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THE ENDEAVOUR COMPANY HOLDINGS LIMITED

GROUP REPORT AND ACCOUNTS

for the year ended

30 JUNE 2002



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THE ENDEAVOUR COMPANY HOLDINGS LIMITED

GROUP REPORT AND ACCOUNTS for the year ended 30 JUNE 2002

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THE ENDEAVOUR COMPANY HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited accounts for the year ended 30 June 2002.

Principal activities and review of business

The principal activities of the Group are property investment, trading and development. The property investment activities are carried on by Estates & Agency Holdings p.l.c. ("E & A"). At 30 June 2002 the E & A investment property portfolio was valued at £79,870,000 (2001: 82,618,000).

The directors consider the results for the year satisfactory and are optimistic about the group's future prospects.

Profits and appropriations

The Group's profit on ordinary activities after taxation, dividends and minority interests attributable to shareholders was £1,362,000 (2001:£493,000 loss).

A dividend of £98,000 was paid during the year (2001:£nil) and the remaining profit has been transferred to reserves.

Directors

The present membership of the Board is set out on page 1. Both Directors served throughout the year.

The Directors' beneficial interests, and those of their families, in the shares of the company at 30 June 2002 and at 1 July 2001 were:

	Ordinary shares of £1 each	
	2002	2001
J.S.I. Rosefield	39,001	41,002
S.M. Rosefield	70,001	72,001

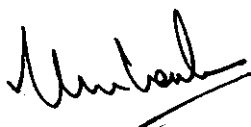
Charitable donations

During the year the Group has made gifts for charitable purposes amounting to £28,270 (2001:£20,947).

Auditors

An elective resolution had been passed to ensure that Smith & Williamson would be auditors until further notice. Since the year end, Smith & Williamson have incorporated their audit practice as a separate legal entity, Nexia Audit Limited. A resolution to appoint Nexia Audit Limited will be proposed at the next Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



K.M. Loukes
Secretary

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nexia Audit

— Limited —

Independent auditors' report to the shareholders of The Endeavour Company Holdings Limited.

We have audited the accounts of The Endeavour Company Holdings Limited for the year ended 30 June 2002 on pages 5 to 29. These accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985.

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 auditors' 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 auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's and group's affairs as at 30 June 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nexia Audit Limited

Nexia Audit Limited
Chartered Accountants
Registered Auditors

1 Riding House Street
London
W1A 3AS

26.3.03

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30 JUNE 2002

	Notes	Year to 30 June 2002 £'000	58 weeks to 30 June 2001 (Restated) £'000
Turnover	2	7,405	6,902
Cost of sales		(963)	(1,143)
Gross profit		6,442	5,759
Administrative expenses		(1,351)	(1,701)
Other operating income		424	238
Operating profit	3	5,515	4,296
Share of associates' operating profit		42	-
Income from other fixed asset investments	5	44	117
Profit on sale of fixed asset investments		897	-
Interest receivable and similar income	6	506	817
Interest payable and similar charges	7	(2,899)	(4,274)
Profit on ordinary activities before taxation	2	4,105	956
Tax on profit on ordinary activities	8	(1,221)	(930)
Profit on ordinary activities after taxation		2,884	26
Dividends paid		(98)	-
Minority interest - equity		(1,424)	(519)
Profit/(loss) attributable to shareholders being retained profit for the financial year/period	22	1,362	(493)

All of the group's activities are classed as continuing.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 JUNE 2002

	Year to 30 June 2002 £'000	Restated 58 weeks to 30 June 2001 £'000
Retained profit/(loss) for the financial year/period	1,362	(493)
Unrealised surplus on revaluation of investment properties	763	1,947
Foreign currency translation differences on foreign currency net investment in subsidiaries	6	9
Current UK corporation tax charge on sale of investment property	(94)	-
Total recognised gains for the year/period attributable to the shareholders	2,037	1,463
Prior period adjustment (note 1(i))	(647)	-
Total gains and losses recognised since the last annual report	1,390	1,463

NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 30 JUNE 2002

	Year to 30 June 2002 £'000	Restated 58 weeks to 30 June 2001 £'000
Retained profit for the financial year/period	4,105	956
Realisation of property revaluation gains of previous years	1,603	-
Historical cost profit on ordinary activities before taxation	5,708	956
Historical cost profit/(loss) for the year after taxation, minority interests and dividends	2,965	(493)

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET as at 30 JUNE 2002

	Notes	2002 £'000	Restated 2001 £'000
Fixed assets			
Negative goodwill	9	(16,119)	(16,119)
Tangible assets	10	81,490	84,258
Investments	11	1,093	1,093
		<hr/>	<hr/>
		66,464	69,232
		<hr/>	<hr/>
Current assets			
Stocks	12	3,813	4,090
Investments	13	414	448
Debtors	14	4,720	3,362
Cash at bank and in hand		8,178	5,319
		<hr/>	<hr/>
		17,125	13,219
		<hr/>	<hr/>
Creditors: Amounts falling due within one year (including convertible loan stock)	15	(7,653)	(8,519)
		<hr/>	<hr/>
Net current assets		9,472	4,700
		<hr/>	<hr/>
Total assets less current liabilities		75,936	73,932
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	16	(22,472)	(24,660)
		<hr/>	<hr/>
Provisions for liabilities and charges	19	(1,392)	(1,326)
		<hr/>	<hr/>
		52,072	47,946
		<hr/>	<hr/>
Minority interest – Equity		(33,994)	(31,905)
		<hr/>	<hr/>
Net assets		18,078	16,041
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	20	158	158
Share premium account	21	14,420	14,420
Revaluation reserve	21	1,107	1,947
Profit and loss account	21	2,393	(484)
		<hr/>	<hr/>
Shareholders' funds	22	18,078	16,041
		<hr/>	<hr/>

These accounts were approved by the Board of Directors on 20 MAR 2003 and signed on behalf of the Board by:

J.S.I Rosefield
Director


S. M. Rosefield
Director

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

BALANCE SHEET as at 30 JUNE 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Investments	11	22,815	22,815
		<hr/>	<hr/>
Current assets			
Debtors	14	-	6
Creditors: Amounts falling due within one year	15	(8,227)	(8,235)
		<hr/>	<hr/>
Net current liabilities		(8,227)	(8,229)
		<hr/>	<hr/>
		<hr/>	<hr/>
Net assets		14,588	14,586
		<hr/>	<hr/>
Capital and reserves			
Share capital	20	158	158
Share premium	21	14,420	14,420
Profit and loss account	21	10	8
		<hr/>	<hr/>
Shareholders' funds		14,588	14,586
		<hr/>	<hr/>

These accounts were approved by the Board of Directors on *20 MARCH 2003* and signed on behalf of the Board by:


J.S.I. Rosefield
Director


S. M. Rosefield
Director

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30 JUNE 2002

	Notes	Year to 30 June 2002 £'000	58 weeks to 30 June 2001 £'000
Net cash inflow from operating activities	26	4,472	3,486
Returns on investments and servicing of finance			
Interest received		506	817
Interest paid		(2,862)	(3,380)
Interest paid under finance lease and hire purchase contracts		-	(1)
Premium on redemption of debenture stock		(14)	(893)
Dividends received		44	117
Dividends paid to minority interest		(745)	(685)
Net cash outflow from returns on investments and servicing of finance		(3,071)	(4,025)
Taxation			
Corporation tax paid		(657)	(507)
Corporation tax received		-	77
		(657)	(430)
Capital expenditure			
Purchase of fixed assets		(42)	(958)
Purchase of fixed assets investments		(122)	(23)
Proceeds of fixed asset disposals		15	4
Proceeds of current assets investment disposal		96	(17)
Additions to investment properties		(722)	-
Disposal of investment properties		5,849	-
Net cash inflow/(outflow) for capital expenditure		5,074	(994)
Acquisitions and disposals			
Net cash/short term deposits acquired with subsidiaries		-	9,752
Equity dividends paid		(98)	-
Management of liquid resources			
(Increase)/decrease in short term deposits		(3,250)	500
Financing			
Repayment of loans		(3,074)	(4,249)
New loans		324	2
Repayment of principal under finance lease and hire purchase contracts		(11)	(8)
Net cash outflow from financing		(2,761)	(4,255)
(Decrease)/Increase in cash in the year/period	27	(291)	4,034

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002

1 Accounting policies

The accounts have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies adopted are described below.

(i) Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties.

Financial Reporting Standard 19 – Deferred Tax (FRS 19) has been adopted for the first time in these accounts by the group.

In previous years the group had complied with Statement of Standard Accounting Practice 15 – Deferred Taxation (SSAP 15) which has been superseded by the introduction of FRS 19. SSAP 15 required provision for deferred tax to be made using the liability method to the extent that net deferred tax assets or liabilities were likely to crystallise in the foreseeable future. The method was commonly referred to as the partial provision method. FRS 19, by contrast, requires a form of full provisioning.

The effect of the implementation of FRS 19 on reported results for the group is as follows:

	Year to 30 June 2002 £'000	58 weeks to 30 June 2001 £'000
Increase in tax on profit	(66)	(647)
Reduction in profit for the year/period	(66)	(647)
Increase in deferred tax provision	(66)	(1,326)
Decrease in net assets	(32)	(647)

For the company, the effect is £Nil.

(ii) Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiary undertakings. The subsidiary undertakings are consolidated using the acquisition accounting basis, as required by Financial Reporting Standard 6, Acquisitions and Mergers. The results of subsidiary undertakings are included in the consolidated profit and loss account from the effective date of acquisition.

The company has taken advantage of s230 of the Companies Act 1985 and consequently the profit and loss account of the parent company is not presented as part of these accounts.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

1 Accounting Policies (continued)

(iii) 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. Negative goodwill is being credited to the profit and loss account when the relevant non-cash assets acquired are subsequently sold.

(iv) Tangible fixed assets

In accordance with SSAP 19 (revised), investment properties of a major subsidiary undertaking (Estates & Agency Holdings p.l.c.) are revalued annually and the surplus or temporary deficit is transferred to a revaluation reserve. Where the revaluation reserve for a property is insufficient to cover a permanent deficit, the amount by which the deficit exceeds the amount in the revaluation reserve is charged to the profit and loss account. The properties are professionally valued by an independent firm of valuers at regular intervals and by the Directors in consultation with their professional advisers at other times.

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 1985 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 accounts 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.

Interest charges incurred on loans specifically attributable to properties in the course of development or major refurbishment to the date of letting are capitalised.

(v) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Furniture, fittings, equipment and vehicles	- 10% to 33 1/3%
Plant and machinery	- 20%
Leasehold improvements	- Over the shortest of: i) the period of the lease; ii) the anticipated period of occupancy; or iii) 50 years.

The cost of assets purchased second-hand may be written off over a shorter period.

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.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

1 Accounting Policies (continued)

(vi) 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.

(vii) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes direct materials, labour and overhead expenditure incurred in bringing the product to its present location and condition.

(viii) Deferred taxation

The accounting policy in respect of deferred tax for the year ended 30 June 2002 differs from that used in prior years due to the adoption of Financial Reporting Standard 19 "Deferred Taxation". Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. Deferred tax assets are recognised to the extent that they are recoverable, that is, on the basis of all available evidence, 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. Any assets and liabilities recognised have not been discounted.

(ix) Foreign exchange

Transactions of UK companies denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

The accounts of foreign subsidiaries are translated into sterling at the rates of exchange ruling at the balance sheet date and the difference arising from the translation of the opening net investment in subsidiaries at the closing rate is taken direct to reserves.

(x) Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges and charged to the profit and loss account over the periods of the contract at a constant proportion of the balance of capital repayments outstanding. The assets are depreciated over their useful lives.

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the period of the leases.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

1 Accounting Policies (continued)

(xi) Group loans

Loans made to or by group companies have no fixed repayment dates and are repayable on demand or at will. Group loans have been classified as non-current assets and non-current liabilities as appropriate.

(xii) Turnover

Turnover is derived from ordinary activities net of VAT.

2 Turnover and segmental analysis

(i) The turnover and profit before taxation by each class of business is as follows:

Turnover	2002 £'000	2001 £'000
Property investment	6,072	5,869
Property development	1,010	705
Retailing	323	328
	<hr/> 7,405	<hr/> 6,902

Profit before taxation	2002 £'000	2001 £'000
Property investment	3,381	911
Property development	756	112
Retailing	(32)	(67)
	<hr/> 4,105	<hr/> 956

(ii) Net assets

	2002 £'000	2001 £'000
Property investment	14,105	12,874
Property development	4,215	4,057
Retailing	(242)	(243)
	<hr/> 18,078	<hr/> 16,688

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

	2002 £'000	2001 £'000
3 Operating profit is stated after charging		
Auditors' remuneration	77	71
Other services provided by auditors	105	92
Depreciation - owned assets	40	40
- leased assets	10	11
Exchange differences	2	1
Operating leases	77	27
	<hr/>	<hr/>
4 Information regarding directors and employees		
(i) Directors' emoluments	2002 £'000	2001 £'000
Emoluments	378	394
	<hr/>	<hr/>
Remuneration of the highest paid director	319	317
	<hr/>	<hr/>
(ii) Employees' costs during the year	2002 £'000	2001 £'000
Wages and salaries	716	691
Social security costs	69	90
Other pension costs	18	18
	<hr/>	<hr/>
	803	799
	<hr/>	<hr/>
(iii) Average number of people employed	2002 Number	2001 Number
Management and administration	12	12
	<hr/>	<hr/>
5 Income from other fixed asset investments	2002 £'000	2001 £'000
Listed investments	41	84
Other investments	3	33
	<hr/>	<hr/>
	44	117
	<hr/>	<hr/>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

6	Interest receivable and similar income	2002	2001
		£'000	£'000
	Bank interest	106	499
	Other interest	400	318
		<hr/>	<hr/>
		506	817
		<hr/>	<hr/>
7	Interest payable and similar charges	2002	2001
		£'000	£'000
	On amounts repayable within five years:		
	Bank loans and overdrafts	157	59
	Hire purchase and finance leases	-	1
	Other interest	84	145
	Interest attributable to associates	23	-
		<hr/>	<hr/>
		264	205
	On loans repayable after five years:		
	Debenture stock and other loans	2,631	3,211
	Premium on redemption of debenture stock	14	893
		<hr/>	<hr/>
		2,909	4,309
	Less: Interest capitalised	(10)	(35)
		<hr/>	<hr/>
		2,899	4,274
		<hr/>	<hr/>
8	Tax on profit on ordinary activities	2002	2001
		Group	Group
		£'000	£'000
(a)	<i>Current tax</i>		
	UK corporation tax on profits for the year/period	1,096	298
	Adjustments in respect of prior years	52	(15)
	Share of associates' tax	7	-
		<hr/>	<hr/>
		1,155	283
	<i>Deferred tax</i>		
	Origination and reversal of timing differences	66	647
		<hr/>	<hr/>
		1,221	930
		<hr/>	<hr/>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

8 Tax on profit on ordinary activities (continued)	2002 Group £'000	2001 Group £'000
b) Tax reconciliation		
Profit on ordinary activities before tax	4,138	956
Profit on ordinary activities multiplied by standard rate corporation tax in the UK of 30% (2001:30%)	1,231	285
<i>Tax effects of:</i>		
Capital allowances in excess of depreciation	(62)	(108)
Expenses not deductible for tax purposes	17	40
Non-taxable dividend income	(17)	(21)
Adjustments in respect of prior years	52	(15)
Other timing differences	(66)	102
Total actual amount of current tax	1,155	283

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

9 Negative goodwill £'000

Cost and net book value

At 30 June 2001 and at 30 June 2002 (16,119)

On 14 July 2000, the shares in The Endeavour Trust Limited were transferred from TET Holdings Limited to The Endeavour Company Holdings Limited. The fair value of the consideration was valued by the directors at market value to be approximately £22,815,000, giving rise to negative goodwill of approximately £16,119,000.

10 Tangible fixed assets

(a) Group	Investment properties			Furniture fittings and vehicles £'000	Total £'000
	Freehold £'000	Long leasehold £'000	Freehold property £'000		
Cost or valuation					
At 1 July 2001	73,253	9,365	1,550	96	84,264
Additions	604	40	-	42	686
Surplus on revaluation	1,413	147	-	-	1,560
Disposals	-	(4,952)	-	(62)	(5,014)
At 30 June 2002	75,270	4,600	1,550	76	81,496
Depreciation					
At 1 July 2001	-	-	-	6	6
Charge for year	-	-	-	50	50
Disposals	-	-	-	(50)	(50)
At 30 June 2002	-	-	-	6	6
Net book value					
At 30 June 2002	75,270	4,600	1,550	70	81,490
At 30 June 2001	73,253	9,365	1,550	90	84,258

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

10 Tangible fixed assets (continued)

(a) Group (continued)

- (i) The net book value above includes £20,000 (2001: £33,000) in respect of assets held under finance leases and hire purchase contracts.
- (ii) Comparable amounts for freehold and long leasehold properties under the historical cost convention would be:

	Investment properties	
	Freehold £'000	Long Leasehold £'000
At 30 June 2002	37,912	5,095

- (iii) Included in freehold and long leasehold costs are amounts in respect of interest capitalised of £2,245,000 (2001: £2,235,000) after deducting taxation relief of £nil.
- (iv) The valuation of a significant part of the group's property portfolio has been reviewed in conjunction with professional advisers, Smith Melzack Pepper Angliss, Surveyors and Valuers. The directors are of the opinion that the open market value of the properties at 30 June 2002 is at least the amount at which they are stated in these accounts. This opinion is based primarily upon the revaluation of certain properties on an open market basis by Smith Melzack Pepper Angliss.

11 Investments held as fixed assets

	2002 Group £'000	2002 Company £'000	2001 Group £'000	2001 Company £'000
Shares in subsidiary undertakings (i)	-	22,815	-	22,815
Listed investments (ii)	184	-	184	-
Other investments (iii)	897	-	909	-
Investments in associated undertakings (iv)	12	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,093	22,815	1,093	22,815
	<hr/>	<hr/>	<hr/>	<hr/>

THE ENDÉAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

11 Investments held as fixed assets (continued)	Company 2002	Company 2001
	£'000	£'000
(i) Shares in subsidiary undertakings (note 30)		
Cost		
At 30 June 2001 and 30 June 2002	22,815	22,815
	<hr/>	<hr/>
(ii) Listed investments		Group £'000
Cost and net book value		
At 30 June 2001 and 30 June 2002		
Listed in the U.K.		149
Listed overseas		35
		<hr/>
		184
		<hr/>
Market value at 30 June 2002:		
Listed in the U.K.		416
Listed overseas		51
		<hr/>
		467
		<hr/>
(iii) Other investments		£'000
Cost		
At 30 June 2001		909
Additions		21
		<hr/>
At 30 June 2002		930
		<hr/>

Included above are endowment policies stated at the amount of the premiums paid to date of £331,000 in the Group (2001: £307,000). The surrender values at 30 June 2002 were £416,000 for the Group (2001: £436,000).

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

11 Investments held as fixed assets (continued)

	Group £'000
(iv) Investment in associated undertakings	
At 30 June 2001	-
Additions	12
	<hr/>
At 30 June 2002	12
	<hr/>

12 Stocks

	2002 Group £'000	2001 Group £'000
Goods for resale	75	67
Property development work in progress	3,638	4,023
	<hr/>	<hr/>
	3,813	4,090
	<hr/>	<hr/>

13 Investments

	2002 Group £'000	2001 Group £'000
Listed at cost	414	448
	<hr/>	<hr/>

The market value of the listed investments at 30 June 2002 was £437,000 (2001: £501,000)

14 Debtors

	2002 Group £'000	2002 Company £'000	2001 Group £'000	2001 Company £'000
Trade debtors	230	-	330	-
Tax recoverable	100	-	188	6
Amounts owed by undertakings in which the group has a participating interest	578	-	-	-
Other debtors	3,723	-	2,759	-
Prepayments	89	-	85	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,720	-	3,362	6
	<hr/>	<hr/>	<hr/>	<hr/>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

15	Creditors: Amounts falling due within one year	2002 Group	2002 Company	2001 Group £'000	2001 Company £'000
	Bank loans and overdrafts	2,915	-	5,035	-
	Unsecured loan stock 2003 (note 17)	627	-	-	-
	Obligations under finance leases and hire purchase contracts (note 18)	8	-	6	-
	Trade creditors	21	-	18	-
	Other creditors including taxation and social security	1,571	8,227	1,696	8,235
	Corporation tax	728	-	136	-
	Accruals and deferred income	1,280	-	1,224	-
	Dividend payable to minority	503	-	404	-
		<hr/>	<hr/>	<hr/>	<hr/>
		7,653	8,227	8,519	8,235
		<hr/>	<hr/>	<hr/>	<hr/>

Of the bank loans and overdrafts, £700,000 is secured by a fixed charge over a freehold property stated in the accounts at £10,500,000. Interest on bank loans are at varying rates.

16	Creditors: Amounts falling due after more than one year	2002 Group £'000	2002 Company £'000	2001 Group £'000	2001 Company £'000
	Debenture loans and other loans (note 17)	22,314	-	24,480	-
	Obligations under finance leases and hire purchase contracts (note 18)	2	-	15	-
	Deferred income	156	-	165	-
		<hr/>	<hr/>	<hr/>	<hr/>
		22,472	-	24,660	-
		<hr/>	<hr/>	<hr/>	<hr/>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

17 Debenture loans and other loans

	2002 Group £'000	2001 Group £'000
Unsecured loan stock 2003	627	1,437
Debenture stock (i)	21,282	21,323
Other loans	2,262	1,720
	<hr/>	<hr/>
	24,171	24,480
	<hr/>	<hr/>

- (i) The debenture loan of £21,282,000 represents 11.25% First Mortgage Debenture Stock 2020 which is redeemable at par and is secured by first specific charges over certain investment properties held by a subsidiary undertaking. In June 2002, the group redeemed £41,000 (2001: £2,550,000) of 11.25% First Mortgage Debenture Stock 2020 for £55,000 (2001: 3,443,000). The premium on redemption of £14,000 (2001: £893,000) has been expensed in the profit and loss account.
- (ii) The convertible unsecured loan stock at 30 June 2001 represents £810,000 at 7.5% and £627,000 at 12%. The £810,000 7.5% loan stock was convertible at the option of the holder into 300,000 ordinary shares in Estates & Agency Holdings p.l.c. at 270p per share. On 2 May 2002 the holder of £810,000 of the unsecured convertible loan stock opted to convert this into 300,000 ordinary shares in Estates & Agency Holdings p.l.c. at 270p per share.

	2002 Group £'000	2001 Group £'000
In five years or more	22,314	23,043
Between one and two years	-	2,874
	<hr/>	<hr/>
Due in over one year (note 16)	22,314	25,917
In one year or less, or on demand (note 15)	1,857	3,250
	<hr/>	<hr/>
	24,171	29,167
	<hr/>	<hr/>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

18 Obligations under finance leases and hire purchase contracts

	2002 £'000	2001 £'000
Amounts payable:		
Within one year	8	6
Between two and five years	2	15
	<hr/>	<hr/>
	10	21
	<hr/>	<hr/>

Shown as:

Due in less than one year (note 15)	8	6
Due in over one year (note 16)	2	15
	<hr/>	<hr/>
	10	21
	<hr/>	<hr/>

19 Provision for liabilities and charges

	2002 £'000	2001 £'000
Deferred taxation – Group	1,392	1,326
	<hr/>	<hr/>

No provision has been made in respect of taxation that would arise in the event of the overseas subsidiaries distributing the balance of their reserves. The deferred tax provision in the accounts and the amounts not provided are as follows:

	Provided		Not provided	
	2002 Group £'000	2001 Group £'000	2002 Group £'000	2001 Group £'000
Accelerated capital allowances	1,392	1,326	-	-
Tax on revaluation surpluses	-	-	3,979	3,630
	<hr/>	<hr/>	<hr/>	<hr/>
	1,392	1,326	3,979	3,630
	<hr/>	<hr/>	<hr/>	<hr/>

The potential deferred taxation on revaluation surpluses would become payable on disposals of investment properties at their revalued amounts. There are presently no plans to dispose of any investment properties.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

20 Called up share capital	2002	2001
	£'000	£'000
Authorised		
160,000 ordinary shares of £1 each	160	160
	<hr/>	<hr/>
Allotted, called up and fully paid		
158,002 ordinary shares of £1 each	158	158
	<hr/>	<hr/>

21 Reserves

	Group	Group and company	Company
	Revaluation reserve £'000	Profit and loss account £'000	Share premium £'000
	£'000	£'000	£'000
At 1 July 2001 as previously stated	1,947	163	14,420
Prior year adjustment (note 1(i))	-	(647)	-
	<hr/>	<hr/>	<hr/>
As restated	1,947	(484)	14,420
Profit retained in year	-	1,362	-
Unrealised surplus on revaluation of investment properties	763	-	-
Revaluation surplus on disposal of property	(1,603)	1,603	-
UK corporation tax on sale of investment property	-	(94)	-
Foreign exchange translation differences on foreign currency net investment in subsidiaries	-	6	-
	<hr/>	<hr/>	<hr/>
At 30 June 2002	1,107	2,393	14,420
	<hr/>	<hr/>	<hr/>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

22 Reconciliation of movement in group shareholders' funds

	2002 £'000	Restated 2001 £'000
Shareholders' funds brought forward	16,041	-
Retained profit/(loss) attributable to the shareholders	1,362	(493)
Other recognised gains relating to the year/period (net)	675	1,956
Capital subscribed	-	14,578
	<hr/>	<hr/>
Closing shareholders' funds	18,078	16,041
	<hr/>	<hr/>

Opening shareholders' funds were originally stated at £16,688,000. These have been reduced as a result of the prior year adjustment of £647,000 as explained in note 1(i).

Shareholders' funds are wholly attributable to equity interests.

23 Contingent liabilities

The company provided cross guarantees with other group companies in respect of bank loans and overdraft arrangements which amounted to £1,640,581 (2001:£1,785,307).

24 Capital commitments

There were contracted capital commitments for the group of £2,193,000 (2001:£Nil).

25 Operating lease commitments

The Group was committed to making the following payments in respect of non-cancellable operating leases:

	Land and Buildings 2002 £'000	Land and Buildings 2001 £'000
Leases which expire:		
Over five years	77	77
	<hr/>	<hr/>

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

26 Reconciliation of operating profit to net cash inflow from operating activities

	Group 2002 £'000	Group 2001 £'000
Operating profit	5,515	4,296
Depreciation charges	50	51
Increase in debtors	(1,362)	(1,098)
(Decrease) in creditors	(75)	(214)
Decrease in stocks	277	455
Movement in provision against current asset investment	29	-
Loss on disposal of current asset investment	8	-
(Profit) on disposal of fixed assets	(3)	(4)
Provision for impairment of fixed asset investments	33	-
	<hr/>	<hr/>
	4,472	3,486

27 Reconciliation of net cash flow to movement in net debt

	2002 £'000	2001 £'000
(Decrease)/increase in cash	(291)	4,034
Cash outflow/(inflow) from debt and finance leases	3,570	1,318
Cash outflow/(inflow) from change in liquid resources	3,250	(500)
	<hr/>	<hr/>
Change in net debt resulting from cash flows	6,529	4,852
Loans and finance leases acquired with subsidiaries	-	(29,069)
	<hr/>	<hr/>
Change in net debt	6,529	(24,217)
Net debt brought forward	(24,217)	-
	<hr/>	<hr/>
Net debt carried forward	(17,688)	(24,217)

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

28	Analysis of net debt	2001 £'000	Cash flows £'000	2002 £'000
	Cash at bank and in hand	2,069	(391))	1,678
	Overdraft	(1,785)	100	(1,685)
		<hr/> 284	<hr/> (291)	<hr/> (7)
	Short term deposits	3,250	3,250	6,500
	Finance lease	(21)	11	(10)
	Debt due after one year	(24,480)	2,166	(22,314)
	Debt due within one year	<hr/> (3,250)	<hr/> 1,393	<hr/> (1,857))
		(24,501)	6,820	(17,681)
		<hr/> (24,217)	<hr/> 6,529	<hr/> (17,688)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Short term deposits are included within cash at bank and in hand in the balance sheet. These comprise money market deposits and are classified as liquid resources in the consolidated cash flow statement. The deposits at 30 June 2001 were used as security for bank loans.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

29 Related party transactions

The Group incurred legal costs of £92,755 from a firm of solicitors, Berwin, Leighton Paisner in which Mr S.M. Rosefield was a partner. The transactions were conducted on an arms length basis and were mainly in respect of negotiations of lease and other agreements.

The company received fees of £30,000 from The Endeavour Investment Company Limited a company of which Mr S M Rosefield is a director.

30 Subsidiary and associated undertakings

The consolidated accounts for the year ended 30 June 2002 included the results of the following subsidiaries and associates held at the year end:

		% of equity share capital owned by Company
(i)	Incorporated in England:	
	Estates & Agency Holdings p.l.c.	Property investment 46.9%
	Castlemilk Restaurant Limited	Restaurant 46.9%*
	Estates & Agency Properties Limited	Property investment 46.9%*
	Estates & Agency Development Company Limited	Property development 46.9%*
	Calder Island Development Company Limited	Property development 46.9%*
	The Endeavour Trust Limited	Intermediate holding Company 100%
	Endeavour (Europe) Limited	Intermediate holding company 100%*
	Embershire Limited	Property dealer 100%*
	Son et Lumiere (W1) Limited	Dormant 35.2%*
	Thomas Heinitz Limited	Retailing of high quality hi fi equipment 46.9%*
	Mulheath Estates Limited	Property dealing 40%*
	Mulheath Properties Limited	Property dealing 25%*
(ii)	Incorporated overseas:	
	Ventureset Holdings A.G. - Switzerland	Intermediate holding company 100%*

* Signifies that the interest was held through a subsidiary and/or subsidiary undertakings.

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 JUNE 2002 (continued)

30 Subsidiary and associated undertakings (continued)

Estates & Agency Holdings p.l.c. has been treated as a subsidiary undertaking within the meaning of the Companies Act 1985, as it is considered that the company is in a position to exercise a dominant influence over its affairs as a result of the membership of its Board and the number of ordinary shares with voting rights held by the company and its directors.

At 30 June 2001 The Endeavour Trust Limited ("TET"), a subsidiary undertaking of the company owned 49.29% of the ordinary shares of Estates & Agency Holdings p.l.c. ("E&A"). On 2 May 2002, £810,000 of loan stock in E&A owned by a third party was converted to 300,000 ordinary shares in E&A, thereby reducing TET's holding to 46.9%. On 11 November 2002 TET converted its holding of £810,000 of loan stock in E &A to 300,000 ordinary shares in E&A. The new ordinary shares, which were admitted for listing on the London Stock Exchange, rank pari passu with the existing ordinary shares in E&A. TET (deemed as the controlling shareholder) now holds 3,314,307 ordinary shares in E &A, representing 49.28% of the issued ordinary shares.

The following pages do not form part of the audited accounts

THE ENDEAVOUR COMPANY HOLDINGS LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
for the period ended 30 JUNE 2002

THE ENDEAVOUR COMPANY HOLDINGS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT for the period ended 30 JUNE 2002

	ended 30 June 2 2002 £	Period ended 30 June 2001 £
ADMINISTRATIVE EXPENSES		
Audit and taxation fees	-	34,000
Legal and professional fees	-	14,371
Stamp duty	-	125,253
	-	173,624
INVESTMENT INCOME		
From interests in subsidiary undertakings	100,351	180,632
	100,351	180,632
INTEREST RECEIVABLE		
Other interest	-	1,211
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	100,351	8,219
TAXATION:	-	-
PROFIT FOR THE PERIOD	100,351	8,219
Dividends	(97,961)	-
Retained profit for the period	2,390	8,219