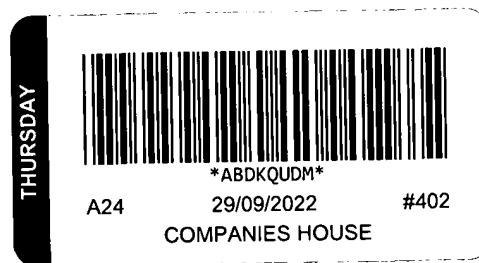


Company Registration No. 02726296

Alexander Hall Associates Limited

Annual Report and Financial Statements

For year ended 31 December 2021



Alexander Hall Associates Limited

Annual report and financial statements 2021

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Alexander Hall Associates Limited

Annual report and financial statements 2021

Company information

Directors

M Bogard
T Davies
V Vaja

Company Secretary

V Vaja

Registered Office

137-144 High Holborn
London
WC1V 6PL
United Kingdom

Registered Number

02726296 (England and Wales)

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP
United Kingdom

Solicitors

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

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

Alexander Hall Associates Limited

Strategic report

The directors present their strategic report for the year ended 31 December 2021.

Alexander Hall Associates Limited ("Alexander Hall") is a leading mortgage intermediary, operating mainly in London and the South East, helping clients for 30 years to find their ideal mortgage. The Company operates a hybrid working model and is able to utilise the full interconnected branch network of its Parent Company to service clients across London where needed. In addition to mortgage advice, the Company also focuses on providing protection advice to its clients.

The Company combines:

- a strong, single brand;
- high levels of centralisation creating a highly focused business; and
- a powerful culture of compliance, sales and service through outstanding training and staff development.

The Company's strategic priorities are:

- focus on developing strong positions in markets with attractive fundamentals;
- deliver exceptional customer service through our expert people; and
- utilise market leading technologies to improve the customer journey.

The Company has two main areas of business: mortgages and protection products. Our business model is built on delivering exceptional service and results for our customers. Our powerful culture of high quality advice, service, compliance and sales means our people are both expert and committed to helping our clients find their ideal mortgage as well as ensuring where required they have the best protection advice to cover themselves and their families.

Key performance indicators

Revenue

Total revenue for 2021 was £9,460k (2020: £8,079k). The mortgage broking market is primarily driven by the availability of mortgage products, interest rates offered and the level of demand for either refinance mortgages or new mortgages for property purchases. Throughout 2021, mortgage interest rates continued to be at an all-time low and this spurred high levels of new and remortgage activity to benefit from lower rates. Product availability also grew during the year, with many lenders reintroducing mortgages with a loan-to-value ratios of above 80%, which had initially been withdrawn following Covid-19, disproportionately affecting first-time buyers. The first half of the year additionally benefited from a buoyant sales market driven by the extension of the stamp duty relief deadline.

Profit before tax

Profit before tax is a key performance indicator of the business. This fell by £669k (47%) in the year to £759k (2020: £1,428k) due to the recognition of a £782k onerous property provision relating to the Company's central London office. The recognition of the provision reflects the Company's decision to vacate and the related onerous commitments to the end of the lease (2027). Due to the one-off nature of the charge, the £782k charge has been recognised as an adjusted item (refer to note 6).

Future developments

Alexander Hall remains focused on growing its market share while continuing to deliver strong customer service. We have several initiatives underway to promote growth in adviser headcount, leads; how technology is integrated into the customer journey; as well as expanding in to more areas of specialist lending advice. Given the recent pandemic and our clients' increased awareness for the need of protection cover, the Company will also be expanding its Protection Team. Our commitment to achieving the best result for our customers and powerful brand continue to be key differentiators.

Alexander Hall Associates 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:

Covid-19 impact and response

Although 2021 transaction volumes have recovered at above pre-pandemic levels, Covid-19 has introduced additional market and operational risk which is currently considered low and is partly mitigated by recurring mortgage revenue which provides protection in the event there is a reduction in sales transactions. The Company has also, with support from external specialists, put in place a range of health and safety mitigations in place to protect the business and stakeholders against the impact of Covid-19.

Economic Outlook and inflationary pressures

- *Impact on the Company:* The Company is impacted by cost inflation and a deterioration in the UK's economic outlook and interest rates would adversely impact residential property transaction levels and commission earned by the Company.
- *Mitigation of Risk:* The Company maintains a large database of existing clients which it has accumulated over the last 25 years who continue to use Alexander Hall for their mortgage re-financing, as well as purchase transactions, which brings resilience to the business.

Competitor challenge

- *Impact on the Company:* The Company operates in a highly competitive marketplace. New or existing competitors could develop new services which could give them a competitive advantage over Alexander Hall.
- *Mitigation of risk:* Given the increased complexity in the mortgage market with intermediaries transacting over 75% of all mortgage applications throughout the UK, the Company believes that through its strong brand, reputation and premium service standards it is able to differentiate itself from its competitors to justify its fee. Furthermore, the Board regularly reviews the business model, looking for ways to diversify the services and products offered to its clients.

Compliance with the legal and regulatory environment

- *Impact on the Company:* Breaches of FCA regulations could lead to financial penalties and reputational damage.
- *Mitigation of risk:* The Company is supported by a Compliance team who monitor regulatory reform proposals and participate in industry forums. In addition, the Company has a Risk and Compliance Committee (R&CC), made up of members from the Compliance Support team and Senior Management across the business. The R&CC monitors key business risk and customer outcomes, performs regular review of business activity, published guidance from the regulator e.g. the new Consumer Duty and has external challenge present at the meetings. The output from the R&CC is overseen by the Board who ensure the Company is able respond to regulatory change in an efficient and coherent manner.

IT systems and cyber risk

- *Impact on the Company:* The Company's business operations are dependent on sophisticated and bespoke IT systems which could fail or be deliberately targeted by cyber-attacks leading to interruption of service, corruption of data or theft of personal data. Such a failure or loss could also result in reputational damage, fines or other adverse consequences.
- *Mitigation of risk:* Our IT function, supported by external specialists, maintains both preventative and detective processes and controls to mitigate the identified risks including:
 - enterprise grade data loss prevention, network monitoring, traffic shaping and predictive counter measures;
 - real-time automated monitoring by an independent security operations centre;

Alexander Hall Associates Limited

Strategic report (continued)

IT systems and cyber risk (continued)

- regular independent penetration testing;
- data risk assessments and safeguards established with oversight from the Data Protection Officer;
- disaster recovery operations and plans maintained; and
- in the event of a cyber incident, a full investigation is undertaken and remediation activity completed to provide protection against the latest threats.

People

- *Impact on the Company:* There is a risk that the Company may not be able to recruit or retain quality staff to achieve its operational objectives or mitigate succession risk. This risk may occur in the event competition for talent increases or there are changes in our industry or markets that result in less attractive career opportunities.
- *Mitigation of risk:* The Company maintains a structured approach to recruitment using internal and external specialist teams, enabling us to increase the recruitment of high-quality people quickly, should it become necessary to do so. The Company continues to invest in training, development and succession planning so that future leaders can be identified and nurtured. Additionally, our track record of promoting from within generates significant staff loyalty within senior and mid-management employees.

Details of cash flow, credit and liquidity risk are provided below:

Cash flow risk

- *Impact on the Company:* 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.
- *Mitigation of risk:* 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.

Credit risk

- *Impact on the Company:* The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of expected credit losses for doubtful receivables.
- *Mitigation of risk:* An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

- *Impact on the Company:* The Company does not maintain liquidity to ensure that sufficient funds are available for ongoing operations and future development.
- *Mitigation of risk:* The Company is cash positive and regularly reviews its cash position/funding requirements in line with forecasts/budgets.

Approved by the Board and signed on its behalf by:



V Vaja
Director

Date: 27 September 2022

Alexander Hall Associates Limited

Directors report

The directors present their annual report with the audited financial statements of the Company for the year ended 31 December 2021.

Principal activity

The principal activity of the Company in the year under review was mortgage brokering.

Dividends

Dividends of £567k were declared in the year ended 31 December 2021 (2020: £1,800k). No further dividends have been proposed.

Directors

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

M Bogard
V Vaja

The following directors were appointed or resigned from 1 January 2021 to the date of this report:

D Scott	resigned on 15 July 2022
T Davies	appointed on 28 July 2022
D Lawson-Shah	resigned on 23 September 2022

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.

Events after the Balance Sheet date

There are no items to report.

Statement as to disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- 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 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved on behalf of the Board:


.....

V Vaja
Director

Date: 27 September 2022

Alexander Hall Associates 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; 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 Alexander Hall Associates Limited

Opinion on the 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 2021 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.

We have audited the financial statements of Alexander Hall Associates Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Alexander Hall Associates Limited (continued)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and] take advantage of the small companies' exemptions in preparing the Directors' report [and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, the Companies Act 2006 and the relevant tax compliance regulations
- We considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate. These include compliance with Money Laundering Regulations 2007, the Proceeds of Crime Act, and the Data Protection Act.
- We understood how the Company is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management from across the Company to understand where they have considered there was a susceptibility to fraud.

Independent auditor's report to the members of Alexander Hall Associates Limited (continued)

- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We obtained an understanding of the processes and controls that the Company has established to address the risk identified with management override of control, or that otherwise prevent, deter and detect fraud, and how management monitors those processes and controls.
- Our procedures included journal entry testing with a focus on large or unusual transactions based on our knowledge of the business; enquiries with the Legal and Compliance Director, and Company management.
- Third party confirmations were obtained directly from the Company's external legal counsel to assess the completeness of claims and legal matters made available to us.
- We did not identify any matters concerning non-compliance with material laws and regulations or material irregularities from the above procedures performed.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Tim Neathercoat

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Tim Neathercoat (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, UK

Date: 27 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Alexander Hall Associates Limited

Statement of comprehensive income For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenue	3	9,460	8,079
Administrative expenses		(8,703)	(6,661)
Operating profit		757	1,418
Finance income	5	2	10
Profit before tax	7	759	1,428
Tax	8	(145)	(269)
Profit and total comprehensive income for the year		614	1,159

Turnover and operating profit are all derived from continuing operations. There are no items of other comprehensive income in the year.


The notes on pages 13 to 22 form part of these financial statements

Alexander Hall Associates Limited

Statement of financial position For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Intangible assets	10	202	287
Property, plant and equipment	11	66	98
Investments	12	-	-
Deferred tax asset	13	21	16
		<u>289</u>	<u>401</u>
Current assets			
Trade and other receivables	14	51	48
Contract assets	16	178	144
Cash at bank and in hand		4,365	4,552
		<u>4,594</u>	<u>4,744</u>
Total assets		<u>4,884</u>	<u>5,145</u>
Current liabilities			
Trade and other payables	15	(2,680)	(3,687)
Contract liabilities	16	(464)	(547)
Provisions	17	(784)	(2)
		<u>(3,928)</u>	<u>(4,236)</u>
Net current assets		<u>666</u>	<u>508</u>
Total liabilities		<u>(3,928)</u>	<u>(4,236)</u>
Net assets		<u>956</u>	<u>909</u>
Equity			
Share capital	18	1	1
Retained earnings		955	908
Equity attributable to owners of the Company		<u>956</u>	<u>909</u>

The financial statements of Alexander Hall Associates Limited, registered number 02726296 were approved by the Board of Directors on 27 September 2022 and were signed on its behalf by:


.....
V Vaja
Director

The notes on pages 13 to 22 form part of these financial statements

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

	Notes	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020		<u>1</u>	<u>1,549</u>	<u>1,550</u>
Profit and total comprehensive income for the year		-	1,159	1,159
Dividends (Note 9)	9	<u>-</u>	<u>(1,800)</u>	<u>(1,800)</u>
Balance at 31 December 2020		<u>1</u>	<u>908</u>	<u>909</u>
Profit and total comprehensive income for the year		-	614	614
Dividends (Note 9)	9	<u>-</u>	<u>(567)</u>	<u>(567)</u>
Balance at 31 December 2021		<u><u>1</u></u>	<u><u>955</u></u>	<u><u>956</u></u>

The notes on pages 13 to 22 form part of these financial statements

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

1. General information

Alexander Hall Associates Limited ("the Company") is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The Company is registered in England and Wales. 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 19.

2. Accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) and in accordance with applicable accounting standards and the Companies Act 2006.

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

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods or services.

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

New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the Company.

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's forecasts and projections, taking account of reasonably possible changes in trading performance and the current economic uncertainty, and are satisfied that the Company will 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. At 31 December 2021, the Company had net assets of £956k (2020: £909k), and £4,365k (2020: £4,552k) in cash and cash equivalents.

Although 2021 transaction volumes have recovered to above pre-pandemic levels, the Directors have considered the post-pandemic effects of Covid-19 due to its on-going impact on the UK economy. Management have modelled a worst-case scenario, which comprises the assumption that only re-mortgage activity continues over the going concern period. Even on this reduced and unlikely level of income, the fees generated plus the cash held as at the date of signing these financial statements would cover more than 12 months' worth of expenditure. For this reason, the directors continue to adapt the going concern basis in preparing the financial statements.

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful economic life as follows:

Leasehold property	-	In accordance with lease term
Fixtures, fittings and equipment	-	20% per annum on cost

Intangible assets

Intangible assets that are acquired by the Company, which principally represent computer software, are stated at cost less accumulated impairment losses. Computer software is amortised on a straight-line basis over their estimated useful economic lives of five years.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Adjusted items

Adjusted items include costs or revenues which due to their size and incidence require separate disclosure in the financial statements to reflect management's view of the underlying performance of the Company and allow comparability of performance from one period to another. Items include restructuring and impairment charges, significant acquisition costs and any other significant exceptional items. See Note 6.

Cash and cash equivalents

Cash and cash equivalents comprise cash net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Revenue

Under IFRS 15 'Revenue from Contracts with Customers', a five step process is taken for recognising revenue from contracts with customers. The process consists of: 1) identifying the contract(s) with a customer; 2) identifying the performance obligations in the contract; 3) determining the transaction price; 4) allocating the transaction price to the performance obligation(s); and 5) recognising revenue when a performance obligation has been satisfied.

Commission earned on financial services is recognised at a point in time, when either insurance policies go on risk or when mortgage contracts complete. Income from other services is recognised in the period or periods when the services are provided. Commission is recognised at fair value which takes account of expected future cancellations.

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.

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 years different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider 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.

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

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.

Finance income

The Company deposits its cash with reputable financial institutions. Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

2. Accounting policies (continued)

Financial instruments

The Company closely monitors cash requirements to ensure sufficient funds are held for the operations of the Company.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Trade receivables consist of a large number of customers and are monitored on an ongoing basis. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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 year to which they relate.

Dividends

Dividends receivable from the Company's subsidiaries are recognised only when they are approved by shareholders, or in the case of interim dividends, when paid.

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

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 year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

There are no critical accounting judgements or key sources of estimation uncertainty that the directors believes have a significant effect on the amounts recognised in these financial statements.

3. Revenue

The revenue and profit before taxation are attributable to the one principal activity of the Company. An analysis of revenue is given below, exclusive of discounts and value added taxation:

	2021 £'000	2020 £'000
United Kingdom	9,460	8,079

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

4. Employees and directors

	2021 £'000	2020 £'000
Wages and salaries	6,122	4,972
Social security	745	619
Other pension costs	64	64
	<u>6,931</u>	<u>5,655</u>

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

	2021 No.	2020 No.
Administrative staff	32	34
Sales staff	44	43
	<u>76</u>	<u>77</u>

Employee numbers include executive directors.

	2021 £'000	2020 £'000
Directors' remuneration: emoluments	<u>491</u>	<u>492</u>
Company contributions to money purchase schemes - directors	<u>16</u>	<u>12</u>
Number of directors in money purchase schemes	<u>2</u>	<u>2</u>

Information regarding the highest paid director is as follows:

Emoluments	<u>234</u>	<u>240</u>
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Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

5. Finance income

	2021 £'000	2020 £'000
Deposit account interest	2	10

6. Adjusted items

	2021 £'000	2020 £'000
Property restructure	782	-

These are included as part of the administrative expenses in the Statement of comprehensive income and relates to the realisation of an onerous provision for the Company's central London office following the decision to vacate the property. The provision covers onerous charges to the end of the lease (2027).

7. Profit before tax

The profit before tax is stated after charging:

	2021 £'000	2020 £'000
Depreciation of property plant and equipment	33	43
Amortisation of intangible assets	85	79
Property restructure (refer to note 6)	782	-
Auditor's remuneration - audit of the financial statements	36	36
Covid-19 related Government support	-	217

8. Tax

Analysis of tax charge

	2021 £'000	2020 £'000
Current tax	150	271
Deferred tax	(5)	(2)
Total tax charge in statement of comprehensive income	145	269

Factors affecting the tax expense

The tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

8. Tax (continued)

Factors affecting the tax expense (continued)

	2021 £'000	2020 £'000
Profit on activities before income tax	759	1,427
Profit on activities multiplied by the standard rate of corporation tax in the UK of 19.0 % (2020: 19.0%)	144	271
Effects of:		
Adjustment in respect of prior years	4	-
Expenses not deductible for tax purposes	2	1
Change in tax rate	(5)	(3)
Tax charge	145	269

Corporation tax for the year ended 31 December 2021 is calculated at 19% (2020: 19.0%) of the estimated taxable profit for the period.

9. Dividends

	2021 £'000	2020 £'000
Ordinary shares of £1.00 each		
Interim dividend of 63,111 pence per share (2020: 200,000 pence per share)	567	1,800

10. Intangible assets

	Computer software £'000	Total £'000
Cost		
At 1 January 2021	427	427
Additions	-	-
At 31 December 2021	427	427
Accumulated amortisation		
At 1 January 2021	(140)	(140)
Amortisation for year	(85)	(85)
At 31 December 2021	(225)	(225)
Net book value		
At 31 December 2021	202	202
At 31 December 2020	287	287

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

11. Property, plant and equipment

	Leasehold property £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 January 2021	270	219	489
Additions	-	1	1
At 31 December 2021	270	220	490
Accumulated depreciation			
At 1 January 2021	(179)	(212)	(391)
Charge for the year	(31)	(2)	(33)
At 31 December 2021	(210)	(214)	(424)
Net book value			
At 31 December 2021	60	6	66
At 31 December 2020	91	7	98

12. Investments

	Shares in group undertakings £
Cost	
At 1 January 2021 and at 31 December 2021	1
Net book value	
At 31 December 2021	1
At 31 December 2020	1

The Company owns 100% of the issued ordinary share capital of Alexander Hall Direct Limited, which is incorporated in the United Kingdom and has its registered office at Building One, Chiswick Park, 566 Chiswick High Road, London W4 5BE. Alexander Hall Direct Limited is dormant and by virtue of section 480 of the Companies Act 2006 therefore does not require an audit.

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

13. Deferred tax

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

	2021 £'000	2020 £'000
At 1 January	16	13
Profit and loss movement during the year	5	3
At 31 December	21	16

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

	2021 £'000	2020 £'000
Excess of depreciation over capital allowances	21	16
Temporary differences	-	-
At 31 December	21	16

14. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	11	6
Prepayments	40	42
Amounts owed from group undertakings	-	-
	51	48

Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

15. Trade and other payables

	2021 £'000	2020 £'000
Trade creditors	-	3
Amounts owed to group undertakings	1,919	2,720
Social security and other taxes	224	556
Other creditors	152	5
Accruals	385	403
	2,680	3,687

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

16. Contract assets and liabilities

Contract assets

At 31 December 2021, the Company recognised contract assets of £0.1 million (2020: £0.1 million).

	2021 £'000	2020 £'000
At 1 January	144	139
Contract assets invoiced	(144)	(139)
Contract assets recognised in revenue	178	144
At 31 December	178	144

The contract assets balance represents unbilled commission revenue due to the Company relating to completed mortgage deals.

Contract liabilities

At 31 December 2021, the Company recognised contract liabilities of £ 0.6 million (2020: £0.5 million).

	2021 £'000	2020 £'000
Contract liabilities	464	547
	464	547

The contract liabilities balance relates to the Company's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) or the estimated repayment of commissions attributable to future product cancellations.

17. Provisions

	Sales Provision £'000	Other Provisions £'000	Totals £'000
At 1 January 2021	117	2	119
Net increase in provision	68	782	850
Utilisation of provision	(74)	-	(74)
At 31 December 2021	111	784	895
Current	111	134	245
Non-Current	-	650	650

Other provisions relate to unresolved client complaints which may result in compensation within the following year and an onerous provision of £782k (2020: £nil) as described in note 6.

Alexander Hall Associates Limited

Notes to the financial statements For the year dated 31 December 2021

18. Share capital

	2021 £'000	2020 £'000
Authorised, called up, allotted and fully paid:		
900 ordinary shares of nominal value of £1.00 each	<u>1</u>	<u>1</u>

19. Ultimate parent company

Foxtons Operational Holdings Limited is the immediate parent undertaking of Alexander Hall Associates Limited.

The ultimate parent company of the smallest and largest group to consolidate Alexander Hall Associates Limited is Foxtons Group plc. 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 W4 5BE.