

Company Registration No. 03998170 (England and Wales)

**THE ENDEAVOUR COMPANY HOLDINGS
LIMITED**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019**

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THE ENDEAVOUR COMPANY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J S I Rosefield S M Rosefield
Secretary	E Chong
Company number	03998170
Registered office	33 Ely Place London EC1N 6TD United Kingdom
Auditor	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham West Midlands B2 5AF

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the Strategic Report for the year ended 30 June 2019.

Fair review of the business

The principal activity of the group is property investment and development carried on in the United Kingdom. There has been no change in the group's activities in the year under review and the group continues actively to manage its property portfolio. The principal activity of the company is that of a holding company.

Gross income from investment properties for the year to 30 June 2019 was £7,988,000 compared to £6,470,000 for the year ended 30 June 2018. The profit for the year under review after taxation was £7,662,000 compared to £8,029,000 for the year ended 30 June 2018.

The group's investment properties were valued by the directors as at 30 June 2019 based on the advice of the group's professional advisers, Levy LLP at £206,137,000 (2018: £190,023,000). The shareholder funds of the group as at 30 June 2019 were £145,836,000 (2018: £137,776,000). The gearing ratio (defined as borrowings expressed as a percentage of shareholders' funds plus the borrowings) was 29.1% (2018: 29.8%).

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.

The impact of Covid 19 on yields remains uncertain and although the Directors consider that there has been and will continue to be some impact, they are of the view that this is unlikely to be substantial in particular given that the majority of the group's property portfolio is well located in Central London.

Tenant credit risk

As a result of Covid 19, arrangements have been agreed with the substantial majority of the group's tenants to try and ensure the long-term maintenance and stability of rental income. Although these arrangements will have an impact on rental income in the latter part of the year to 30 June 2020 and the initial part of the year to 30 June 2021, the Directors believe that the rental income for these periods will, in the circumstances, be satisfactory and, in particular, will enable the group to meet its obligations under its financing arrangements.

Loan covenant compliance and financing

During the period the group was primarily financed by a £60,000,000 facility from Barclays Bank plc comprised of a fixed term loan of £50,000,000 and a revolving facility of £10,000,000 both repayable in July 2020. At the year end, £7,601,000 was drawn down on the revolving facility. The loan agreement contained loan to value, historic interest and projected interest covenants. All covenants were fully met throughout the year and, indeed, have been throughout the duration of the facility.

On 30 June 2020 the group refinanced its borrowings with the Aviva Group and Barclays Bank plc by taking a £30,000,000 12 year fixed term facility from the Aviva Group and a £30,000,000 one year facility from Barclays Bank plc, which latter facility is guaranteed by Estates & Agency Holdings Limited. The Directors consider that these new facilities will be sufficient to meet the group's working capital requirements. Accordingly, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

In accordance with the unconditional contract for the sale of the remainder of the group's property known as the Abbey Retail Park, Abbey Road, Barking IG11, it is anticipated that completion will take place prior to the expiry of the new facility with Barclays Bank plc which will enable the group to repay a substantial part of the new Barclays Bank plc borrowing.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Interest rates

During the period and prior to 30 June 2020, the group's properties were financed by way of a £60,000,000 facility with Barclays Bank plc as referred to above. Interest was payable on the £50,000,000 fixed term part of that facility at a fixed rate 3.19% as to £37,500,000. There was an interest cap in relation to £12,500,000 of the fixed term facility which expired on 16 July 2018. The remaining £10,000,000 revolving part of that facility was at a variable rate.

The interest on the new facility from the Aviva Group is fixed at 2.1%. The interest on the new one year facility from Barclays Bank plc is at a the aggregate rate of 2.10% and 3 month LIBOR.

Key performance indicators

The key financial and other performance indicators during the year were as follows:

	2019 £'000	2018 £'000	% change
Turnover	7,988	6,470	23.45%
Operating profit excluding revaluation of investment properties	3,997	1,468	172.28%
Gain on revaluation of investment properties	8,336	6,445	29.34%
Market value of investment properties	206,137	190,023	8.48%
Shareholder funds	145,838	137,776	5.85%
Borrowings	59,965	58,598	2.33%
Gearing (borrowings/borrowings plus shareholder funds)	29.1%	29.8%	(2.35%)

Future developments

In the prevailing economic and political climate, both the prospects and the anticipated levels of rental income for the coming year are satisfactory.

The group maintains a policy of active management of its property portfolio so as to ensure as far as possible that the level of rental income remains satisfactory.

As well as Covid 19, Brexit remains something of an issue of concern. The Directors will be monitoring both the Covid 19 and Brexit situations as they progress.

By order of the board



J S I Rosefield

Director

Date: 30 June 2020

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J S I Rosefield
S M Rosefield

Results and dividends

The results for the year are set out on page 7.

No dividends were paid. The directors do not recommend payment of a further dividend.

Charitable donations

During the year the group made gifts for charitable purposes amounting to £38,000 (2018: £38,000).

Post balance sheet events

Events after the reporting date have been disclosed in note 35.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch.7 to be contained in the directors' report. It has done so in respect of future developments and principal risks and uncertainties.

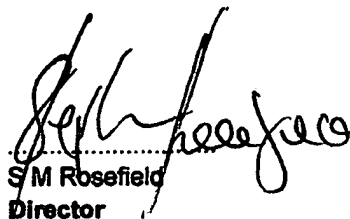
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



E Chong
Secretary


S M Rosefield
Director

Date: 30 June 2020

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

The directors are responsible for preparing the Strategic Report and the 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 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ENDEAVOUR COMPANY HOLDINGS LIMITED

Opinion

We have audited the financial statements of The Endeavour Company Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ENDEAVOUR COMPANY HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rsm UK Audit LLP

Ian Wall (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

West Midlands, B2 5AF

30 June 2020.....

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	7,988	6,470
Cost of sales		(217)	(123)
Gross profit		7,771	6,347
Administrative expenses		(3,848)	(3,228)
Other operating income		74	6
Gain on revaluation of investment properties		8,336	6,445
Impairment loss on other investments		-	(1,657)
Operating profit	6	12,333	7,913
Share of results of associates and joint ventures		164	824
Interest receivable and similar income	8	320	910
Interest payable and similar expenses	9	(1,942)	(1,809)
Other gains and losses	10	33	142
Loss on investment property transactions	11	-	(387)
Profit before taxation		10,908	7,593
Tax on profit	12	(3,246)	436
Profit for the financial year		7,662	8,029
Profit for the financial year is attributable to:			
- Owners of the parent company		8,060	8,086
- Non-controlling interests		(398)	(57)
		7,662	8,029
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		8,060	8,086
- Non-controlling interests		(398)	(57)
		7,662	8,029

THE ENDEAVOUR COMPANY HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2019**

		2019	2018
	Notes	£'000	£'000
Fixed assets			
Negative goodwill	13	(14,520)	(14,520)
Other intangible assets	13	5	7
Total intangible assets		(14,515)	(14,513)
Tangible assets	14	2,550	2,563
Investment properties	15	206,137	190,023
Investments	16	10,428	8,689
		204,600	186,762
Current assets			
Stocks	19	8,963	8,286
Debtors falling due after more than one year	20	2,484	1,403
Debtors falling due within one year	20	1,901	2,862
Investments	21	738	616
Cash at bank and in hand		11,705	19,772
		25,791	32,939
Creditors: amounts falling due within one year	23	(6,945)	(7,124)
Net current assets		18,846	25,815
Total assets less current liabilities		223,446	212,577
Creditors: amounts falling due after more than one year	24	(65,878)	(64,047)
Provisions for liabilities	27	(12,657)	(11,281)
Net assets		144,911	137,249
Capital and reserves			
Called up share capital	29	158	158
Share premium account	30	14,420	14,420
Revaluation reserve	30	101,000	93,877
Profit and loss reserves	30	30,258	29,321
Equity attributable to owners of the parent company		145,836	137,776
Non-controlling interests		(925)	(527)
		144,911	137,249

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

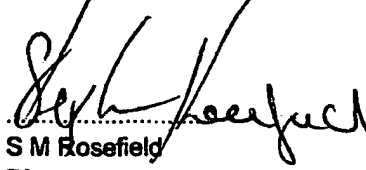
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2019

The financial statements were approved by the board of directors and authorised for issue on 30 June 2020
and are signed on its behalf by:



J S I Rosefield
Director




S M Rosefield
Director

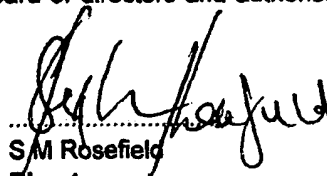
THE ENDEAVOUR COMPANY HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2019**

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments	16	22,815	22,815
Current assets			
Debtors	20	10	3
Cash at bank and in hand		3	14
		<u>13</u>	<u>17</u>
Creditors: amounts falling due within one year	23	<u>(8,260)</u>	<u>(8,233)</u>
Net current liabilities		<u>(8,247)</u>	<u>(8,216)</u>
Total assets less current liabilities		<u>14,568</u>	<u>14,599</u>
Capital and reserves			
Called up share capital	29	158	158
Share premium account	30	14,420	14,420
Profit and loss reserves	30	(10)	21
Total equity		<u>14,568</u>	<u>14,599</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £31,000 (2018: £12,000).

The financial statements were approved by the board of directors and authorised for issue on 30 June 2020 and are signed on its behalf by:


J S I Rosefield
Director


S M Rosefield
Director

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss reserves £'000	Total controlling interest £'000	Non- controlling interest £'000	Total £'000
Balance at 1 July 2017	158	14,420	88,026	27,086	129,690	(587)	129,103
Year ended 30 June 2018:							
Profit and total comprehensive income for the year	-	-	-	8,086	8,086	(57)	8,029
Transfers	-	-	5,851	(5,851)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	117	117
Balance at 30 June 2018	158	14,420	93,877	29,321	137,776	(527)	137,249
Year ended 30 June 2019:							
Profit and total comprehensive income for the year	-	-	-	8,060	8,060	(398)	7,662
Transfers	-	-	7,123	(7,123)	-	-	-
Balance at 30 June 2019	158	14,420	101,000	30,258	145,836	(925)	144,911

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 July 2017	158	14,420	33	14,611
Year ended 30 June 2018:				
Loss and total comprehensive income for the year	-	-	(12)	(12)
Balance at 30 June 2018	158	14,420	21	14,599
Year ended 30 June 2019:				
Loss and total comprehensive income for the year	-	-	(31)	(31)
Balance at 30 June 2019	158	14,420	(10)	14,568

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Notes	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	31	1,291	5,931
Interest paid		(1,975)	(1,859)
Corporation taxes refunded/(paid)		666	(3,798)
Net cash (outflow)/inflow from operating activities		(18)	274
Investing activities			
Purchase of intangible assets		-	(9)
Purchase of tangible fixed assets		(23)	(38)
Proceeds on disposal of tangible fixed assets		16	-
Purchase of investment property		(7,778)	(11,227)
Payments on disposal of investment property		-	(413)
Purchase of other investments		(100)	-
Interest received		390	445
Purchase of fixed asset investments		(1,794)	(9,117)
Net cash used in investing activities		(9,289)	(20,359)
Financing activities			
Proceeds from new borrowings		1,240	1,761
Repayment of bank loans		-	(3,001)
Net cash generated from/(used in) financing activities		1,240	(1,240)
Net decrease in cash and cash equivalents		(8,067)	(21,325)
Cash and cash equivalents at beginning of year		19,772	41,097
Cash and cash equivalents at end of year		11,705	19,772

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

The Endeavour Company Holdings Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 33 Ely Place, London, EC1N 6TD, United Kingdom.

The group consists of The Endeavour Company Holdings Limited and all of its subsidiaries, joint ventures and associated investments.

The company's and the group's principal activities and nature of its operations are disclosed in the Strategic Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company and group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Reduced disclosure

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in these financial statements.

Basis of consolidation

The consolidated financial statements incorporate those of The Endeavour Company Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All references to the parent company of this group in the primary statements of these statutory accounts refer to The Endeavour Company Holdings Limited.

All financial statements are made up to 30 June 2019.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies (Continued)

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

On 30 June 2020, the group refinanced its borrowings with the Aviva Group and Barclays Bank plc. The facility with the Aviva Group is for £30,000,000 for a fixed period of 12 years and the facility with Barclays Bank plc for £30,000,000 is for a one-year period. This latter facility is guaranteed by Estates & Agency Holdings Limited.

By the time of the expiry of the new facility with Barclays Bank plc, it is anticipated that completion will have taken place for the sale of the remainder of the group's site known as Abbey Retail Park, Abbey Road, Barking in accordance with the unconditional contract entered into in January 2018. This will enable the group to repay a substantial part of the group's new borrowing from Barclays Bank plc as referred to above.

The Directors consider that these new facilities will be sufficient to meet the group's working capital requirements. Accordingly, the Directors continue to adopt the going concern basis in preparing the Financial Statements

Turnover

Turnover is recognised at the fair value of the consideration received or receivable and is shown net of VAT and other sales related taxes.

Rental income from operating leases is included in the financial statements on a straight-line basis over the lease term.

Lease incentives are recognised over the lease term.

Sale of sites held to obtain inclusion in a development plan and/or planning permission are included in turnover and represent the value of legally completed sales during the period.

Intangible fixed assets - goodwill

The negative goodwill has arisen on the acquisition of The Endeavour Trust Limited and its subsidiaries. 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.

Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	4 years
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	At valuation
Plant and equipment	3 - 6 years
Motor vehicles	3 - 6 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluation gains and losses are recognised in profit and loss and transferred to the revaluation reserve, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Investment property under development is held at the lower of cost and net realisable value.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Undertakings in which the group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 30 June.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the group.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies (Continued)

Dividends received from the associate reduce the carrying amount of the investment.

Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the group has an obligation or has made payments on behalf of the associate.

Interests in other investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Fair value gains and losses are recognised in profit or loss. The group had a put option in respect of its unsecured convertible loan stock, at inception and at the year end its fair value was £nil.

Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Work in progress relates to property under development and is held at the lower of cost and net realisable value. The costs incurred acquiring interest in sites including the freehold of one of the sites previously under option, included as work in progress in the balance sheet. Costs incurred in investing sites and which no longer have potential have been written off in the profit and loss.

Stock of finished goods relate to musical instruments held at the lower of cost and net realisable value.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies (Continued)

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For investment properties measured at fair value, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

2 Judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and key sources of estimation have had the most significant effect on amounts recognised in the financial statements:

Fair value determination of investment properties

The valuation of the group's investment property is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the company places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market.

The group and company's investment properties are subsequently fair valued by the directors having taken professional valuation advice from independent and qualified valuers, Levy LLP, Chartered Surveyors. The value was derived on an open market existing use basis.

The investment property valuation contain a number of assumptions upon which the directors have based their valuation of the group's properties as at 30 June 2019. The assumptions on which their assessment has been based include, but are not limited to, matters such as the tenure and tenancy details for the property, ground conditions at the property, the structural condition of the property, prevailing market yields and comparable market transactions. These assumptions are market standard and accord with the Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards 2012. However, if any assumptions made by the property valuers prove to be inaccurate, this may mean that the value of the group's investment properties differs from their valuation, which could have material effect on the group's financial position. At 30 June 2019 the value of the investment properties in the group amounted to £206,137,000 (2018: £190,023,000).

Property under development is stated at the lower of cost and net realisable value (NRV)

NRV for completed development property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the group, based on comparable transactions identified by the group for properties in the same geographical market.

NRV in respect of development property under construction is assessed with reference to market price at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion. At 30 June 2019 the value in respect of development property under construction in the group amounted to £21,153,000 (2018: £21,113,000).

Estimation of derivative financial instruments

The group carries its derivative financial instruments at fair value, with changes in fair value being recognised in profit or loss. At 30 June 2019 the value of the derivative financial instruments amounted to a liability of £389,000 (2018: £571,000).

3 Turnover and other revenue

	2019 £'000	2018 £'000
Turnover analysed by class of business		
Property investment and development	7,988	6,470

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

3 Turnover and other revenue (Continued)

	2019 £'000	2018 £'000
Turnover analysed by geographical market		
United Kingdom	7,988	6,470
	<u> </u>	<u> </u>

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Employees	12	12	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Wages and salaries	1,627	1,537	-	-
Social security costs	194	209	-	-
Pension costs	5	2	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,826	1,748	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	951	893
	<u> </u>	<u> </u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £'000	2018 £'000
Remuneration for qualifying services	495	464
	<u> </u>	<u> </u>

Directors' remuneration disclosure for the year ended 30 June 2018 has been updated to reflect inclusion of benefits in kind.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

6 Operating profit

	2019 £'000	2018 £'000
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	32	38
Profit on disposal of tangible fixed assets	(1)	-
Amortisation of intangible assets	2	2
Operating lease charges	3	-
	<u> </u>	<u> </u>

7 Auditor's remuneration

	2019 £'000	2018 £'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	5	6
Audit of the financial statements of the company's subsidiaries	88	71
	<u> </u>	<u> </u>
	93	77
	<u> </u>	<u> </u>

8 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest income		
Interest on bank deposits	36	38
Other interest income	5	4
	<u> </u>	<u> </u>
Total interest revenue	41	42
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	182	570
	<u> </u>	<u> </u>
	223	612
Income from fixed asset investments		
Income from participating interests - associates	33	246
Income from other fixed asset investments	64	52
	<u> </u>	<u> </u>
Total income	320	910
	<u> </u>	<u> </u>

Income from other fixed asset investments relates to dividends received from associates.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

9 Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest on bank overdrafts and loans	1,790	1,664
Other interest	152	145
Total finance costs	<u>1,942</u>	<u>1,809</u>

10 Other gains and losses

	2019 £'000	2018 £'000
Change in value of financial assets held at fair value through profit or loss	<u>33</u>	<u>142</u>

Included with changes in value of financial assets held at fair value through profit and loss is the gain on revaluation of fixed assets of £11,000 (2018: £110,000), gain on fair value of listed investments of £22,000 (2018: £2,000) and other gains and losses of £nil (2018: £30,000).

11 Loss on investment property transactions

	2019 £'000	2018 £'000
Loss on investment property transactions	<u>-</u>	<u>(387)</u>

The loss on investment property transaction in 2018 arose from additional fees on disposal in relation to the sale of the southern part of Abbey Retail Park in 2017.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

12 Taxation

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the current period	365	309
Adjustments in respect of prior periods	1,505	(393)
Total current tax	1,870	(84)
Deferred tax		
Origination and reversal of timing differences	1,799	893
Changes in tax rates	(172)	(1,236)
Adjustment in respect of prior periods	(251)	(9)
Total deferred tax	1,376	(352)
Total tax charge/(credit) for the year	3,246	(436)

The total tax charge/(credit) for the year included in the Statement of Comprehensive Income can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit before taxation	10,908	7,593
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	2,073	1,443
Tax effect of expenses that are not deductible in determining taxable profit	137	273
Tax effect of income not taxable in determining taxable profit	(249)	(1,015)
Adjustments in respect of prior years	1,254	(402)
Other timing difference	62	410
Adjustments to deferred tax rate	(172)	(1,236)
Deferred tax not recognised	141	91
Taxation charge/(credit) for the year	3,246	(436)

A reduction of the main rate of corporation tax from 19% to 17%, with effect from 1 April 2020, was substantively enacted on 15 September 2017. The company has therefore measured its UK deferred tax liabilities at the end of the reporting period at 17%. A pledge to increase the rate of corporation tax to 19% was made in December 2019 and deferred tax rates will be updated if this rate is enacted.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

13 Intangible fixed assets

Group	Negative goodwill £'000	Software £'000	Total £'000
Cost			
At 1 July 2018 and 30 June 2019	(17,612)	9	(17,603)
Amortisation and impairment			
At 1 July 2018	(3,092)	2	(3,090)
Amortisation charged for the year	-	2	2
At 30 June 2019	(3,092)	4	(3,088)
Carrying amount			
At 30 June 2019	(14,520)	5	(14,515)
At 30 June 2018	(14,520)	7	(14,513)

The company had no intangible fixed assets at 30 June 2019 or 30 June 2018.

The negative goodwill has arisen on the acquisition of The Endeavour Trust Limited and its subsidiaries. Where properties are sold an appropriate proportion of negative goodwill (based on the value of the properties 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.

Amortisation is recognised within administrative expenses.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

14 Tangible fixed assets

Group	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 July 2018	2,474	353	118	2,945
Additions	14	9	-	23
Disposals	-	-	(31)	(31)
Revaluation	11	-	-	11
At 30 June 2019	2,499	362	87	2,948
Depreciation and impairment				
At 1 July 2018	-	292	90	382
Depreciation charged in the year	-	24	8	32
Eliminated in respect of disposals	-	-	(16)	(16)
At 30 June 2019	-	316	82	398
Carrying amount				
At 30 June 2019	2,499	46	5	2,550
At 30 June 2018	2,474	61	28	2,563

The company had no tangible fixed assets at 30 June 2019 or 30 June 2018.

Following initial recognition of the group's properties at historical costs, they were subsequently revalued on the same basis as set out for investment properties in note 15.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Cost	1,703	1,689	-	-
Accumulated depreciation	(946)	(912)	-	-
Carrying value	757	777	-	-

Accumulated depreciation for the historical cost calculation is calculated at 2% per annum on a straight line basis.

The historical cost included capitalised interest of £203,000 (2018: £203,000).

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

15 Investment property

	Group 2019 £'000	Company 2019 £'000
Fair value		
At 1 July 2018	190,023	-
Additions through external acquisition	7,778	-
Net gains or losses through fair value adjustments	8,336	-
	<u> </u>	<u> </u>
At 30 June 2019	206,137	-
	<u> </u>	<u> </u>

Following initial recognition the group's investment properties are subsequently fair valued by the directors having taken professional valuation advice from independent and qualified valuers, Levy LLP, Chartered Surveyors. The value was derived on an open market existing use basis.

This involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Deemed cost	75,555	67,777	-	-
Accumulated depreciation	(20,547)	(19,056)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount	55,008	48,721	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Accumulated depreciation for the historical cost calculation is calculated at 2% per annum on a straight line basis.

Included within investment properties is £21,153,000 (2018: £21,113,000) of property under development. Property under development relates to amounts incurred in respect of the proposed redevelopment and the proposed sale of the group's property at Abbey Retail Park in Barking, East London. On 24 January 2018, the group entered into an agreement with a residential development company, conditional upon obtaining planning permission, to sell its remaining land at Abbey Retail Park, Barking. The property has not been revalued for the year ended 30 June 2019 during the course of its development. However the fair value valuation was used to consider any indicators of impairment and no such indicators are present.

The group had capital commitments in respect of development of investment property of £26,000 (2018: £8,000,000).

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

16 Fixed asset investments

	Notes	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Investments in subsidiaries	17	-	-	22,815	22,815
Investments in associates	18	728	816	-	-
Loans to associates	18	2,240	413	-	-
Other investments		7,460	7,460	-	-
		<u>10,428</u>	<u>8,689</u>	<u>22,815</u>	<u>22,815</u>

Movements in fixed asset investments

Group	Shares in group undertakings and participating interests £'000	Loans to group undertakings and participating interests £'000	Other investments £'000	Total £'000
Cost or valuation				
At 1 July 2018	816	413	9,117	10,346
Additions	-	1,794	-	1,794
Share of results from associates	164	-	-	164
Interest charged	-	33	-	33
Dividends	(252)	-	-	(252)
At 30 June 2019	<u>728</u>	<u>2,240</u>	<u>9,117</u>	<u>12,085</u>
Impairment				
At 1 July 2018 and 30 June 2019	<u>-</u>	<u>-</u>	<u>1,657</u>	<u>1,657</u>
Carrying amount				
At 30 June 2019	<u>728</u>	<u>2,240</u>	<u>7,460</u>	<u>10,428</u>
At 30 June 2018	<u>816</u>	<u>413</u>	<u>7,460</u>	<u>8,689</u>

Other investments

Group

During the year ended 30 June 2018, the group acquired £7,000,000 unquoted B ordinary shares and £2,000,000 unsecured convertible loan notes in an unrelated undertaking, and capitalised fees of £117,032.

The company has agreed with Oaknorth Bank Plc on demand to pay the liabilities owing by that undertaking and has secured that obligation by a charge over its shares in such undertaking. The company's liability is limited to the realisable value of the shares charged.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

16 Fixed asset investments

(Continued)

Movements in fixed asset investments

Company

**Shares in
group
undertakings
£'000**

Cost or valuation

At 1 July 2018 and 30 June 2019

22,815

Carrying amount

At 30 June 2019

22,815

At 30 June 2018

22,815

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

17 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Calder Island Development Company Limited	See below	Provision of funding to group undertakings	Ordinary shares	-	100.00
E&A Investment Company Holdings Limited	See below	Hold investment in shares or other financial instruments in a private company which invests in the residential property market	Ordinary shares	-	83.33
E&A Property Investment Company Limited	See below	Property investment	Ordinary shares	-	100.00
E&A Securities (Saffron Hill) Limited	See below	Acquisition, refurbishment and letting of investment property	Ordinary shares	-	75.00
E&A Securities (Whitstable) Limited	See below	Acquisition, refurbishment and letting of investment property	Ordinary shares	-	75.00
EA Strategic Land LLP	See below	Acquire, promote, invest in or trade in sites and buildings	Partnership share	-	52.00
Embershire Limited	See below	Financing its joint ventures, primarily in the residential property sector	Ordinary shares	-	100.00
Estates & Agency (Clarges Street) Limited	See below	Property investment	Ordinary shares	-	100.00
Estates & Agency (Westminster) Limited	See below	Provision of funding to its subsidiaries	Ordinary shares	-	100.00
Estates & Agency Holdings Limited	See below	Holding company	Ordinary shares	-	100.00
Estates & Agency Properties Limited	See below	Acquire, promote, invest in or trade in sites and buildings	Ordinary shares	-	100.00
Estates & Agency Securities Limited	See below	Holding company	Ordinary shares	-	75.00
Son et Lumiere (W1) Limited	See below	Dormant	Ordinary shares	-	100.00
The Endeavour Trust Limited	See below	Holding company	Ordinary shares	100.00	-
E&A Securities (Eversholt Steet) Limited	See below	Acquisition, refurbishment and letting of investment property	Ordinary shares	-	75.00
E&A Regional Developments LLP	See below	Acquisition, refurbishment and trading of investment property	Partnership share	-	50.10
Endeavour (Europe) Limited	See below	Dormant	Ordinary shares	-	100.00

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

17 Subsidiaries (Continued)

The registered office of the above companies is 33 Ely Place, London, EC1N 6TD.

Barking Abbey Retail Park Limited and Estates & Agency (ARP) Limited were dissolved on 28 August 2018.

E&A Regional Developments LLP and E&A Securities (Eversholt Street) Limited were incorporated on 13 December 2018 and 23 August 2018 respectively.

18 Associates

Details of associates at 30 June 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Mullheath Properties Limited	33 Ely Place, London, EC1N 6TD	Investment company	Ordinary shares	-	25.00
Mullheath Estates Limited	33 Ely Place, London, EC1N 6TD	Investment company	Ordinary shares	-	40.00
Plantcreate Limited	33 Ely Place, London, EC1N 6TD	Purchasing, development and subsequent resale of residential properties	Ordinary shares	-	25.00
REP (Maygrove Road) Developments LLP	4-5 Coleridge Gardens, London, NW6 3QH	Property investment	Partnership share	-	33.33
Regal (Sinclair Road) LLP	4-5 Coleridge Gardens, London, NW6 3QH	Property investment	Partnership share	-	31.66
Tom Woods Cellos LLP	33 Ely Place, London, EC1N 6TD	Musical instrument dealing	Partnership share	-	20.00
Sun & Harrow Ltd	33 Ely Place, London, EC1N 6TD	Acquisition, refurbishment and letting of investment property	Ordinary shares	-	22.50
Northport Tudors Limited	249 Cranbrook Road, Ilford, Essex, IG1 4TG	Property development	Ordinary shares	-	37.50
E&A Securities (Longmoore Street) LLP	33 Ely Place, London, EC1N 6TD	Acquisition, refurbishment and letting of investment property	Partnership share	-	48.76
E&A Securities (PS) LLP	33 Ely Place, London, EC1N 6TD	Acquisition, refurbishment and trading of investment properties	Partnership share	-	45.00

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

19 Stocks

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Work in progress	8,143	7,487	-	-
Musical instruments	820	799	-	-
	<u>8,963</u>	<u>8,286</u>	<u>-</u>	<u>-</u>

20 Debtors

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Amounts falling due within one year:				
Trade debtors	908	590	-	-
Corporation tax recoverable	-	771	10	3
Amounts owed by undertakings in which the company has a participating interest	393	371	-	-
Other debtors	253	885	-	-
Prepayments and accrued income	347	245	-	-
	<u>1,901</u>	<u>2,862</u>	<u>10</u>	<u>3</u>

Amounts falling due after more than one year:

Other debtors	-	14	-	-
Prepayments and accrued income	2,484	1,389	-	-
	<u>2,484</u>	<u>1,403</u>	<u>-</u>	<u>-</u>
Total debtors	<u>4,385</u>	<u>4,265</u>	<u>10</u>	<u>3</u>

A presentational amendment has been made to the comparative prepayments and accrued income in order to present lease incentive balances in more than one year.

21 Current asset investments

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Listed investments	738	616	-	-
	<u>738</u>	<u>616</u>	<u>-</u>	<u>-</u>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

22 Cash at bank

Cash at bank and in hand of £11,705,000 (2018: £19,772,000) includes £1,825,000 (2018: £1,700,000) which relates to tenant deposits and £2,165,000 (2018: £1,485,000) 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.

23 Creditors: amounts falling due within one year

	Group	2018	Company	2018
	2019		2019	
	£'000	£'000	£'000	£'000
Trade creditors	57	309	-	-
Amounts owed to group undertakings	-	-	8,229	8,226
Amounts owed to undertakings in which the group has a participating interest	1	44	-	-
Corporation tax payable	1,765	-	-	-
Other taxation and social security	355	59	-	-
Other creditors	3,438	3,423	-	-
Accruals and deferred income	1,329	3,289	31	7
	<u>6,945</u>	<u>7,124</u>	<u>8,260</u>	<u>8,233</u>

Included in other creditors is £1,572,000 (2018: £1,700,000) which relates to tenant deposits. Corresponding cash balances for these deposits are included in cash at bank.

24 Creditors: amounts falling due after more than one year

		Group	2018	Company	2018
		2019		2019	
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	25	59,965	58,598	-	-
Derivative financial instruments		389	571	-	-
Other creditors		5,162	4,520	-	-
Accruals and deferred income		362	358	-	-
		<u>65,878</u>	<u>64,047</u>	<u>-</u>	<u>-</u>

Of the above amounts payable in instalments are as follows:

2-5 years	271	558	-	-
Over 5 years	2,228	797	-	-
	<u></u>	<u></u>	<u></u>	<u></u>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

25 Borrowings

The bank loan at 30 June 2019 of £57,601,000 (2018: £57,601,000) (nominal) is secured by a fixed asset charge over certain of the group's investment properties and by a floating charge over its assets.

Security in the form of a first charge over all the fixed assets of E&A Securities (Saffron Hill) Limited and over the investment property has been given in respect of bank loans of £2,500,000 (2018: £1,260,000) from Metro Bank Plc at an interest rate of 3% above their published base lending rate from time to time. In addition, Estates & Agency Holdings Limited have provided a corporate guarantee limited to the total facility available of £2,500,000. The loan term is 15 years.

Bank loans are stated net of debt issue costs of £136,000 (2018: £263,000).

Details of principal terms of bank loans not wholly repayable within one year are as follows:

- i. 1.55% per annum above LIBOR fixed term facility of £50,000,000 repayable on 15 July 2020; and
- ii. 1.55% per annum above LIBOR revolving facility of £7,601,000 repayable on 15 July 2020.
- ii. 3.00% per annum fixed term facility of £2,500,000 repayable in instalments ending 22 February 2033.

The group has entered into derivative instruments to manage interest rate risk on bank loans, see note 26 below.

26 Financial Instruments

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	4,306	2,617	n/a	n/a
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	389	571	-	-
Measured at amortised cost	70,314	70,541	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

The group has entered into derivative instruments to manage interest rate risk volatility so that the LIBOR rate is at a fixed rate of 1.64% per annum on £37,500,000 of the fixed term facility. The instrument will expire on 15 July 2020. A further derivative instrument to cap the LIBOR rate at a fixed rate of 2.0% per annum on the remaining £12,500,000 of the fixed term facility expired in the year.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

27 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities	Liabilities
	2019	2018
Group	£'000	£'000
Accelerated capital allowances	645	403
Tax losses	(818)	(739)
Capital gains / losses	(117)	-
Short term timing differences	(130)	(87)
Investment property	13,077	11,704
	<u>12,657</u>	<u>11,281</u>

The company has no deferred tax assets or liabilities.

	Group	Company
	2019	2019
Movements in the year:	£'000	£'000
Liability at 1 July 2018	11,281	-
Charge to profit or loss	1,376	-
	<u>12,657</u>	<u>-</u>
Liability at 30 June 2019	<u>12,657</u>	<u>-</u>

Deferred tax in relation to investment properties is expected to reverse in line with the future sale of the properties. Accelerated capital allowances are expected to reverse within 3 - 6 years. Tax losses are expected to reverse within 12 months.

28 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£'000	£'000
Charge to profit or loss in respect of defined contribution schemes	<u>5</u>	<u>2</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

29 Share capital

	Group and company	
	2019	2018
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
158,002 Ordinary shares of £1 each	158	158
	<u> </u>	<u> </u>

The company has one class of ordinary shares which have full voting, dividend and capital redemption rights.

30 Reserves

Share premium

Consideration received for share issued above their nominal value net of transaction costs.

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings are transferred to revaluation reserve net of deferred tax.

The directors have chosen to transfer non-distributable gains on investment property to a revaluation reserve. This reserve is used to record increases and decreases in the fair value of investment properties. Where a deficit on an individual investment property is expected to be permanent any permanent diminutions in value are taken to profit and loss in the period in the diminution in value occurs.

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

31 Cash generated from group operations

	2019 £'000	2018 £'000
Profit for the year after tax	7,662	8,029
Adjustments for:		
Share of results of associates and joint ventures	(164)	(824)
Taxation charged/(credited)	3,246	(436)
Finance costs	1,942	1,809
Investment income	(320)	(910)
Gain on disposal of tangible fixed assets	(1)	-
Loss/(gain) on investment property transactions	-	387
Amortisation and impairment of intangible assets	2	2
Depreciation and impairment of tangible fixed assets	32	38
Other gains and losses	(33)	(134)
Impairment loss on other investments	-	1,657
Investment property revaluation	(8,336)	(6,445)
Movements in working capital:		
(Increase) in stocks	(677)	(1,722)
(Increase)/decrease in debtors	(891)	1,692
(Decrease)/increase in creditors	(1,171)	2,788
Cash generated from operations	1,291	5,931

32 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Within one year	2	2	-	-
Between one and five years	6	6	-	-
In over five years	338	340	-	-
	<u>346</u>	<u>348</u>	<u>-</u>	<u>-</u>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

32 Operating lease commitments (Continued)

Lessor

The operating leases represent leases of properties to third parties. The leases are negotiated over an average term of 8 years (2018: 10 years).

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	4,303	3,920	-	-
Between one and five years	19,196	14,716	-	-
In over five years	30,005	27,712	-	-
	<u>53,504</u>	<u>46,348</u>	<u>-</u>	<u>-</u>

Included within the above commitment is £1,060,000 relating to a tenant who surrendered the lease on 5 November 2019.

33 Financial commitments, guarantees and contingent liabilities

The company is party to a group VAT registration. At 30 June 2019, the group VAT liability amounted to £7,145.

34 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2019	2018
	£'000	£'000
Aggregate compensation	<u>1,080</u>	<u>1,014</u>

Key management personnel disclosure for the year ended 30 June 2018 has been updated to reflect inclusion of benefits in kind and employer's national insurance.

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Interest payable		Purchase of goods	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Group				
Other related parties	<u>130</u>	<u>-</u>	<u>635</u>	<u>505</u>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

34 Related party transactions (Continued)

	Interest receivable		Income from fixed asset investments	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Group				
Entities over which the entity has control, joint control or significant influence	(33)	(16)	-	(209)
Other related parties	(3)	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Other related parties relate to companies in which the directors or director's close family have an interest.

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2019	2018
	£'000	£'000
Group		
Entities over which the group has control, joint control or significant influence	8	44
Other related parties	4,958	4,554
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019	2018
	£'000	£'000
Group		
Entities over which the group has control, joint control or significant influence	2,221	372
Other related parties	100	-
	<u> </u>	<u> </u>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

35 Post balance sheet events

On 2 September 2019 the company declared dividends of £1,485,219. On the same date a subsidiary company declared dividends payable to the company of £1,505,264.

On 11 September 2019, the company provided an unsecured loan facility of £1,350,000 to an employee of the company, of which £124,600 was drawn down on 9 September 2019 and £1,225,400 was drawn down on 17 September 2019. Interest is payable at 2% above the base rate of Barclays Bank Plc, except that £850,000 of the loan is interest free until 31 March 2020. The loan including accrued interest is due for repayment on 31 December 2021.

On 2 October 2019, completion of the sale of the substantial part of the groups freehold site at Old Hamsey took place for a consideration of £5,840,000. At the balance sheet date the value of the entire site included within stock is £4,643,000.

On 16 October 2019, the group purchased a long leasehold interest in a property in Blackfriars, London.

On 7 February 2020 E&A West End Properties Limited was incorporated as a 100% owned subsidiary. This entity was used to facilitate the new funding arrangement with Aviva Group as described in the Strategic Report. As part of the security arrangement for this new loan facility, certain properties were transferred from E&A Property Investment Company Limited to E&A West End Properties Limited.

On 24 January 2018, the group entered into an arrangement with a residential development company, conditional upon obtaining planning permission, to sell its remaining land at Abbey Retail Park, Barking. Planning permission was obtained on 7 January 2020 and the challenge period has expired without challenge. Consequently the contract for sale has become unconditional. Completion of the sale is anticipated to take place by not later than 31 March 2021 at a purchase price which remains to be finally determined.

In light of the information available as at the reporting date, the COVID-19 outbreak is considered a non-adjusting event. The group has considered the impact of this pandemic on the business and this is set out within the principal risks and uncertainties on page 1.