

Registered number: 3998170

The Endeavour Company Holdings Limited

Reports and Financial Statements

30 June 2014



Directors

J S I Rosefield
S M Rosefield

Secretary

K M Loukes

Auditors

Ernst & Young LLP
No. 1 Colmore Square
Birmingham
B4 6HQ

Bankers

Barclays Bank PLC
Floor 27
One Churchill Place
London
E14 5HP

Solicitors

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London
EC4R 9HA

Registered Office

33 Ely Place
London
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Registered No. 3998170

Strategic report

The directors present their Strategic report for the year ended 30 June 2014 for The Endeavour Company Holdings Limited ("the Company") and the group headed up by that entity ("the Group.")

Principal activities and review of the business

The principal activity of the Group is property investment and development, which is carried on in the United Kingdom.

The turnover of the Group arising principally from investment property rentals, excluding joint ventures, for the year ended 30 June 2014 was £5,392,000 compared to £5,492,000 for the year to 30 June 2013.

The Group profit after taxation for the year to 30 June 2014 amounted to £52,000 (2013 – £976,000). The significant factors which contributed to the reduction in Operating profit are explained below.

The Group's investment properties were valued by the directors as at 30 June 2014 based on the advice of the Group's professional advisers, Levy Real Estate LLP and Glenny LLP, and amounted to £138,258,000, an increase of approximately 19% on the valuation of the same properties as at 30 June 2013.

The net assets of the Group on a consolidated basis as at 30 June 2014 were £81,489,000 (2013 – £59,960,000). However the balance sheet at 30 June 2014 and 30 June 2013 includes the negative goodwill of £17,582,000 (2013 – £17,582,000) arising on consolidation. This is detailed in note 12 to these financial statements.

As at 30 June 2014 the Group's gearing ratio on a consolidated basis (defined as net debt expressed as a percentage of shareholders' funds plus the net debt), ignoring the negative goodwill arising on consolidation, was 33.0% (2013 – 37.6%).

Key performance indicators

The key performance indicators are mentioned below:

	2014	2013
	£000	£000
Turnover	5,392	5,492
Operating profit including share of operating profit of joint ventures	2,533	4,068
Profit after tax	22	1,005
Value of investment properties	138,258	116,193
Equity shareholders' funds	81,459	60,170

As mentioned in the Directors' report, progress is continuing to be made with the redevelopment of the Abbey Retail Park in Barking, Essex. In preparation for this, vacant possession of the units on the park is being achieved with the resultant decrease in rental income. Elsewhere in the portfolio, new leases have been granted and rental income enhanced by rent reviews..

The Operating profit of £4,068,000 in 2013 included an aggregate sum of £1,625,000 which was received from tenants who wished to achieve an early exit from their lease obligations. This was primarily in respect of one of the Group's properties in Fitzrovia, London, which has already been re-let in its entirety to a single occupier on much improved terms. The Operating profit of £2,550,000 in 2014 includes the sum of £163,000 received from a tenant of the Abbey Retail Park in Barking, Essex when the lease was terminated. In addition the Operating profit in 2014 included a charge of £421,000 in respect of impairment of trade investments.

Strategic report (continued)

Key performance indicators (continued)

The value of the Group's investment properties has increased by an average of 19% on a like-for-like basis. The principal increases have arisen at the Abbey Retail Park in Barking, Essex, where the directors have taken account of the redevelopment plans including the proposed superstore for Sainsbury's and the possible sale of remainder of the site for residential development, and also at the property in Piccadilly, London W1. The latter arose as the result of the letting of the whole of the commercial premises to a high quality restaurant operator. Elsewhere values have increased reflecting the improving market conditions, particularly in Central London.

Principal risks and uncertainties

Commercial property yields

The valuation of the Group's investment property portfolio is dependent on commercial property yields which in turn are influenced by the underlying economic outlook, and supply of and demand for space.

Tenant credit risk

The Group's income derives principally from rental income which is subject to periodic upwards only review. The management of the Group works closely with the tenants in order to ensure, so far as possible, that rental income is maintained. Management meetings are held on a frequent basis, during which all material aspects of the property portfolio are considered, and decisions and initiatives thereto are actioned by the Group's management. In addition, the directors and management carefully monitor cash flow as part of the Group's control procedures.

Loan covenant compliance and financing

The term loan from Barclays Bank plc, which is fully drawn down and expires in July 2016, does not contain any future loan to value covenant, other than in the event of a disposal of a secured property. As part of the loan agreement, a valuation of the secured properties was carried out as at 31 July 2013. If the loan to value ratio at that date had exceeded 55% then the Group would have been required to make amortisation repayments of the loan of approximately £3,250,000 over a period of 2½ years commencing October 2013. The loan to value ratio at 31 July 2013 was below 55% and therefore no early amortisation repayments of the loan were required. In respect of the quarterly interest cover covenant the directors expect these to be met for the foreseeable future.

As the loan is due to expire in July 2016, the directors are actively pursuing a possible refinancing of this loan.

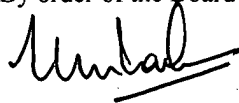
In addition the Group is financed by £5,000,000 of loans from directors expiring in December 2016 and a loan of £6,950,000 from DB UK Bank Limited expiring in March 2019. The loan from DB UK Bank Limited is subject to loan to value and interest cover covenants which the directors expect to be met for the foreseeable future.

Interest rates

The Group's principal borrowing is a £50 million long-term loan from Barclays Bank PLC, expiring in July 2016, and is at a fixed rate of interest. In view of this the Group has not entered into any derivative instruments to hedge interest rate risk.

The Group's other loans of £11.95 million (2013 - £8 million) incur interest at floating rates and are unhedged.

By order of the Board



K M Loukes
Secretary

27 MARCH 2015

Registered No. 3998170

Directors' report

The directors present their report and financial statements for the year ended 30 June 2014.

Directors

The directors who served the Company during the year were as follows:

J S I Rosefield

S M Rosefield

Results and dividends

The Group profit for the year after taxation amounted to £52,000 (2013 – profit of £976,000). The significant factors which contributed to the reduction in Operating profit are detailed in the Key Performance Indicators section of the Strategic report.

No dividends were paid during the year (2013 – £nil).

Future developments

The prospects for the coming year are satisfactory.

The interest payable on the £50,000,000 term loan from Barclays Bank plc, which is secured on investment properties valued at £108,043,000 (2013 - £92,000,000), is being met by the rental income from those properties and the covenants applicable to the loan are being met. The directors believe that, in the normal course of events, both the interest payable and applicable covenants will continue to be met.

The Group maintains a policy of active management of its property portfolio so as to ensure at least, as far as possible, that the current level of rental income will be maintained.

Plans for the redevelopment of the Abbey Retail Park in Barking, Essex are continuing to be progressed, further details of which are described below.

Events since the balance sheet date

On 15 January 2015, in accordance with the terms of the loan of £50 million from Barclays Bank, sums totalling £1,378,000, which had previously been paid by tenants who wished to make an early exit from their respective leases, were utilised to repay part of the loan. As a result the amount now outstanding is £48,622,000.

On 16 January 2015 the Group sold an investment property for a consideration of £2,825,000. The carrying value of the property at the balance sheet date was £2,850,000. The security on this property has been released without any repayment of the loan being required.

On 27 February 2015 the lease with Halfords Limited, whereby they occupied a building on the Abbey Retail Park Barking, Essex was surrendered in return for the payment to Halfords Limited by the Group of £2,300,000 (excluding VAT).

On 18 March 2015 the Group entered into an agreement with Willmott Dixon Regen Limited for the sale of part of the southern part of the Abbey Retail Park site. The agreement is subject to planning permission for residential development being granted and the price to be paid for the site will be determined by the number of residential units for which planning permission is granted.

Directors' report (continued)

Going concern

The Group's activities, together with the factors likely to affect its future, its financial position and financial risks are described in the business review and principal risks and uncertainties sections of the Directors' report. The Group has adequate financial resources and as a consequence the directors believe that the Group is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors have assessed the Group's ability to comply with bank covenants and based on future projections expect these to be met for the foreseeable future and for a period of at least 12 months from the date of issue of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Fixed assets

Details of the revaluation of properties in the year are set out in notes 13 and 14 to the financial statements.

Political and charitable contributions

During the year the Group made gifts for charitable purposes amounting to £34,000 (2013 – £47,000).

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



K M Loukes

Secretary

Date 27 MARCH 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' 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). 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 group and the company 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 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of The Endeavour Company Holdings Limited

We have audited the financial statements of The Endeavour Company Holdings Limited for the year ended 30 June 2014 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 32. 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 Directors' Responsibilities Statement set out on page 6, 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 group's and the parent undertaking'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 Reports and financial statements to identify material inconsistencies with the audited financial statements and to identify and information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 30 June 2014 and of the group's result 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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

to the members of The Endeavour Company Holdings Limited

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 undertaking, or returns adequate for our audit have not been received from branches not visited by us; or
- ☐ the parent undertaking 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.

Ernst & Young LLP

Christopher Voogd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Birmingham
Date *27 March 2015*

Group profit and loss account

for the year ended 30 June 2014

	Notes	2014 £000	2013 £000
Turnover			
Group and share of joint ventures		5,418	5,523
Less: share of joint ventures		(26)	(31)
Group turnover	2	5,392	5,492
Less: rents payable and other property outgoings		(380)	(700)
Gross profit		5,012	4,792
Administrative expenses		(2,655)	(2,350)
Other operating income	3	163	1,626
Group operating profit	4	2,520	4,068
Share of operating profit in joint ventures		13	20
Total operating profit: group and share of joint ventures		2,533	4,088
Profit on disposal of tangible fixed assets		13	7
Profit on disposal of fixed asset investments		72	21
Profit on ordinary activities before investment income, interest and taxation		2,618	4,116
Income from fixed asset investments	7	38	34
(Impairment)/reversal of impairment of fixed asset investments		(30)	(96)
Impairment of loans receivable		0	(200)
Interest receivable and similar income	8	604	267
Interest payable and similar charges	9	(3,283)	(3,116)
(Loss)/profit on ordinary activities before taxation		(53)	1,005
Tax	10	75	(29)
Profit for the financial year after taxation		22	976
Minority interests		49	41
Profit for the financial year attributable to the shareholders of the parent undertaking	25	71	1,017

There is no material difference between the profit stated above and that on an unmodified historical cost basis.

All amounts relate to continuing activities.

Group statement of total recognised gains and losses

for the year ended 30 June 2014

	2014 £000	2013 £000
Profit for the financial year attributable to members of the parent undertaking	71	1,017
Unrealised surplus on revaluation of investment properties	21,425	9,801
Share of revaluation surplus of joint venture undertakings	52	29
Total recognised gains and losses relating to the year	<u>21,548</u>	<u>10,847</u>

The profit on ordinary activities after taxation includes a profit of £13,000 (2013 –£20,000) in respect of the group's share of the results of joint venture undertakings.

Group balance sheet

at 30 June 2014

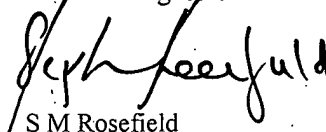
	Notes	2014 £000	2013 £000
Fixed assets			
Negative goodwill	12	(17,582)	(17,582)
Tangible assets – investment properties	13	138,258	116,193
– property under development	13	2,457	2,118
– other	14	1,948	1,818
Investments	15	148	669
Investment in joint ventures:	15(d)		
Share of gross assets		851	902
Share of gross liabilities		(126)	(129)
		<u>725</u>	<u>773</u>
		<u>125,954</u>	<u>103,989</u>
Current assets			
Stock	16	1,214	533
Debtors	17	12,864	11,535
Investments	18	68	198
Cash at bank and in hand	19	10,847	8,620
		<u>24,993</u>	<u>20,886</u>
Creditors: amounts falling due within one year	20	(6,805)	(6,257)
Net current assets		<u>18,188</u>	<u>14,629</u>
Total assets less current liabilities		<u>144,142</u>	<u>118,618</u>
Creditors: amounts falling due after more than one year	21	(62,487)	(58,407)
Provisions for liabilities	22	(196)	(251)
Net assets		<u>81,459</u>	<u>59,960</u>
Capital and reserves			
Called up share capital	24	158	158
Share premium account	25	14,420	14,420
Revaluation reserve	25	49,895	28,500
Profit and loss account	25	17,239	17,086
Shareholders' funds	26	81,712	60,164
Minority interests		(253)	(204)
		<u>81,459</u>	<u>59,960</u>

These financial statements were approved by the Board and signed on its behalf by



Director

Date 27 MARCH 2015



S M Rosefield

Director

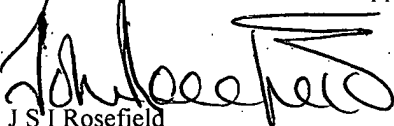
Date 27 MARCH 2015

Company balance sheet

at 30 June 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Investments	15	22,815	22,815
Current assets			
Debtors	17	12	—
Cash at bank and in hand		6	6
Creditors: amounts falling due within one year	20	(8,236)	(8,224)
Net current liabilities		(8,218)	(8,218)
Net assets		14,597	14,597
Capital and reserves			
Share capital	24	158	158
Share premium	25	14,420	14,420
Profit and loss account	25	19	19
Shareholders' funds	26	14,597	14,597


These financial statements were approved by the Board and signed on its behalf by



J S I Rosefield

Director

Date 27 MARCH 2015



S M Rosefield

Director

Date 27 MARCH 2015

Group statement of cash flows

for the year ended 30 June 2014

	2014	2013
Notes	£000	£000
Cash inflow from operating activities	27(a) 2,649	3,968
Returns on investments and servicing of finance		
Interest received	10	10
Interest paid	(3,259)	(3,084)
Dividends received	163	34
Net cash outflow from returns on investments and servicing of finance	(3,086)	(3,040)
Taxation		
Corporation tax paid/(recovered)	2	(20)
Capital expenditure and financial investment		
Additions to investment properties	(1,178)	(2,817)
Additions to other tangible fixed assets	(7)	(48)
Additions to stock	(681)	(236)
Sale of fixed asset investments	563	19
Amounts advanced to associates	(365)	(3,707)
Amounts repaid by joint ventures	29	440
Amounts advanced to related parties	40	—
Amounts repaid by related parties	—	27
Purchase of current asset investments	—	—
Sale of current asset investments	131	54
Net cash outflow from investing activities	(1,468)	(6,268)
Net cash outflow before use of liquid resources and financing	(1,903)	(5,360)
Management of liquid resources		
Decrease in short term deposits	27(b) 101	79
Financing		
New long term loans	3,950	8,000
Amounts advanced by related parties	183	83
Bank and other loans repaid	—	—
Repayment of principal under hire purchase contracts	(3)	(4)
Net cash inflow from financing	4,130	8,079
Increase in cash	27(b) 2,328	2,798

Group statement of cash flows

for the year ended 30 June 2014

Reconciliation of net cash flow to movement in net debt

		2014	2013
	Notes	£000	£000
Increase in cash in the year		2,328	2,798
Cash inflow from change in debt financing		(3,950)	(8,000)
Cash inflow from change in liquid resources		(101)	(79)
Change in net debt arising from cash flows	27(b)	(1,723)	(5,281)
Non cash transactions	27(c)	(50)	(48)
Movement in net debt		(1,773)	(5,329)
Net debt at 1 July 2013	27(b)	(49,220)	(43,891)
Net debt at 30 June 2014	27(b)	50,993	(49,220)

Notes to the financial statements

at 30 June 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of properties, and in accordance with applicable accounting standards. The true and fair override provisions of the Companies Act 2006 have been invoked (see accounting policy on investment properties below).

Going concern

The group's activities, together with the factors likely to affect its future, its financial position and financial risks are described in the business review and principal risks and uncertainties sections of the Directors' report. The group has adequate financial resources and as a consequence the directors believe that the group is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the group has adequate resources to continue in operational-existence for the foreseeable future. The directors have assessed the group's ability to comply with bank covenants and based on future projections expect these to be met for the foreseeable future and for a period of at least 12 months from the date of issue of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Directors' report and financial statements.

Group financial statements

The group financial statements incorporate the financial statements of the company and its subsidiary undertakings. The subsidiary undertakings are group using the acquisition accounting basis. The results of subsidiary undertakings are included in the group profit and loss account from the effective date of acquisition.

The company has taken advantage of s408 of the Companies Act 2006 and consequently the profit and loss account of the parent undertaking is not presented as part of these financial statements.

Entities in which the group holds an interest on a long term basis and are jointly controlled by the group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

Negative goodwill

Negative goodwill represents the excess of the fair value of the net assets acquired over the fair value of the consideration for the purchase of the entire issued share capital of The Endeavour Trust Limited and Estates & Agency Holdings Limited. Negative goodwill is being credited to the profit and loss account when the relevant non-monetary assets acquired are subsequently sold.

Tangible fixed assets

In accordance with FRS 15 the group will continue to revalue its freehold land and buildings included within other tangible fixed assets on an annual basis.

The cost of tangible fixed assets, other than investment properties, is depreciated by equal annual instalments over the expected useful lives of the assets as follows:

Motor vehicles and Plant and Equipment – 3-6 years

Depreciation is not provided on the freehold buildings occupied by the group, since as a result of their long economic life and high residual value any depreciation charge or accumulated depreciation is not material. A review for impairment in accordance with FRS 11 is undertaken at the end of each reporting period.

Revaluation of tangible fixed assets

Individual freehold properties are carried at market value at the balance sheet date.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

Notes to the financial statements

at 30 June 2014

1. Accounting policies (continued)

Investments properties

Investment properties are accounted for in accordance with SSAP 19 (revised), as follows:

- Investment properties are revalued, on an open market value basis, annually and the surplus or deficit arising is transferred to a revaluation reserve unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account.
- No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years unexpired.

Although the Companies Act 2006 would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation or amortisation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation or amortisation is only one of the many factors reflected in the annual valuation, and the amount, which might otherwise have been shown, cannot be separately identified or quantified.

Investments

Investments held as fixed assets are stated at cost less provision for impairment in value. Current asset investments are held at the lower of cost and net realisable value.

Capitalisation of finance costs

Interest charges incurred on loans specifically attributable to investment properties in the course of development are capitalised gross of tax up to the date of practical completion.

Revenue recognition – rental income

Credit is taken for rent earned in the accounting period on an accruals basis over the lease term. Rent reviews are recognised when such reviews have been agreed with tenants.

Amounts received from former tenants on early exit from a lease agreement are recognised on receipt and included in other operating income.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- 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.

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.

Notes to the financial statements

at 30 June 2014

1. Accounting policies (continued)

Leasing and hire purchase commitments

Assets held under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to income on a straight-line basis over the lease term.

Stock

Stock of work-in-progress relates to property under development.

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2. Turnover

The group operates in one principal area of activity, that of property investment and development.

Group turnover represents rents earned in the accounting period, stated net of value added tax. All income is derived from operations within the United Kingdom.

Group turnover comprises:

	2014 £000	2013 £000
Continuing operations:		
Property rentals	5,242	5,342
Management fees	150	150
	<u>5,392</u>	<u>5,492</u>

3. Other operating income

	2014 £000	2013 £000
Other operating income	<u>163</u>	<u>1,626</u>

Other operating income includes £163,000 (2013 - £nil) in respect of contractually obligated dilapidation costs received from a tenant at the termination of its lease agreement and £nil (2013 - £1,625,000) in respect of amounts received from tenants on early exit from lease agreements. Amounts received from tenants in respect of the early exit from leases is included in cash at bank and explained further in note 19.

4. Operating Profit

This is stated after charging:

		2014 £000	2013 £000
Auditors' remuneration	– audit of the financial statements	10	10
	– audit of subsidiaries	85	81

Notes to the financial statements

at 30 June 2014

	– tax compliance services	47	43
	– other non-audit services	8	6
		<u>150</u>	<u>140</u>
Depreciation	– owned assets	<u>76</u>	<u>82</u>
Impairment of trade investments		421	–
Other administration costs		922	1,002
Staff costs (note 6)		1,064	1,093
Property development costs not capitalised		22	33
		<u>2,429</u>	<u>2,128</u>

5. Directors' remuneration

	2014	2013
	£000	£000
Aggregate remuneration in respect of qualifying services	<u>765</u>	<u>819</u>
Aggregate remuneration of the highest paid director	<u>337</u>	<u>396</u>

The directors of the company are also directors of other group companies and affiliated companies. The directors' remuneration shown above was paid by other group companies. A management charge is made to the related parties (note 31) an element of which is based on time spent fulfilling their duties as directors of the group.

Benefits received have been included in the allocated remuneration amount and directors' interests in transactions with the group are disclosed in note 31 to the financial statements.

6. Staff costs

	2014	2013
	£000	£000
Wages and salaries	941	965
Social security costs	123	128
	<u>1,064</u>	<u>1,093</u>

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

	No.	No.
Property investment	<u>7</u>	<u>7</u>
	<u>7</u>	<u>7</u>

7. Income from fixed assets investments

	2014	2013
	£000	£000
Listed investments	7	13
Other investments	31	21
	<u>38</u>	<u>34</u>

Notes to the financial statements

at 30 June 2014

8. Interest receivable and similar income

	2014 £000	2013 £000
Bank interest receivable	26	11
Interest on loans to joint venture undertakings	561	224
Interest on loans to associate undertakings	16	32
	<u>603</u>	<u>267</u>

9. Interest payable and similar charges

	2014 £000	2013 £000
Interest payable on bank loans and overdrafts	3,265	3,021
Interest due to related party undertakings	10	77
Interest payable on finance leases and hire purchase contracts	1	1
Share of joint venture undertakings interest	7	17
	<u>3,283</u>	<u>3,116</u>

10. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014 £000	2013 £000
Current tax:		
UK corporation tax at 22.5 % (2013 – 23.75%)	17	63
Adjustment in respect of prior years' taxation recoverable	(37)	(38)
Total current tax (note 10(b))	(20)	25
Deferred taxation (note 10(c))	(55)	4
Tax on profit on ordinary activities	<u>(75)</u>	<u>29</u>

Deferred tax:

The deferred taxation charge arises due to:

Origination and reversal of timing differences	(55)	4
	<u>(55)</u>	<u>4</u>

The deferred taxation charge for the year results primarily from the capital allowances in advance of depreciation.

Notes to the financial statements

at 30 June 2014

10. Tax (continued)

(b) Factors affecting the current tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 22.5% (2013 – 23.75%): The differences are explained below:

	2014 £000	2013 £000
Profit/(loss) on ordinary activities before tax	(53)	1,005
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2013 – 23.75%)	(12)	239
<i>Effects of:</i>		
Non-taxable income	(28)	(253)
Expenses not deductible for tax purposes	112	29
Timing differences relating to tangible fixed assets	(91)	158
Capital gains	(78)	–
Capital losses	9	–
Utilisation of tax losses brought forward	(23)	(159)
Tax losses carried forward	129	50
Adjustment in respect of prior years	(38)	(39)
Current tax for the year (note 10(a))	(20)	25

(c) Deferred tax

The movements in the deferred taxation liability during the current year are as follows:

	£000
At 1 July 2013 (note 22)	(251)
Credit for the year (note 10(a))	55
At 30 June 2014 (note 22)	(196)

Deferred taxation assets/(liabilities) provided in the financial statements and the amounts not provided are as follows:

	Provided		Not provided	
	2014 £000	2013 £000	2014 £000	2013 £000
Accelerated capital allowances	(386)	(389)	–	–
Capitalised interest	(402)	(463)	–	–
Short-term timing differences	(225)	(258)	–	–
Tax losses carried forward	817	859	340	327
Capital losses	–	–	159	225
Tax on revalued properties	–	–	(6,906)	(4,644)
	(196)	(251)	(6,407)	(4,092)

Notes to the financial statements

at 30 June 2014

10. Tax (continued)

(d) Deferred tax (continued)

The potential deferred taxation on revaluation surpluses would become payable on disposals of certain investment properties at their revalued amounts. Other properties may be sold at their revalued amounts without giving rise to a taxation liability, since the potential capital gain is eliminated by indexation relief. There are presently no plans to dispose of any investment properties.

Company

There are no deferred tax balances, either provided or not provided for the company.

(e) Factors affecting the future tax charges

The group's current tax charges will benefit to the extent that it is able to utilise losses carried forward. At 30 June 2014 the group has losses carried forward of approximately £6.9 million (2013 – £5.2 million).

The group is able to claim capital allowances in respect of certain items included in the value of investment properties. Since these properties are not subject to depreciation charges the group's current taxation charge will benefit from capital allowances and similar items.

Details of the potential tax impact of selling properties are set out in note 10(c).

In his Budget of 20 March 2013, the Chancellor of the Exchequer proposed a decrease in the rate of UK corporation tax to 20% by 2015. The current rate of 23% reduced to 21% (effective from 1 April 2014) and a further reduction to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the group's future current tax charge accordingly. Deferred tax at 30 June 2014 has been calculated based on the rate of 20% effective from 2015.

11. Profit attributable to members of parent undertaking

In accordance with the exemptions allowed by section 408 of the Companies Act 2006 the company has not presented its own profit and loss account. The result attributable to members of £nil (2013 – £nil) has been dealt with in the financial statements of the company.

12. Negative goodwill

<i>Group</i>	<i>£000</i>
Cost:	
At 1 July 2013 and 30 June 2014	17,612
Amortisation:	
At 1 July 2013 and 30 June 2014	(30)
Net book amount:	
At 1 July 2013 and 30 June 2014	17,582

The negative goodwill has arisen on the acquisition of The Endeavour Trust Limited and its subsidiaries, with effect from 14 July 2000 and the further acquisition of the remaining shares in Estates & Agency Holdings Limited on 26 August 2004.

Where properties are sold an appropriate proportion of negative goodwill (based on the value of the property at the time the negative goodwill arose) is also treated as being disposed of and is included within the calculation of profit on disposal of tangible fixed assets.

Notes to the financial statements

at 30 June 2014

13. Tangible fixed assets – investment properties

<i>Group</i>	<i>Freehold £000</i>	<i>Property under development £000</i>
Valuation:		
At 1 July 2013	116,193	2,118
Additions	839	339
Surplus on revaluation	21,226	–
At 30 June 2014	<u>138,258</u>	<u>2,457</u>

Comparable amounts for properties under the historical cost convention would be:

At 30 June 2014	<u>83,235</u>	<u>2,457</u>
At 1 July 2013	<u>82,396</u>	<u>2,118</u>

The historical cost includes capitalised interest of £942,000 (2013 – £942,000).

The freehold land and buildings have been valued at 30 June 2014 by the directors, having taken advice from chartered surveyors at Levy Real Estate LLP and Glenny LLP (external property advisors). The valuation excluded notional acquisition costs, which were not material.

Property under development relates to amounts incurred in respect of the redevelopment of the company's retail park in Barking, East London as noted in the director's report, and are included at the lower of cost and net realisable value.

14. Tangible fixed assets – other

<i>Group</i>	<i>Freehold land and buildings £000</i>	<i>Plant and Machinery £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost or valuation:				
At 1 July 2013	1,551	337	103	1,991
Additions	–	7	–	7
Disposals	–	–	(24)	(24)
Surplus on revaluation	199	–	–	199
At 30 June 2014	<u>1,750</u>	<u>344</u>	<u>79</u>	<u>2,173</u>
Depreciation:				
At 1 July 2013	–	110	63	173
Charge for year	–	56	20	76
Disposals	–	–	(24)	(24)
At 30 June 2014	<u>–</u>	<u>166</u>	<u>59</u>	<u>225</u>
Net book value:				
At 30 June 2014	<u>1,750</u>	<u>178</u>	<u>20</u>	<u>1,948</u>
At 1 July 2013	<u>1,551</u>	<u>227</u>	<u>40</u>	<u>1,818</u>

Notes to the financial statements

at 30 June 2014

14. Tangible fixed assets – other (continued)

The freehold land and buildings have been valued at 30 June 2014 by the directors, having taken advice from chartered surveyors at Levy Real Estate LLP (external property advisors). The valuation excluded notional acquisition costs, which were not material.

The comparable amount under the historical cost convention would be £1,665,000 (2013 – £1,665,000).

15. Investments

<i>Group</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Listed investments (note 15(a))	148	166
Trade investments (note 15(b))	–	503
	<u>148</u>	<u>669</u>

	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Joint venture undertakings (note 15(d))	<u>725</u>	<u>773</u>

<i>Company</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Subsidiary undertakings (note 15(e))	<u>22,815</u>	<u>22,815</u>

(a) Listed investments

<i>Group</i>	<i>£000</i>
Cost:	
At 1 July 2013	167
Disposals	(19)
At 30 June 2014	<u>148</u>
Provision for impairment in value:	
At 1 July 2013	1
Disposals	(1)
At 30 June 2014	<u>–</u>
Net book value:	
At 30 June 2014	<u>148</u>
At 1 July 2013	<u>166</u>

Notes to the financial statements

at 30 June 2014

15. Investments (continued)

Net book value and market value is analysed as follows:

	2014		2013	
	<i>Net book value</i>	<i>Market value</i>	<i>Net book value</i>	<i>Market value</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Listed in the UK	83	156	101	161
Listed overseas	65	70	65	74
	<u>148</u>	<u>226</u>	<u>166</u>	<u>235</u>

(b) Trade investments

<i>Group</i>	<i>£000</i>
Cost:	
At 1 July 2013	603
Additions	28
Disposals	(110)
At 30 June 2014	<u>521</u>
Provision for impairment in value:	
At 1 July 2013	100
Provision	421
At 30 June 2014	<u>521</u>
Net book value:	
At 30 June 2014	<u>—</u>
At 1 July 2013	<u>503</u>

(c) Associates

Associates comprise unlisted investments as follows:

<i>Name</i>	<i>Nature of business</i>	<i>Ownership</i>	<i>% owned</i>
REP (Maygrove Road) Developments LLP	Property investment	Partnership share	33%
Regal (Sinclair Road) LLP	Property investment	Partnership share	32%
TETW LLP	Musical instrument dealing	Partnership share	20%

The investment values for these entities are nominal amounts.

In addition the group has interests of 25% and 15% in property developments respectively. Legal title to the properties is held in trust for the joint ventures by companies named Riverbee Limited and Wadstone Properties Limited respectively, which are registered in England and Wales.

Notes to the financial statements

at 30 June 2014

15. Investments (continued)

(c) Associates (continued)

Amounts receivable from associates and other investments is made up as follows	£000
At 1 July 2012	6,405
Amounts advanced	3,707
Interest charged	224
Impairment of loans receivable	(200)
At 1 July 2013	10,136
Amounts advanced	364
Interest charged	561
At 30 June 2014	11,061

(d) Shares in joint venture undertakings

<i>Group</i>	£000
Share of net assets:	
At 1 July 2013	773
Share of Profit	25
Dividends received	(125)
Share of surplus on revaluation of investment properties	52
At 30 June 2014	725

Shares held in joint venture undertakings at 30 June 2014 were in the following companies (all of which are registered in England and Wales):

<i>Name</i>	<i>Nature of business</i>	<i>Ownership</i>	<i>% owned</i>
Mullheath Properties Limited	Property investment	Ordinary equity share	25%
Mullheath Estates Limited	Property investment	Ordinary equity share	40%
Plantcreate Limited	Property development	Ordinary equity share	25%

Notes to the financial statements

at 30 June 2014

15. Investments (continued)

Amounts receivable from the group's joint venture undertakings are as follows:

	<i>Total £000</i>
At 1 July 2012	685
Repaid	(440)
Interest charged	33
At 1 July 2013	278
Repaid	(29)
Interest charged	16
At 30 June 2014 (note 17)	<u>265</u>

(e) Shares in subsidiary undertakings

<i>Company</i>	<i>£000</i>
At 1 July 2013 and 30 June 2014	<u>22,815</u>

Shares held in subsidiary undertakings at 30 June 2014 were in the following companies (all of which are registered in England and Wales):

<i>Owned directly:</i>	<i>Nature of business</i>	<i>% of equity share capital owned</i>
The Endeavour Trust Limited	Parent undertaking	100%
<i>Owned by The Endeavour Trust Limited</i>		
Estates & Agency Holdings Limited	Property investment	100%
Embershire Limited	Property dealer	100%
Endeavour (Europe) Limited	Non-trading	100%
<i>Owned by Estates & Agency Holdings Limited</i>		
Estates & Agency Properties Limited	Property investment	100%
Estates & Agency (Westminster) Limited	Property investment	100%
Calder Island Development Company Limited	Property investment	100%
Estates & Agency (Clarges Street) Limited	Property investment	100%
Son et Lumiere (W1) Limited*	Dormant	75%
Estates & Agency Securities Limited	Property dealing	75%
EA Strategic Land LLP	Strategic land development	52%
Estates & Agency (ARP) Limited	Property development	100%

* in addition Estates & Agency Holdings Limited owns 100% of the preference share capital of Son et Lumiere (W1) Limited.

Notes to the financial statements

at 30 June 2014

16. Stock

<i>Group</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Work-in-progress	1,136	456
Musical instruments	78	77
	<u>1,214</u>	<u>533</u>

17. Debtors

	<i>2014</i> <i>£000</i>	<i>Group</i> <i>2013</i> <i>£000</i>	<i>2014</i> <i>£000</i>	<i>Company</i> <i>2013</i> <i>£000</i>
Trade debtors	489	525	–	–
Amounts owned by subsidiary undertakings	–	–	12	–
Amounts owed by associate undertakings (note 15(c))	11,061	10,136	–	–
Amounts owed by joint venture undertakings (note 15(d))	265	278	–	–
Other debtors	108	157	–	–
Prepayments and accrued income	941	439	–	–
	<u>12,864</u>	<u>11,535</u>	<u>12</u>	<u>–</u>

Amounts owed by associate undertakings fall due after more than one year.

18. Current investments

<i>Group</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£00</i>
Listed investments at lower of cost and net realisable value	<u>68</u>	<u>198</u>

The market value of the listed investments at 30 June 2014 was £160,000 (2013 – £340,000).

19. Cash at bank

Group

Included in cash at bank are deposits of £1,787,000 (2013 – £1,744,000) in respect of the early exit from leases. These amounts are held in separate bank accounts and the company's bankers, who hold sole signing rights, reserve the right to restrict the transfer of these amounts.

Cash at bank also includes £656,000 (2013 – £649,000) which relates to tenant deposits and £1,430,000 (2013 – £1,711,000) which relates to amounts received from tenants in respect of service charges and are restricted to this use. A corresponding liability for these amounts is included in other creditors.

Notes to the financial statements

at 30 June 2014

20. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade creditors	217	313	–	–
Taxation and social security costs	338	447	–	–
Other creditors	3,153	2,550	–	–
Accruals and deferred income	3,045	2,903	–	–
Amounts owed to subsidiary undertakings	40	–	8,236	8,224
Hire purchase	8	11	–	–
Corporation tax	4	33	–	–
	<u>6,805</u>	<u>6,257</u>	<u>8,236</u>	<u>8,224</u>

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

<i>Group</i>	2014	2013
	£000	£000
Bank loans (secured)	56,840	52,840
Directors loans	5,000	5,000
Accruals and deferred income	165	268
Amounts owed to related parties	482	299
	<u>62,847</u>	<u>58,407</u>

The bank loan at 30 June 2014 is of £50,000,000 (nominal) (2013 – £50,000,000) which is secured primarily by a fixed charge over freehold investment properties, stated in the financial statements at £108,000,000 (2013 – £92,000,000), owned by Estates & Agency Properties Limited. This loan is repayable on 15 July 2016 and bears interest at a fixed rate of 6.0265% per annum.

The group incurred costs relating to the raising of this loan. These are being amortised over the term of the loan. At 30 June 2014 deferred issue costs of £110,000 (2013 – £160,000) are offset against the carrying amount of this loan, which is consequently stated at a net amount of £49,890,000 (2013 – £49,840,000).

In October 2012, Estates & Agency Holdings Limited entered into a facility from DB UK Bank Limited and drew down £3,000,000. In March 2014 this loan was repaid and a new facility with DB UK Limited was obtained by Estates & Agency Holdings Limited in the sum of £6,950,000. This new loan is secured by a fixed legal charge over an investment property owned by Estates & Agency Holdings Limited and also by guarantees, debentures and fixed legal charges over investment properties owned by Estates & Agency (Westminster) Limited and Calder Island Development Company Limited respectively, which companies are consolidated in these financial statements.

Estates & Agency Holdings Limited fully drew down on this facility and at the balance sheet date £6,950,000 (2013 - £3,000,000) was outstanding in respect of this loan. This loan has a fixed charge over certain of the properties of the group, stated in the financial statements at £22,750,000 (2013 – £17,500,000).

On 29 March 2012, two directors of the company granted a £5,000,000 facility to Estates & Agency Holdings Limited expiring on 31 December 2016. At the balance sheet date Estates & Agency Holdings Limited owed £5,000,000 (2013 - £5,000,000) in respect of this loan facility. The amounts are secured by a floating charge over all assets of the Estates & Agency Holdings Limited. This security is subordinated to the security given under DB UK Bank Limited loan agreement.

Notes to the financial statements

at 30 June 2014

22. Provisions for liabilities

Deferred tax (note 10(c))

	<i>Group</i> £000	<i>Company</i> £000
At 1 July 2013	251	—
Arising during the year	(55)	—
At 30 June 2014	<u>196</u>	<u>—</u>

23. Maturity of borrowings

Group

	<i>2014</i> £000	<i>2013</i> £000
Within 2-5 years	61,840	57,840
In five years or more	—	—
	<u>61,840</u>	<u>57,840</u>

Consisting of:

	<i>2014</i> £000	<i>2013</i> £000
Bank loans repayable after more than one year	56,840	52,840
Directors loans repayable after more than one year	5,000	5,000
	<u>61,840</u>	<u>57,840</u>

24. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2014</i> £000	<i>No.</i>	<i>2013</i> £000
Ordinary shares of £1 each	158,002	<u>158</u>	158,002	<u>158</u>

Notes to the financial statements

at 30 June 2014

25. Movements on reserves

<i>Group</i>	<i>Share premium account £000</i>	<i>Revaluation reserve £000</i>	<i>Profit and loss account £000</i>
At 1 July 2013	14,420	28,500	17,086
Surplus on revaluation of investment properties	–	21,226	–
Surplus on revaluation of freehold properties	–	199	–
Share of surplus on revaluation of properties of joint ventures	–	52	–
Share of joint venture transfer between revaluation reserve and profit and loss account	–	(82)	82
Profit for the year	–	–	71
At 30 June 2014	<u>14,420</u>	<u>49,895</u>	<u>17,239</u>

The revaluation reserve relates to:

	<i>2014 £000</i>	<i>2013 £000</i>
Investment properties:		
Group	49,661	28,385
Joint venture	241	271
	<u>49,902</u>	<u>28,656</u>
Other properties	(7)	(156)
	<u>49,895</u>	<u>28,500</u>

<i>Company</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>
At 1 July 2013	14,420	19
Profit for the year	–	–
At 30 June 2014	<u>14,420</u>	<u>19</u>

Notes to the financial statements

at 30 June 2014

26. Reconciliation of shareholders' funds

<i>Group</i>	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Total recognised gains and losses during the year	21,548	10,847
Opening shareholders' funds	60,164	49,317
Closing shareholders' funds	81,712	60,164
<i>Company</i>	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
There were no recognised gains and losses during the year.		
Opening shareholders' funds	14,597	14,597
Closing shareholders' funds	14,597	14,597

27. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Group operating profit	2,520	4,068
Depreciation	76	82
Decrease/(increase) in trade and other debtors	(417)	228
Increase/(decrease) in creditors, accruals and deferred income	470	(410)
Net cash inflow from operating activities	2,649	3,968

(b) Analysis of net debt

	<i>At</i>		<i>Non-cash</i>	<i>At</i>
	<i>1 July</i>	<i>Cash flow</i>	<i>transactions</i>	<i>31 June</i>
	<i>2013</i>			<i>2014</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Cash	7,720	2,328	–	10,048
Short term deposits*	900	(101)	–	799
Debt due after one year	(57,840)	(3,950)	(50)	(61,840)
	(49,220)	(1,723)	(50)	(50,993)

*Short term deposits are included within cash at bank and in hand in the balance sheet. These comprise treasury deposits with a maturity not exceeding 3 months and are classified as liquid resources in the group statement of cash flows.

Notes to the financial statements

at 30 June 2014

27. Notes to the statement of cash flows (continued)

(c) Non-cash transactions

Non-cash transactions affecting net debt comprise:

	<i>Increase in net debt</i>	
	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Amortisation of deferred issue costs	(50)	(48)

28. Contingent liabilities

The group had provided assets as security against a loan from HSBC of £7,002,000 (2013 - £3,721,000) to REP (Maygrove Road) Developments LLP, in which the company's parent undertaking is a member. In addition to fixed and floating charges over the investment properties of REP (Maygrove Road) Developments LLP, this was secured by way of a first legal charge over investment properties with a book value of £8,100,000 (2013 - £7,550,000) owned by the group's subsidiaries Calder Island Development Company Limited and Estates & Agency (Westminster) Limited and debentures including, but not limited to, a floating charge over all the assets of both companies. This security was released during the year.

On 2 May 2013, Estates & Agency Holdings Limited guaranteed the development obligations of Estates & Agency (ARP) Limited under an Agreement for lease between Estates & Agency Properties Limited, as owner, Estates & Agency (ARP) Limited, as developer, and Sainsbury's Supermarkets Limited in respect of the development and lease of part of the Abbey Retail Park site in Barking.

The Group has fully drawn down a facility from Barclays Bank plc which has an embedded interest rate swap based on a notional amount of £50,000,000 which swaps variable interest rates to a fixed rate. In the event that any part of the loan is repaid prior to its maturity date in July 2016, the Group will be required to pay the cost of breaking that part of the swap calculated by reference to the prevailing interest rates at that date. The date of any early repayment and the prevailing interest rate at any such date are uncertain. Therefore it is not possible to make a reliable estimate of the contingent liability in this regard.

29. Capital commitments

Amounts contracted for but not provided in the group financial statements amounted to £2,300,000 (2013 - £nil).

30. Events since the balance sheet date

On 15 January 2015, in accordance with the terms of the loan of £50 million from Barclays Bank, sums totalling £1,378,000, which had previously been paid by tenants who wished to make an early exit from their respective leases, were utilised to repay part of the loan. As a result the amount now outstanding is £48,622,000.

On 16 January 2015 the Group sold an investment property for a consideration of £2,825,000. The carrying value of the property at the balance sheet date was £2,850,000. The security on this property has been released without any repayment of the loan being required.

On 27 February 2015 the lease with Halfords Limited, whereby they occupied a building on the Abbey Retail Park Barking, Essex was surrendered in return for the payment to Halfords Limited by the Group of £2,300,000 (excluding VAT).

Notes to the financial statements

at 30 June 2014

30. Events since the balance sheet date (continued)

On 18 March 2015 the Group entered into an agreement with Willmott Dixon Regen Limited for the sale of part of the southern part of the Abbey Retail Park site. The agreement is subject to planning permission for residential development being granted and the price to be paid for the site will be determined by the number of residential units for which planning permission is granted.

31. Related party transactions

The company has taken advantage of the exemption in FRS 8 with respect to disclosure of related party transactions with group companies as 100% of the voting rights are controlled within the group.

A subsidiary company received management fees of £150,000 (2013 – £150,000) from The Endeavour Investment Company Limited, a company of which S M Rosefield is a director.

The group is a 52% partner in EA Strategic Land LLP, a property development partnership registered in England and Wales which is consolidated within the group. The Endeavour Investment Company Limited has a 28% holding in EA Strategic Land LLP and is therefore considered to be a related party. During the year additional loans were made to EA Strategic Land LLP by The Endeavour Investment Company Limited of £173,000 (2013 - £71,000) and £10,000 (2013 - £6,000) interest was accrued. The balance outstanding at the year-end is £482,000 (2013 – £299,000).

The group is a 32% partner in Regal (Sinclair Road) LLP, a property investment partnership registered in England and Wales. Additional loans were made to Regal (Sinclair Road) LLP of £242,000 (2013 - £435,000) during the year and interest was earned amounting to £141,000 (2013 - £126,000). The balance outstanding at the year-end is £4,588,000 (2013 – £4,206,000).

The group is a 33% partner in REP (Maygrove Road) Developments LLP, a property investment partnership registered in England and Wales. Additional loans of £72,000 (2013 - £3,128,000) were made to REP (Maygrove Road) Developments LLP during the year and interest was earned on the loan amounting £420,000 (2013 - £98,000). The balance outstanding at the year-end is £6,207,000 (2013 – £5,715,000). In addition, the group has pledged assets as security over the HSBC loan to REP (Maygrove Road) Developments LLP as described in the contingent liabilities note above.

The group is a 20% partner in TETW LLP, a partnership dealing in musical instruments, registered in England and Wales. Further loans were made to TETW LLP of £46,000 (2013 - £93,000) during the year and £3,000 (2013 - £3,000) of profits was distributed into partner loan financial statements. The balance outstanding at the year-end is £265,000 (2013 – £216,000).

Loans totalling £5,000,000 (2013 – £5,000,000) are due to J S I Rosefield and S M Rosefield, directors of the company, and are included in creditors amounts due after more than one year. Interest totalling £150,000 (2013 – £71,000) has been charged on these loans during the year and the balance outstanding in respect of interest accrued at the year end is £88,000 (2013 - £88,000).

32. Ultimate controlling party

There is no ultimate controlling party.