REGISTERED NUMBER: 07108742 (England and Wales)

Report of the Directors and

Consolidated Financial Statements for the Year Ended 31 December 2011

for

Adnams BBPM Limited

Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2011

Company Information
for the Year Ended 31 December 2011

DIRECTORS·	M R Brown F A Corp S A R L
SECRETARY	K Daly
REGISTERED OFFICE:	Building One Chiswick Park 566 Chiswick High Road London W4 5BE
REGISTERED NUMBER·	07108742 (England and Wales)
AUDITOR.	Deloitte LLP Chartered Accountants and Statutory Auditor London, United Kingdom
BANKERS:	Barclays Bank PLC Level 28 1 Churchill Place London E14 5HP
SOLICITORS	Dickson Minto WS Broadgate Tower 20 Primrose Street London EC2A 2EW

Report of the Directors
for the Year Ended 31 December 2011

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2011

PRINCIPAL ACTIVITIES
The principal activities of the group in the year under review were those of estate agency (comprising sales, lettings and property management) and mortgage broker

REVIEW OF BUSINESS
As the new group came into existence in March 2010 following a capital reorganisation it is difficult to get a full appreciation of the underlying trading from the statutory accounts as the prior year contains only nine months of activity in the profit and loss account Hence the following analysis is of the underlying trading entities on a full year basis

The two principal trading entities of the group are Foxtons Ltd (estate agency) and Alexander Hall Associates Ltd (mortgage broker) In addition one of the holding companies (Foxtons Intermediate Holdings 3 Ltd) holds the main debt of the group

Foxtons Limited
Foxtons' strong brand and client focused approach together with tight cost control has enabled it to expand dramatically through the recessionary period taking market share and increasing profits significantly at the same time

Despite difficult conditions in the property market and the general UK economy, Foxtons grew operating profit before exceptional items by 15% to £32 9m which is the highest ever achieved by the company in its 30 year history and represents an impressive margin of 30% In 2011 Foxtons sold over £2bn of property for clients and let over 12,000 properties on behalf of its landlords, equivalent to three every working hour

Foxtons opened 9 new offices in London between 2008 and 2011 increasing its office numbers by almost 40% to 32 at year end These new offices have delivered exceptional returns on capital employed and have contributed to 58% compound annual growth in EBITDA over the same period The three new offices opened in 2011 (Blackheath, Marylebone and Stratford) are performing very well and all are expected to turn into profit in mid 2012

During the year Foxtons was named "National Estate Agent of the Year" by The Negotiator Magazine and it also won a place in the "Highly Commended" category at The UK property Awards in association with Bloomberg Television and Google

Alexander Hall Associates Limited
The exceptionally difficult mortgage market continued into 2011 reducing turnover by 6 4% to £3 7m (2010 £4m) Although headcount was reduced, overheads increased by 3 4% and overall the loss before tax increased to £946,047 (2010 £540,578 loss) Plans are being implemented in early 2012 to return the company to profitability

Group
During the year the company repaid debt totalling £25 4m including £22m of voluntary prepayments Since the capital reorganisation in March 2010 the company has repaid in total £41 4m of the original total debt of £125m leaving the group in a very strong financial position with total net leverage being two times EBITDA

Change in Ownership
In March 2012, funds advised by BC Partners increased their shareholding in the group to 86 5% and CIE Management II Limited, the general partner of these funds, is now the ultimate controlling party of the group

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2011 (2010 Nil)

FUTURE DEVELOPMENTS

Foxtons Limited
Despite concerns over the general economy for 2012, it is the company's intention to continue with its strategy of organic growth with a further five new offices to be opened in 2012 (two of which Crouch End and London Bridge opened successfully in March 2012) which will bring the company's total to 37 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

Alexander Hall Associates Limited
As mentioned above, plans are underway in the first quarter of 2012 to restore Alexander Hall Associates Limited to profitability In addition, it is expected that Alexander Hall will benefit from the continued growth of Foxtons Limited

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report, except where noted below

M R Brown
F A Corp S A R L
Y V Chotai – Resigned 27 March 2012
M C Turner – Resigned 14 March 2012

GROUP'S POLICY ON PAYMENT OF CREDITORS
The group's current policy concerning the payment of trade creditors is to
- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the group's contractual and other legal obligations

The trade creditors at the year end were on average 21 days (2010 22 days)

FINANCIAL INSTRUMENTS
The group's principal financial instruments comprise bank balances, trade creditors and trade debtors which are a normal part of any group's operations

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

The loans held by Foxtons Intermediate Holdings 3 Limited are guaranteed by the other companies (except for Alexander Hall Associates Ltd) in the group

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 group 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 group'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 period, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance Regular meetings are held between local management and employees to allow a free flow of information and ideas

Report of the Directors
for the Year Ended 31 December 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors 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) 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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 group'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 group's auditor is aware of that information

AUDITOR
The auditor, Deloitte LLP, was appointed on 30 September 2010 and will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

M R Brown - Director

4 April 2012

Report of the Independent Auditor to the Members of Adnams BBPM Limited

We have audited the financial statements of Adnams BBPM Limited for the year ended 31 December 2011 on pages six to twenty five 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)

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

Respective responsibilities of directors and auditor

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 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 financial statements to identify material inconsistencies with the audited financial statements 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 group's affairs and the parent company's affairs as at 31 December 2011 and of the group's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

R. Muschamp

Richard Muschamp (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
4 April 2012

Adnams BBPM Limited (Registered number 07108742)

Consolidated Profit and Loss Account
for the Year Ended 31 December 2011

	Notes	Year Ended 31 12 11 £	Period 18 12 09 to 31 12 10 (1) £
TURNOVER	3	114,530,861	78,692,995
Administrative expenses		(88,651,673)	(57,868,434)
OPERATING PROFIT	5	25,879,188	20,824,561
Attributable to			
Operating profit before exceptional items		25,511,679	16,135,490
Exceptional income	6	367,509	4,689,071
Interest receivable and similar income		1,340,964	912,334
Interest payable and similar charges	7	(6,920,502)	(5,911,704)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		20,299,650	15,825,191
Tax on profit on ordinary activities	8	(7,525,107)	(5,881,317)
GROUP PROFIT FOR THE FINANCIAL YEAR	21	12,774,543	9,943,874

(1) Adnams BBPM Limited was formed on 18 12 09 and acquired the trading operations in March 2010 Hence, prior year comparisons contain only nine months of operations

CONTINUING OPERATIONS
All results for both periods arise from continuing activities

TOTAL RECOGNISED GAINS AND LOSSES
The group has no recognised gains or losses other than the profits for the current year or previous period

The notes form part of these financial statements

Adnams BBPM Limited (Registered number 07108742)

Consolidated Balance Sheet
As at 31 December 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	11	84,515,989	89,147,002
Tangible assets	12	15,886,551	16,306,810
		100,402,540	105,453,812
CURRENT ASSETS			
Debtors	14	12,531,400	14,185,294
Prepayments and accrued income		5,104,505	4,630,582
Cash at bank and in hand		13,738,472	16,363,569
		31,374,377	35,179,445
CREDITORS			
Amounts falling due within one year	15	(21,774,080)	(22,644,672)
NET CURRENT ASSETS		9,600,297	12,534,773
TOTAL ASSETS LESS CURRENT LIABILITIES		110,002,837	117,988,585
CREDITORS			
Amounts falling due after more than one year	16	(87,115,485)	(107,387,443)
PROVISIONS FOR LIABILITIES	19	(168,834)	(657,168)
NET ASSETS		22,718,518	9,943,974
CAPITAL AND RESERVES			
Called up share capital	20	101	100
Profit and loss account	21	22,718,417	9,943,874
SHAREHOLDERS' FUNDS	24	22,718,518	9,943,974

The financial statements were approved by the Board of Directors on 4 April 2012 and were signed on its behalf by

M R Brown - Director

The notes form part of these financial statements

Adnams BBPM Limited (Registered number 07108742)

Company Balance Sheet
31 December 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Investments	13	1	1
		1	1
CURRENT ASSETS			
Debtors	14	129,945	-
CREDITORS			
Amounts falling due within one year	15	(124,242)	(96,361)
NET CURRENT ASSETS/(LIABILITIES)		5,703	(96,361)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,704	(96,360)
CAPITAL AND RESERVES			
Called up share capital	20	101	100
Profit and loss account	21	5,603	(96,460)
SHAREHOLDER'S FUNDS/(DEFICIT)	24	5,704	(96,360)

The financial statements were approved by the Board of Directors on 4 April 2012 and were signed on its behalf by

M R Brown - Director

Consolidated Cash Flow Statement
for the Year Ended 31 December 2011

	Notes	Year Ended 31 12 11 £	Period 18 12 09 to 31 12 10 £
Net cash inflow from operating activities	25	34,626,228	20,069,493
Returns on investments and servicing of finance	26	(3,698,293)	(3,300,286)
Taxation		(5,659,496)	(1,148,000)
Capital expenditure	26	(3,385,322)	(3,408,211)
Acquisitions and disposals	26	-	20,649,630
		21,883,117	32,862,626
Financing	26	(24,508,214)	(16,499,057)
(Decrease)/increase in cash in the period		(2,625,097)	16,363,569

	Notes	Year Ended 31 12 11 £	Period 18 12 09 to 31 12 10 £
Reconciliation of net cash flow to movement in net debt	27		
(Decrease)/increase in cash in the period		(2,625,097)	16,363,569
Cash outflow/(inflow) from decrease/ (increase) in debt and lease financing		22,626,970	(111,045,503)
Change in net debt resulting from cash flows		20,001,873	(94,681,934)
Movement in net debt in the period		20,001,873	(94,681,934)
Net debt at start of period		(94,681,934)	-
Net debt at end of period		(74,680,061)	(94,681,934)

The notes form part of these financial statements

1 GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future The directors have considered the Group and company forecasts and projections, taking account of reasonably possible changes in trading performance and the current economic uncertainty, and are satisfied that the Group and 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 of the Group and company

2 ACCOUNTING POLICIES

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

Basis of consolidation
The financial statements are prepared in accordance with applicable United Kingdom accounting standards and law The principal accounting policies, all of which have been applied consistently throughout the current period, are set out below

The consolidated financial statements incorporate the financial statements of the company and all group undertakings These are adjusted, where appropriate, to conform to group accounting policies Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006

Turnover (all in UK)
Turnover comprises commission and fees receivable, stated net of value added tax and trade discounts 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, to the extent it is guaranteed Where commission relates to the period beyond a break clause, this is held as deferred income until the date at which the income is guaranteed Income from other services is recognised in the period or periods when the services are provided Commission earned on financial services is recognised when insurance policies go on risk and when mortgage contract 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

Intangible assets - goodwill
Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years Provision is made for any impairment

Tangible fixed assets
Tangible fixed assets 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	Over the term of the lease
Fixtures, fittings and equipment	20% - 25% straight-line
Motor vehicles	25% straight line
Assets under construction	nil

continued

2 **ACCOUNTING POLICIES - continued**

Leases
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet Those held under hire purchase contracts are depreciated over their estimated useful lives Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives

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

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

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 deduced

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 ate the balance sheet date

continued

2 ACCOUNTING POLICIES - contınued

Foreıgn currencıes

Assets and lıabılıtıes ın foreıgn currencıes are translated ınto sterlıng at the rates of exchange rulıng at the balance sheet date Transactıons ın foreıgn currencıes are translated ınto sterlıng at the rate of exchange rulıng at the date of the transactıon Exchange dıfferences are taken ınto account ın arrıvıng at the operatıng profit

Fınance costs

Fınance costs of financıal lıabılıtıes are recognısed ın the profit and loss account over the term of such ınstruments at a constant rate on the carryıng amount

Fınancıal ınstruments

Fınancıal ınstruments are classıfied and accounted for, accordıng to the substance of the contractual arrangement, as eıther financıal assets, financıal lıabılıtıes or equıty ınstruments An equıty ınstrument ıs any contract that evıdences a resıdual ınterest ın the assets of the company after deductıng all of ıts lıabılıtıes

Bank borrowıngs

Interest-bearıng bank loans and overdrafts are recorded at the proceeds receıved, net of dırect ıssue costs Fınance charges, ıncludıng premıums payable on settlement or redemptıon and dırect ıssue costs, are accounted for on an accruals basıs ın the profit and loss account usıng the effectıve ınterest method and are added to the carryıng amount of the ınstrument to the extent that they are not settled ın the perıod ın whıch they arıse

3 TURNOVER

The turnover and profit before taxatıon are attrıbutable to the prıncıpal actıvıtıes of the group Adnams BBPM Lımıted was formed on 18 12 09 and acquıred the tradıng operatıons ın March 2010 Hence, prıor year comparısons contaın only nıne months of operatıons

An analysıs of turnover by class of busıness ıs gıven below

	Year Ended 31 12 11	Perıod 18 12 09 to 31 12 10
	£	£
Foxtons	110,825,986	75,702,658
Alexander Hall Assocıates	3,704,875	2 990,337
	114,530,861	78,692,995

4 STAFF COSTS

	Year Ended 31 12 11	Perıod 18 12 09 to 31 12 10
	£	£
Wages and salarıes	44,572,008	31,562,341
Socıal securıty costs	4,998,282	3,396,990
	49,570,290	34,959,331

contınued

4 **STAFF COSTS - continued**

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

	Year Ended 31 12 11	Period 18 12 09 to 31 12 10
Sales	635	557
Administrative	439	418
	1,074	975

5 **OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	Year Ended 31 12 11 £	Period 18 12 09 to 31 12 10 £
Other operating leases	8,716,959	5,977,349
Depreciation - owned assets	2,411,557	1,867,011
Depreciation - assets on hire purchase contracts	1,424,081	740,714
Profit on disposal of fixed assets	(30,057)	(20,581)
Goodwill amortisation	4,631,013	3,473,260
Auditor's remuneration - audit of the financial statements - subsidiaries	63,700	51,200
Auditor's remuneration - audit of the financial statements - parent	13,800	13,800
Auditor's remuneration - other assurance services	4,000	4,000
Auditor's remuneration - fees for tax compliance services	108,305	192,210
Auditor's remuneration - fees for tax advisory services	37,900	-
Foreign exchange differences	-	17
Directors' remuneration	1,531,126	1,174,666

Information regarding the highest paid director is as follows

	Year Ended 31 12 11 £	Period 18 12 09 to 31 12 10 £
Remuneration	1,363,130	1,051,910

continued

6 EXCEPTIONAL ITEMS INCLUDED WITH OPERATING PROFIT

(Income)/expense	31 12 11 £	31 12 10 £
OFT renewal commission case	(419,986)	(2,845,319)
Legal settlement payable/(receivable)	52,477	(1,843,752)
Total exceptional items	(367,509)	(4,689,071)

OFT renewal commission case – reflects the progressive release of a provision booked in 2009 relating to a case brought against Foxtons by the OFT that resulted in the court deciding that Foxtons' renewal commission terms were not clear Ultimately, the vast majority of the provision has not been required and therefore released back to the profit and loss account

Legal settlement receivable - on 4 April 2011, a legal settlement was agreed for inadequate advice given to Foxtons Ltd, for which the original claim was submitted during 2010 The total settlement was for £3m which triggered a repayment of £1,156,248 to the original vendors of Foxtons Group Ltd due to the tax warranties in force from the original sale

7 INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 12 11 £	Period 18 12 09 to 31 12 10 £
Bank loan interest	6,805,160	5,827,628
Commitment fee	62,500	59,144
Other similar charges payable	11	1,238
Interest payable	17,251	1,930
Hire purchase	35,580	21,764
	6,920,502	5,911,704

8 TAXATION

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows

	Year Ended 31 12 11	Period 18 12 09 to 31 12 10
Current tax	£	£
Current UK corporation tax	6,916,404	4,603,280
Adjustment in respect of prior years	(93,607)	-
Total current tax	6,822,797	4,603,280
Deferred tax		
Origination and reversal of timing differences	303,031	1,207,037
Adjustment in respect of prior years	277,859	
Effect of decrease in tax rate on opening liability	122,420	71,000
Total deferred tax	703,310	1,278,037
Tax on profit on ordinary activities	7,526,107	5,881,317

continued

8 TAXATION - continued

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

	Year Ended 31 12 11 £	Period 18 12 09 to 31 12 10 £
Profit on ordinary activities before tax	20,299,650	15,825,191
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26 5% (2010 - 28%)	5,379,407	4,431,053
Effects of		
Expenses not deductible for tax purposes	405,965	293,619
Capital allowances in excess of depreciation	(254,296)	(419,128)
Tax saving on allowable decrease in general reserves	(77,116)	(787,487)
Goodwill not deductible for tax purposes	1,227,218	972,513
Other short term timing differences	226,011	(211,039)
Adjustment in respect of prior years	(93,607)	
Tax warranty expense	13,906	323,749
Small companies relief	(4,691)	-
Current tax charge	6,822,797	4,603,280

9 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements The parent company's profit for the financial year was £102,063 (2010 - £96,460 loss)

10 DEFERRED TAX

Analysis of balance	**Foxtons** £	**Alexander Hall** £	**Group** £
Excess of depreciation over capital allowances	637,734	47,505	685,239
Other timing differences	436,975	-	436,975
Tax losses carried forward	-	92,495	92,495
At 31 December 2011	1,074,709	140,000	1,214,709

continued

11 INTANGIBLE FIXED ASSETS

Group

	Goodwill £
Cost	
1 January 2011 and 31 December 2011	92,620,262
Amortisation	
1 January 2011	3,473,260
Amortisation for the period	4,631,013
At 31 December 2011	8,104,273
Net book value	
At 31 December 2011	84,515,989
At 31 December 2010	89,147,002

12 TANGIBLE FIXED ASSETS

Group

	Leasehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Assets under construction £	Totals £
COST					
At 1 January 2011	11,366,099	4,055,310	2,861,407	341,964	18,624,780
Additions	274,365	552,611	384,783	2,578,487	3,790,246
Disposals	-	(7,623)	(656,530)	-	(664,153)
Reclassification/transfer	1,564,741	968,130	-	(2,532,871)	0
At 31 December 2011	13,205,205	5,568,429	2,589,661	387,580	21,750,875
DEPRECIATION					
At 1 January 2011	884,473	892,900	540,597	-	2,317,971
Charge for year	1,557,748	1,450,431	827,459	-	3,835,638
Eliminated on disposal	-	(1,010)	(288,275)	-	(289,285)
At 31 December 2011	2,442,221	2,342,322	1,079,781	-	5,864,324
NET BOOK VALUE					
At 31 December 2011	10,762,984	3,226,107	1,509,880	387,580	15,886,551
At 31 December 2010	10,481,626	3,162,410	2,320,811	341,964	16,306,810

During the year a sale and lease back of motor vehicles was undertaken The net book value of the vehicles was £2m bring funds into the company under a hire purchase arrangement of £1 8m

continued

12 **TANGIBLE FIXED ASSETS - continued**

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Fixtures, fittings and equipment £	Motor vehicles £	Totals £
COST			
At 1 January 2011	1,176,961	319,856	1,496,817
Disposals	-	(458,401)	(458,401)
Transfer from ownership	-	2,444,778	2,444,778
At 31 December 2011	1,176,961	2,306,233	3,483,194
DEPRECIATION			
At 1 January 2011	518,162	164,561	682,723
Charge for year	658,799	765,282	1,424,081
Eliminated on disposal	-	(230,705)	(230,705)
Transfer from ownership	-	431,077	431,077
At 31 December 2011	1,176,961	1,130,215	2,307,176
NET BOOK VALUE			
At 31 December 2011	-	1,176,018	1,176,018
At 31 December 2010	658,799	155,295	814,094

13 **FIXED ASSET INVESTMENTS**

Company

	Shares in group undertakings £
COST	
At 1 January 2011 and 31 December 2011	1
NET BOOK VALUE	
At 31 December 2011	1
At 31 December 2010	1

continued

13 FIXED ASSET INVESTMENTS - continued

Subsidiary undertakings	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Held by the company:				
Foxtons Intermediate Holdings 3 Ltd	Great Britain	Ordinary shares	100%	Intermediate parent company
Held by Foxtons Intermediate Holdings 3 Ltd:				
Foxtons Group Ltd	Great Britain	Ordinary shares	100%	Intermediate parent company
Held by Foxtons Group Ltd:				
Foxtons Ltd	Great Britain	Ordinary shares	100%	Estate agency
Alexander Hall Associates Ltd	Great Britain	Ordinary shares	100%	Mortgage broker

14 DEBTORS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	10,816,489	8,769,253	-	-
Amounts owed by group undertakings	-	-	129,945	-
Other debtors	83,837	3,180,532	-	-
Deposits paid	416,365	318,490	-	-
Deferred tax (note 10)	1,214,709	1,917,019	-	-
	12,531,400	14,185,294	129,945	-

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts (see note 17)	739,350	3,364,555	-	-
Hire purchase contracts (see note 18)	563,698	293,505	-	-
Trade creditors	1,500,818	1,549,673	-	-
Amounts owed to group undertakings	-	-	-	56,104
Tax	4,618,582	3,455,281	15,185	-
Social security and other taxes	2,503,345	2,569,785	-	-
VAT	1,371,570	893,045	-	-
Other creditors	181,410	1,236,422	1	1
Accruals and deferred income	10,295,307	9,282,406	109,056	40,256
	21,774,080	22,644,672	124,242	96,361

continued

16 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2011	2010
	£	£
Bank loans (see note 17)	86,459,181	107,317,178
Hire purchase contracts (see note 18)	656,304	70,265
	87,115,485	107,387,443

17 LOANS

An analysis of the maturity of loans is given below

	Group	
	2011	2010
	£	£
Amounts falling due within one year or on demand:		
Bank loans	739,350	3,364,555
Amounts falling due between two and five years:		
Bank loans - two-five years	86,459,181	70,649,669
Amounts falling due after more than five years:		
Repayable otherwise than by instalments		
Bank loans more than five years not payable by instalments	-	36,667,509

continued

17 **LOANS - contınued**

	2011	2010
	£	£
Total of bank loans	87,198,531	110,681,733

Foxtons Intermedıate Holdıngs 3 Ltd completed a capıtal reorganısatıon ın March 2010 reducıng debt to £75m senıor and £50m subordınated

Subsequent to the reorganısatıon repayments were made wıth excess cash agaınst both the senıor and subordınated debts as follows
- Senıor debt Mandatory cash sweeps of £1m ın 2010 and £3 4m ın 2011 In addıtıon a voluntary debt prepayment of £22m was made ın 2011
- Subordınated debt £15m voluntary prepayment ın 2010

Bank loans are secured by debentures wıth a fixed and floatıng charge over the assets of Foxtons Intermedıate Holdıngs 3 Ltd, Adnams BBPM Ltd, Foxtons Group Ltd and Foxtons Ltd These companıes have provıded cross guarantees over theır assets as securıty agaınst the bank loans

The senıor debt of £48 6m ıs repayable vıa an annual cash sweep of excess cash wıth the balance remaınıng due ın 2015 The cash sweep ıs dependent on cash generatıon durıng the year For 2011 a cash sweep of £0 7m ıs payable durıng 2012

The subordınated debt of £38 5m ıs repayable ın 2016

Interest ıs payable on these loans at the rate of LIBOR plus margın and mandatory costs as prescrıbed ın the loan agreement An element of the subordınated margın ıs non-cash and rolls up ınto the loan

18 **OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

Group

	Hıre purchase contracts	
	2011	2010
	£	£
Net oblıgatıons repayable		
Wıthın one year	563,698	293,505
Between one and five years	656,304	70,265
	1,220,002	363,770

contınued

18 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year

Group

	Land and buildings		Other operating leases	
	2011 £	2010 £	2011 £	2010 £
Expiring				
Within one year	66,672	257,400	53,357	314,328
Between one and five years	544,950	444,622	1,987,741	1,226,656
In more than five years	5,586,615	5,290,365	-	-
	6,198,237	5,992,387	2,041,098	1,540,984

19 PROVISIONS FOR LIABILITIES

	OFT provision £	Other provision £	Total provision £
At 1 January 2011	500,000	157,168	657,168
Utilisation of provision	(30,014)	(72,891)	(102,905)
Released to the profit and loss account	(419,986)	34,557	(385,429)
Balance at 31 December 2011	50,000	118,834	168,834

Provision for liability - Foxtons - OFT Provision

The provision for liabilities relates to a case brought against Foxtons by the OFT in respect of renewal commission During the year £30k of this provision was utilised As substantially there are no further claims outstanding the majority of the balance (£420k) has been released back to the profit and loss account leaving a provision of £50k for any future minor claims

Provision for liability - Alexander Hall - £118,834 balance remaining

May be analysed as follows

Sales provision £62,526 (2010 £118,628) - relates to the repayment of commissions which are expected to be used within the following four years

Other: £56,308 (2010 £38,540) - relates to unresolved client complaints which may result in compensation

20 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	2011 £	2010 £
9,222,141	Ordinary	00000136	13	12
64,554,990	A-Ordinary	00000136	88	88
			101	100

continued

21 RESERVES

Group

	Profit and loss account £
At 1 January 2011	9,943,874
Profit for the year	12,774,543
At 31 December 2011	22,718,417

Company

	Profit and loss account £
At 1 January 2011	(96,460)
Profit for the year	102,063
At 31 December 2011	5,603

22 RELATED PARTY DISCLOSURES

The company is exempt under the terms of FRS 8 'Related party disclosure' from disclosing related party transactions with entities that are part of the Adnams BBPM Ltd group

Mention was made in note six of a legal settlement receivable of £3m for inadequate advice given to Foxtons Limited This triggered a repayment to the original vendors of the group in line with agreed tax warranties Michael Brown, who is Chief Executive Officer and a director of the group, was one of the original vendors and was paid £34,776 as a consequence of these tax warranties

The subordinated debt within the company, totalling £38 5m (2010 £36 7m), is owed to FSFV Ltd This entity is a company controlled by funds advised by BC Partners who also controlled 36 3% of the share capital of Adnams BBPM Ltd as at 31 December 2011 In March 2012 these funds increased their shareholding to 86 5% No capital repayments on the subordinated debt were made during the year (2010 £15m) Cash interest payments on the subordinated debt totalling £2 1m were made during the year (2010 £1m)

Senior debt totalling £25 1m is owed to Mizuho Corporate Bank, Limited (2010 £38 1m) During the year capital repayments of £13m were made (2010 £0 5m) plus cash interest payments of £1 4m (2010 £1 2m) Mizuho owned 25% of the share capital of Adnams BBPM Ltd as at 31 December 2011 In March 2012 this shareholding was reduced to nil

23 ULTIMATE CONTROLLING PARTY

Until 14 March 2012, Adnams BBPM Limited had no overall controlling party From 14 March 2012, the ultimate controlling party of Adnams BBPM Limited is CIE Management II Limited, general partner to funds advised by BC Partners

continued

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2011	2010
	£	£
Profit for the financial year	12,774,543	9,943,874
Issue of share capital during the period	1	100
Net addition to shareholders' funds	12,774,544	9,943,974
Opening shareholders' funds	9,943,974	-
Closing shareholders' funds	22,718,518	9,943,974

Company

	2011	2010
	£	£
Profit/(loss) for the financial period	102,063	(96,460)
Shares issued during period	1	100
Net addition/(reduction) to shareholders' funds	102,064	(96,360)
Opening shareholders' funds	(96,360)	-
Closing shareholders' funds	5,704	(96,360)

25 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year Ended 31 12 11	Period 18 12 09 to 31 12 10
	£	£
Operating profit	25,879,188	20,824,561
Depreciation and amortisation charges	8,466,651	6,089,650
Profit on disposal of fixed assets	(30,057)	(20,581)
Decrease in provisions	(488,334)	(3,504,712)
Net change in working capital due to exceptional items	1,791,275	(1,843,752)
(Increase)/decrease in debtors	(2,522,339)	860,286
Increase/(decrease) in creditors	1,529,844	(2,335,959)
Net cash inflow from operating activities	34,626,228	20,069,493

26 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year Ended 31 12 11	Period 18 12 09 to 31 12 10
	£	£
Returns on investments and servicing of finance		
Interest received	1,340,964	912,334
Interest paid	(5,003,677)	(4,190,856)
Interest element of hire purchase payments	(35,580)	(21,764)
Net cash outflow for returns on investments and servicing of finance	(3,698,293)	(3,300,286)

continued

26 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued

	Year Ended 31 12 11 £	Period 18 12 09 to 31 12 10 £
Capital expenditure		
Purchase of tangible fixed assets	(3,790,245)	(3,693,997)
Sale of tangible fixed assets	404,923	285,786
Net cash outflow for capital expenditure	(3,385,322)	(3,408,211)
Acquisitions and disposals		
Cash from acquisition of subsidiaries	-	20,649,630
Net cash inflow for acquisitions and disposals	-	20,649,630
Financing		
Repayment of secured loan	(25,364,447)	(15,985,776)
Capital element of finance lease rentals	856,232	(513,381)
Issue of ordinary share capital	1	100
Net cash outflow from financing	(24,508,214)	(16,499,057)

27 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 11 £	Cash flow £	At 31 12 11 £
Net cash			
Cash at bank and in hand	16,363,569	(2,625,097)	13,738,472
	16,363,569	(2,625,097)	13,738,472
Debt			
Hire purchase	(363,770)	(856,232)	(1,220,002)
Debts falling due within one year	(3,364,555)	2,625,205	(739,350)
Debts falling due after one year	(107,317,178)	20,857,997	(86,459,181)
	(111,045,503)	22,626,970	(88,418,533)
Total	(94,681,934)	20,001,873	(74,680,061)

continued

28 MONEY HELD IN AN ESCROW ACCOUNT

A sum of £455,958 (included in cash) is held in an Escrow Account This money will be held in escrow until HMRC have finalised our corporation tax computations for 2010 Finalisation of these computations will determine whether the money should be paid as tax to HMRC or returned to the original vendor of Foxtons Group Limited in accordance with the tax warranties as part of the successful negligence claim against a previous professional adviser for inadequate advice given to Foxtons Limited