

**Company Registration No. 06054477**

**Foxtons Operational Holdings Limited**

**Annual Report and Financial Statements**

**For year ended 31 December 2018**



# **Foxtons Operational Holdings Limited**

## **Annual report and financial statements 2018**

<b>Contents</b>	<b>Page</b>
<b>Company information</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>3</b>
<b>Directors' responsibilities statement</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5</b>
<b>Statement of comprehensive income</b>	<b>8</b>
<b>Statement of financial position</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11</b>

# **Foxtons Operational Holdings Limited**

## **Company information**

### **Directors**

N Budden  
M Berry

### **Company Secretary**

C Hough

### **Registered Office**

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

### **Registered Number**

06054477 (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  
Statutory Auditor  
1 New Street Square  
London  
EC4A 3HQ

# Foxtons Operational Holdings Limited

## Strategic report

The directors of Foxtons Operational Holdings Limited ('the Company') set out below their strategic report, providing a review of the Company's business and a description of the principal risks and uncertainties affecting the Company.

### Business Review

A profit of £900,000 was recognised in 2018 (2017 £1,200,000), this relates to dividend income received from subsidiaries. Principal movements in the Company's balance sheet related to £800,000 movement in trade and other payables, amounts owed to group undertakings.

### 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:

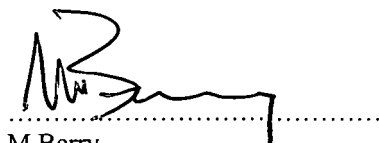
#### Compliance with the legal and regulatory environment

- 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 and cyber risk

- Impact on company: Business operations are dependent on sophisticated 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.
- 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. This is supplemented by enterprise grade data loss prevention, network monitoring, traffic shaping and predictive countermeasures. Real-time automated monitoring of data flows is safeguarded by an independent 24/7 365 days a year Security Operations Centre, which works with Foxtons to ensure that all the protection is patched and appropriate for the threat level experienced. Thorough and regular penetration testing is conducted by world leading independent test teams, to ensure that all countermeasures are effective against the latest threats. Group disaster recovery plans are in place utilising a physically separate location for critical systems and multiple communications lines to all locations. Company data has been risk assessed and all sensitive and business critical data has safeguards appropriate to its importance. This is regularly reviewed and assessed with oversight by an independent party.

Approved on behalf of the Board:



M Berry  
Director

Date: 4<sup>th</sup> July 2019.

# Foxtons Operational Holdings Limited

## Directors' report

The directors present their annual report with the audited financial statements of the Company for the year ended 31 December 2018.

### Principal activity

The principal activity of the Company in the year under review was that of a holding company.

### Dividends

No dividends were paid during the year ended 31 December 2018 (2017: £nil). There were no further dividends proposed.

### Directors

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

N Budden

The following directors were appointed or resigned from 1 January 2018 to the date of this report:

M Berry appointed on 31 January 2018

G Nieslony resigned on 31 January 2018

M Berry has announced he will be leaving the Company in July 2019 and will be resigning as a director. R Harris will be appointed as a director in July 2019.

### 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

Due to the nature of the financial instruments used by the Company there is no exposure to price risk.

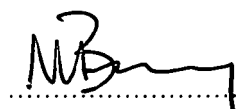
### Statement as to disclosure of information to auditor

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/she ought to have taken as a director in order to make himself/herself 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:



M Berry  
Director

Date: 4<sup>TH</sup> JULY 2019.

# **Foxtons Operational Holdings 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 Foxtons Operational Holdings Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Foxtons Operational Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **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.

# **Independent auditor's report to the members of Foxtons Operational Holdings Limited**

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

## **Responsibilities of directors**

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, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in 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 any material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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

## **Independent auditor's report to the members of Foxtons Operational Holdings Limited**

- 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.

We have nothing to report in respect of these matters.

### **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.



Claire Faulkner (Senior statutory auditor)  
For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

04 July 2019

# Foxtons Operational Holdings Limited

## Statement of comprehensive income For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Continuing operations			
Operating result		-	-
Income from shares in group undertakings		900	1,200
Profit before tax	4	900	1,200
Tax	5	-	-
Profit and total comprehensive income for the year		900	1,200

Income from shares in group undertakings is derived from continuing operations.

The notes form part of these financial statements.

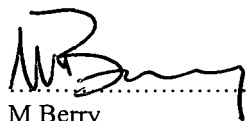
# Foxtons Operational Holdings Limited

## Statement of financial position As at 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Investments	7	8,662	8,662
<b>Current assets</b>			
Trade and other receivables	8	3,422	3,322
Cash at bank and in hand		1	1
		3,423	3,323
<b>Total assets</b>		12,085	11,985
<b>Current liabilities</b>			
Trade and other payables	9	(921)	(1,721)
<b>Total liabilities</b>		(921)	(1,721)
<b>Net current assets</b>		2,502	1,602
<b>Net assets</b>		11,164	10,264
<b>Equity</b>			
Share capital	10	10	10
Share premium		9,053	9,053
Retained earnings		2,101	1,201
<b>Equity attributable to owners of the Company</b>		11,164	10,264

The financial statements of Foxtons Operational Holdings Limited, registered number 06054477 were approved by the Board of Directors on ~~4th July 2019~~ and were signed on its behalf by:

Signed on behalf of the Board of Directors

  
M Berry  
Director

The notes form part of these financial statements.

## Foxtons Operational Holdings Limited

### Statement of changes in equity For the year ended 31 December 2018

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017		10	9,053	1	9,064
Total comprehensive income for the year		-	-	1,200	1,200
Balance at 31 December 2017		10	9,053	1,201	10,264
Total comprehensive income for the year		-	-	900	900
Balance at 31 December 2018		10	9,053	2,101	11,164

The notes form part of these financial statements.

# **Foxtons Operational Holdings Limited**

## **Notes to the financial statements For the year ended 31 December 2018**

### **1. General information**

Foxtons Operational Holdings 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 11.

### **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 payments, 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**

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, are new accounting standards that are effective for the year ended 31 December 2018, however do not have a material impact on the Company. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 have had a material impact on the Company.

#### **Going concern**

The Company holds investments in companies with considerable financial resources, which are expected to continue trading profitably and generating positive cash flows. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. At 31 December the Company had net assets of £11,164k (2017: £10,264k).

#### **Investments**

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

# Foxtons Operational Holdings Limited

## Notes to the financial statements For the year ended 31 December 2018

### 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.

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 directors 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

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 period in which they are approved by the Company's shareholders. Interim dividends are recognised in the period 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 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.

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

### 3. Employee and directors

The Company does not have any employees (2017: nil).

The directors did not receive any remuneration in respect of their services to the Company during the year (2017: £nil).

	2018 £'000	2017 £'000
Directors' remuneration	-	-

# Foxtons Operational Holdings Limited

## Notes to the financial statements For the year ended 31 December 2018

### 4. Profit before tax

Auditor's remuneration for the auditing of the financial statements of £3k (2017: £3k) is borne by Foxtons Limited.

The auditor did not provide any non-audit services to the company during the year (2017: £nil).

### 5. Tax

#### Analysis of tax expense

	2018 £'000	2017 £'000
UK Corporation tax	-	-
Deferred tax	-	-
	<hr/>	<hr/>
Total tax expense in statement of comprehensive income	-	-
	<hr/>	<hr/>
	2018 £'000	2017 £'000
Profit on ordinary activities before income tax	900	1,200
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2017:19.25%)	171	231
Effects of:		
Income from dividends exempt for tax purposes	(171)	(231)
	<hr/>	<hr/>
Tax expense	-	-
	<hr/>	<hr/>

### 6. Dividends

	2018 £'000	2017 £'000
Ordinary Class 'A' Shares of £1.00 each		
Interim and final £nil per share (2017: Interim 11,638 pence per share and final £nil per share)	-	-
	<hr/>	<hr/>

# Foxtons Operational Holdings Limited

## Notes to the financial statements For the year ended 31 December 2018

### 7. Investments

	Shares in group undertakings £'000
<b>Costs</b>	
At 1 January 2018 and at 31 December 2018	8,662
<b>Net book value</b>	
At 31 December 2018	8,662
At 31 December 2017	8,662

The Company owns 100% of the issued ordinary share capital of the companies described below, each of which are incorporated in Great Britain. Foxtons Limited's principal activity is that of an estate agency and Alexander Hall Associates Limited is that of a mortgage broker. The Company also has an indirect 100% ownership of the issued share capital of Alexander Hall Direct Limited, a dormant company incorporated in Great Britain. All these entities have their registered office at Building One, Chiswick Park, 566 Chiswick High Road, London, W4 5BE.

Name of Company	Proportion of issued share capital owned by the Company	Principal activity
<b>Directly owned:</b>		
Foxtons Limited	100%	Estate Agency
Alexander Hall Associates Limited	100%	Mortgage Broker

# Foxtons Operational Holdings Limited

## Notes to the financial statements For the year ended 31 December 2018

### 8. Trade and other receivables

	2018 £'000	2017 £'000
Amounts owed by group undertakings	3,422	3,322

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

### 9. Trade and other payables

	2018 £'000	2017 £'000
Amounts owed to group undertakings	921	1,721

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

### 10. Share capital

	2018 £'000	2017 £'000
Authorised, called up, allotted and fully paid: 10,311 ordinary shares of nominal value of £1.00	10	10

# **Foxtons Operational Holdings Limited**

## **Notes to the financial statements For the year ended 31 December 2018**

### **11. Ultimate parent company**

Foxtons Intermediate Holdings Limited is the immediate parent undertaking of Foxtons Operational Holdings Limited. Foxtons Group PLC represents the ultimate parent undertaking and controlling party of Foxtons Operational Holdings Limited. The consolidated financial statements of Foxtons Group PLC are publicly available at [www.foxtonsgroup.co.uk](http://www.foxtonsgroup.co.uk), with a registered office of Building One, Chiswick Park, 566 Chiswick High Road, London, W4 5BE. Foxtons Group PLC is the only undertaking in which the results of Foxtons Operational Holdings Limited are consolidated.