on 12/8/2016 and were signed on its behalf by:

Signed on behalf of the Board of Directors


G Nieslony
Director

The notes form part of these financial statements

Foxtons Limited

Statement of changes in equity 31 December 2015

	Called up share capital £	Share based payment reserve £	Capital contribution £	Retained earnings £	Shareholder's funds £
Balance at 1 January 2014	10,000	-	2,469,331	3,619,750	6,099,081
Changes in equity					
Total comprehensive income for the year	-	-	-	32,628,117	32,628,117
Capital contribution	-	-	(5,775)	-	(5,775)
Share based payments	-	83,931	-	-	83,931
Dividends	-	-	-	(28,580,000)	(28,580,000)
Balance at 31 December 2014	10,000	83,931	2,463,556	7,667,867	10,225,354
Changes in equity					
Total comprehensive income for the year	-	-	-	32,255,990	32,255,990
Share based payments	-	603,819	-	-	603,819
Dividends	-	-	-	(28,300,000)	(28,300,000)
Balance at 31 December 2015	10,000	687,750	2,463,556	11,623,857	14,785,163

The notes form part of these financial statements

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

1. General Information

Foxtons Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company has taken advantage of the exemption offered by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is a wholly owned subsidiary of Foxtons Group plc which prepares consolidated financial statements that are publicly available. The group accounts of Foxtons Group plc can be obtained as set out in note 15.

2. Accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, in the year ended 31 December 2015 the Company has undergone transition from reporting under pre-2015 UK GAAP to FRS 101 'Reduced Disclosure Framework'. The financial statements have therefore been prepared in accordance with FRS 101. This transition is not considered to have had a material effect on the financial statements. The financial statements have been prepared under the historical cost convention.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Foxtons Group plc.

Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the company forecasts and projections, taking account of reasonably possible changes in trading performance and the current economic uncertainty, and are satisfied that the company should be able to operate within the level of its current facilities. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts (if any) and VAT. Turnover is generated from the company's operations which are wholly based in the UK.

Commission earned on sales of residential property is recognised on exchange of contract.

Commission earned on lettings of residential property is recognised on exchange of contract.

In connection with lettings, the company offers the following services:

- 1) Securing the letting for the landlord including rent collection; and
- 2) Managing the letting on behalf of the landlord.

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

2. Accounting policies (continued)

Turnover (continued)

Commissions earned on the above services are recognised as follows:

- 1) Commissions earned on securing the lettings are recognised immediately subject to the following:
 - a) a percentage of contracts have break clauses and may require a refund if the tenant breaks early for which the company recognise an estimated lettings refund liability (see note 12) based upon the historical experience of commission repayments over the last 12 months; and
 - b) a deferral of turnover in recognition that the company is contracted to provide a rent collection service for the estimated duration of the outstanding tenancies and the related turnover associated with the service is recognised on a straight-line basis over that period.
- 2) The management fee is billed and recognised monthly at a fixed percentage of the monthly rental.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold property	-	In accordance with the property
Fixtures, fittings and equipment	-	25% on cost
Motor vehicles	-	25% on cost

Capitalisation of expenditure on new branches totalled £5,537k and is reflected in leasehold property (£3,582k) and fixtures, fittings and equipment (£1,655k). Depreciation is charged on assets once the office set up is complete.

Intangible assets

Intangible assets that are acquired by the company, principally representing purchased contracts, are stated at cost less accumulated impairment losses. Purchased contracts are amortised on a straight line basis over their estimated useful economic lives of five years.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Valuation of share options

Equity-settled share-based payments (in relation to Foxtons Group plc shares) to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest. At each balance sheet date, the company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

2. Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. In accordance with the requirements of the parent undertaking, the company makes or receives payment in respect of group relief surrender at 100% of the value of the relief given.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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.

Dividends

Final dividend distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which they are approved by the company's shareholders. Interim dividends are recognised in the period in which they are paid.

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.

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

2. Accounting policies (continued)

Critical judgements in applying the Company's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition – Estimate of lettings refund liability

For those contracts with break clauses, there is judgement involved in determining the appropriate refund liability to be recognised in relation to the potentially refundable portion of the commission. Since the company uses standard terms for its letting contracts, and its lettings business is focused in one geographical area (London), management considers its lettings portfolio to be a homogenous population and estimates the amount of the commission that will be refunded based upon historical data for all lettings contracts, which is considered reliable evidence supporting this judgement. The company maintains robust data which demonstrates that patterns of rental behaviour do not change significantly period by period, and thus the company believes that historical data is a relatively accurate proxy for future trends and circumstances.

Client funds

Client monies and the associated liabilities are not shown on the balance sheet because the company treats the monies as belonging to the clients and not as its own funds. Client monies are held by the company in specifically designated client accounts and, on that basis, the company expects that, in the event of the company becoming insolvent, such monies would be ring-fenced and not be available to the company's creditors as a whole. They are not available for offset against any other account held with the bank. Treatment of client monies are subject to Association of Residential Lettings Agency Rules.

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company and is all generated in the United Kingdom. An analysis of turnover is given below:

	2015 £	2014 £
Sales	72,196,958	69,833,144
Lettings	68,946,264	67,387,472
Other	393,927	427,119
Total	<u>141,537,149</u>	<u>137,647,735</u>

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

4. Employees and directors

	2015 £	2014 £
Wages and salaries	50,540,296	47,019,953
Social security costs	5,868,622	5,863,206
Other pension costs	257,567	239,953
	<u>56,666,485</u>	<u>53,123,112</u>

The average monthly number of employees during the year was as follows:

	2015	2014
Number of administrative staff	378	426
Number sales staff	855	765
	<u>1,233</u>	<u>1,191</u>

Employee numbers include executive directors.

	2015 £	2014 £
Directors' remuneration	<u>1,371,000</u>	<u>1,263,000</u>

Information regarding the highest paid director is as follows:

	2015 £	2014 £
Emoluments	<u>856,000</u>	<u>611,000</u>

5. Interest payable and similar charges

	2015 £	2014 £
Other similar charges payable	22,016	2
Interest arising on amounts owed to group undertakings	787,911	740,866
	<u>809,927</u>	<u>740,868</u>

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

6. Profit on ordinary activities before taxation

The profit before taxation is stated after charging/(crediting):

	2015 £	2014 £
Other operating leases	11,934,875	11,298,993
Depreciation - owned assets	4,455,835	4,090,538
Profit on disposal of fixed assets	(104,916)	(38,190)
Acquired portfolio amortisation	16,835	-
Auditor remuneration - audit of the financial statements	67,155	62,365
Auditor remuneration - other assurance services	3,300	3,300
Auditor remuneration - fees for tax compliance services	45,000	42,450
Auditor remuneration - fees for tax advisory services	30,000	29,403

Directors' remuneration refers to total emoluments inclusive of basic pay, bonuses, car benefit and pension contributions.

7. Tax on profit on ordinary activities

Analysis of tax expense

	2015 £	2014 £
Current tax:		
Corporation Tax	8,067,659	9,282,637
Deferred tax	339,215	214,435
Total tax expense in statement of comprehensive income	8,406,874	9,497,072

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2015 £	2014 £
Profit on ordinary activities before income tax	40,662,864	42,125,189
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	8,234,230	9,056,916
Effects of:		
Expenses not deductible for tax purposes	203,919	152,261
Capital allowances for period in excess of depreciation respect of previous periods	-	12,968
Other short term timing, differences	(132,424)	68,017
Adjustment in respect of prior years	105,893	282,587
Origination and reversal of timing differences	-	(75,677)
Change in tax rate	(4,744)	-
Tax expense	8,406,874	9,497,072

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

8. Dividends

	2015 £	2014 £
Ordinary shares of £1 each - Dividend for the year ended 31 December 2015 of £2,830.00 per ordinary share (2014: £2,858.00 per ordinary share)	28,300,000	28,580,000

9. Intangible fixed assets

	Patents and licences £	Computer software £	Totals £
Cost			
Additions	505,039	13,200	518,239
At 31 December 2015	505,039	13,200	518,239
Amortisation			
Amortisation for year	16,835	-	16,835
At 31 December 2015	16,835	-	16,835
Net book value			
At 31 December 2015	488,204	13,200	501,404

10. Tangible fixed assets

	Leasehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Assets under construction £	Totals £
Cost					
At 1 January 2015	30,573,962	20,749,635	1,726,226	1,340,354	54,390,177
Additions	20,148	559,143	907,805	6,308,293	7,795,389
Disposals	(20,000)	(2,710)	(511,560)	-	(534,270)
Reclassification/transfer	3,581,883	1,655,354	-	(5,773,082)	(535,845)
At 31 December 2015	34,155,993	22,961,422	2,122,471	1,875,565	61,115,451
Depreciation					
At 1 January 2015	12,973,133	16,661,693	797,915	-	30,432,741
Charge for the year	2,289,178	1,672,534	494,123	-	4,455,835
Eliminated on disposal	(11,250)	(181)	(429,463)	-	(440,894)
At 31 December 2015	15,251,061	18,334,046	862,575	-	34,447,682
Net book value					
At 31 December 2015	18,904,932	4,627,376	1,259,896	1,875,565	26,667,769
At 31 December 2014	17,600,829	4,087,942	928,311	1,340,354	23,957,436

The net book value of tangible fixed assets includes £nil (2014: £36,383) in respect of assets held under hire purchase contracts or finance leases.

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

11. Debtors

	2015 £	2014 £
Trade debtors	11,605,018	10,297,219
Amounts owed by group undertakings	65,911	76,093
Other debtors	289,652	226,448
Deposits paid	291,909	222,172
Deferred tax	7,516	346,731
	<u>12,260,006</u>	<u>11,168,663</u>

Deferred tax – refer to note 17.

12. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	2,778,219	1,063,380
Amounts owed to group undertakings	7,903,015	8,982,587
Corporation Tax	3,484,042	4,154,072
Social security and other taxes	2,427,163	2,576,185
VAT	1,561,510	889,209
Other creditors	209,148	207,340
Deferred income	126,526	103,829
Lettings refund liability	4,227,953	4,073,757
Accruals and deferred income	2,695,750	2,521,423
	<u>25,413,326</u>	<u>24,571,782</u>

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

	2015 £	2014 £
Amounts owed to group undertakings	<u>11,029,290</u>	<u>10,241,379</u>

14. Called-up share capital

	2015 £	2014 £
Allotted, called-up, and fully paid 10,000 ordinary shares of nominal value £1.00	<u>10,000</u>	<u>10,000</u>

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

15. Ultimate parent company

Foxtons Operational Holdings Limited is the immediate parent undertaking of Foxtons Limited. Foxtons Group PLC represents the ultimate parent of Foxtons Limited. The consolidated financial statements of Foxtons Group PLC are publicly available at www.foxtonsgroup.co.uk with a registered office of Building One, Chiswick Park, 566 Chiswick High Road, London.

The parent company of the smallest and largest group to consolidate Foxtons Limited is Foxtons Group PLC.

16. Operating lease commitments

The company as lessee

	2015	2014
	£	£
Lease payments under operating leases recognised as an expense in the period	<u>12,162,000</u>	<u>11,492,000</u>

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2015	2014
	£	£
Within one year	13,161,000	9,856,000
In the second to fifth years inclusive	33,066,000	29,651,000
After five years	31,987,000	31,280,000
	<u>78,214,000</u>	<u>70,787,000</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties and cars under contract hire. Leases on offices are negotiated for an average term of 15 years and rentals are fixed for an average of five years.

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

16. Operating lease commitments (continued)

The company as lessor

	2015 £	2014 £
Lease receipts under operating leases recognised in the period	333,000	317,000

At the balance sheet date, third parties had outstanding commitments due to the Group for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £	2014 £
Within one year	331,000	300,000
In the second to fifth years inclusive	1,022,000	1,030,000
After five years	200,000	419,000
	<u>1,553,000</u>	<u>1,749,000</u>

Operating lease payments represent rentals payable to the Group for certain recharges for rental of a proportion of its office properties

17. Deferred tax

As the deferred tax balance is an asset it is included under "Debtors" on the balance sheet

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

	2015 £	2014 £
At 1 January	346,731	561,166
Profit and Loss account movement during the year	(339,215)	(214,435)
At 31 December	<u>7,516</u>	<u>346,731</u>

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

	2015 £	2014 £
Excess of depreciation over taxation allowances	(64,493)	18,990
Held-over gains	(56,164)	(62,404)
Other timing difference	128,173	390,145
At 31 December	<u>7,516</u>	<u>346,731</u>

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

18. Share-based payments

The company participates in a share option scheme for employees of the company. The awards have been made in the form of an option over shares of Foxtons Group plc with a nil option price. The vesting period is under three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. The treatment of leavers before options vest is determined by good leaver/bad leaver provisions detailed in the plan rules.

The options outstanding at 31 December 2015 had a weighted average remaining contractual life of 9 years. In 2015, options were granted on 16 March 2015. The aggregate of the estimated fair values of the options granted is £2,100k (£2,500k).

19. Client monies

At 31 December 2015, client monies in approved bank and building society accounts amounted to £84.8 million (2014: £82.8 million). Neither this amount nor the matching liabilities to the clients concerned is included in the company balance sheet. The company's terms and conditions provide that interest income on these deposits accrues to the company.

Client funds are protected by the Financial Services Compensation Scheme ("FSCS") under which the government guarantees amounts up to £75,000 each. This guarantee applies to each individual client's deposit monies, not the sum total on deposit.

20. Adjusted EBITDA

	2015 £	2014 £
Operating profit	41,395,685	42,750,579
Add back depreciation — owned assets	4,455,835	4,090,538
Add back amortisation — owned assets	16,835	-
Less loss/(profit) on disposal of fixed assets	(104,916)	(38,190)
Add share based payments charge in profit and loss	698,728	83,931
Adjusted EBITDA	46,462,167	46,886,858

21. Transitioning from old UK GAAP to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

Reconciliation of equity

	At 1 January 2014 £	At 31 December 2014 £
Equity reported under previous UK GAAP	6,099,081	10,225,354
Adjustments to equity on transition to FRS 101		
No adjustments	-	-
Equity reported under FRS 101	6,099,081	10,225,354

Foxtons Limited

Notes to the financial statements For the year dated 31 December 2015

21. Transitioning from old UK GAAP to FRS 101 (continued)

Reconciliation of total comprehensive income for the year ended 31 December 2014

	£
Total comprehensive income for the financial year under previous UK GAAP	32,628,117
	<hr/>
No Adjustments	-
	<hr/>
Total comprehensive income for the financial year under FRS 101	<u><u>32,628,117</u></u>