

THE LONDON OUTPOST LIMITED

FINANCIAL STATEMENTS

31 OCTOBER 2004



COMPANY REGISTRATION NUMBER 1799743

THE LONDON OUTPOST LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

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THE LONDON OUTPOST LIMITED

COMPANY INFORMATION

THE BOARD OF DIRECTORS

P J de Savary
L L de Savary
M A Lutyens

COMPANY SECRETARY

M Callicott

REGISTERED OFFICE

69 Cadogan Gardens
London

AUDITORS

Target Consulting Limited
Chartered Accountants & Registered Auditors
Lawrence House
Lower Bristol Road
Bath

BANKERS

The Royal Bank of Scotland plc
Inverness Chief Office
29 Harbour Road
Inverness

SOLICITORS

Evans Dodd
5 Balfour Place
Mount Street
London

THE LONDON OUTPOST LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2004

The directors present their report and the financial statements of the company for the year ended 31 October 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be that of hotelier.

FUTURE DEVELOPMENTS

The company does not foresee any major changes occurring in its trading activities in the future.

The balance sheet as detailed on page 8 shows a satisfactory position, shareholders' funds amounting to £2,093,093.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

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

P J de Savary
L L de Savary
M A Lutyens

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

FIXED ASSETS

In the opinion of the directors, the present market value of the company's properties is in excess of the amounts at which they are stated in the accounts. Details are set out in note 8.

POLICY ON THE PAYMENT OF CREDITORS

The company's policy is to pay all of its suppliers to term. During the year the number of creditors payment days was 14 days (2003 - 43 days).

AUDITORS

A resolution to re-appoint Target Consulting Limited as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

M. Callicott

M Callicott
Company Secretary

Approved by the directors on 23/8/05

THE LONDON OUTPOST LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31 OCTOBER 2004

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- ☐ select suitable accounting policies, as described on pages 10 to 11, 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 financial statements; and
- ☐ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

THE LONDON OUTPOST LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF THE
LONDON OUTPOST LIMITED
YEAR ENDED 31 OCTOBER 2004

We have audited the financial statements of The London Outpost Limited for the year ended 31 October 2004 on pages 6 to 19 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 10 to 11.

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements 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 financial statements, 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 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

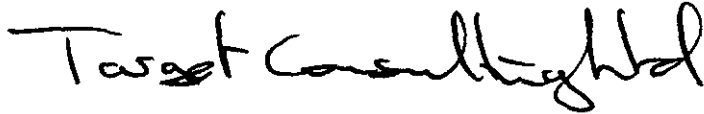
THE LONDON OUTPOST LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF THE
LONDON OUTPOST LIMITED (*continued*)**

YEAR ENDED 31 OCTOBER 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Target Consulting Limited
Chartered Accountants & Registered Auditors
Lower Bristol Road
Bath

Dated: 24 Aug 05

THE LONDON OUTPOST LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2004

	Note	2004 £	2003 £
TURNOVER	2	492,451	423,942
Cost of sales		<u>(284,712)</u>	<u>(296,359)</u>
GROSS PROFIT		207,739	127,583
Administrative expenses		<u>(233,682)</u>	<u>(183,119)</u>
OPERATING LOSS	3	(25,943)	(55,536)
Interest payable and similar charges	5	(8,531)	(12,571)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(34,474)</u>	<u>(68,107)</u>
Tax on loss on ordinary activities	6	—	805
LOSS FOR THE FINANCIAL YEAR		<u>(34,474)</u>	<u>(67,302)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 20 form part of these financial statements.

THE LONDON OUTPOST LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
YEAR ENDED 31 OCTOBER 2004

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2004 £	2003 £
Reported loss on ordinary activities before taxation	(34,474)	(68,107)
Difference between a historical cost depreciation charge and the actual charge calculated on the re-valued amount	<u>28,411</u>	<u>-</u>
Historical cost loss on ordinary activities before taxation	<u>(6,063)</u>	<u>(68,107)</u>
Historical cost loss for the year retained after taxation and dividends	<u>(6,063)</u>	<u>(67,302)</u>

The notes on pages 10 to 20 form part of these financial statements.

THE LONDON OUTPOST LIMITED

BALANCE SHEET

31 OCTOBER 2004

	Note	2004 £	£	2003 £	£
FIXED ASSETS					
Tangible assets	7		2,534,126		2,587,345
CURRENT ASSETS					
Stocks	8	20,703		19,998	
Debtors	9	48,711		78,655	
Cash at bank and in hand		69,171		26,463	
		<u>138,585</u>		<u>125,116</u>	
CREDITORS: Amounts falling due within one year	10	<u>(138,248)</u>		<u>(141,300)</u>	
NET CURRENT ASSETS/(LIABILITIES)			337		(16,184)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,534,463</u>		<u>2,571,161</u>
CREDITORS: Amounts falling due after more than one year	11		<u>(441,370)</u>		<u>(443,594)</u>
			<u>2,093,093</u>		<u>2,127,567</u>
CAPITAL AND RESERVES					
Called-up equity share capital	15		1,210,282		1,210,282
Share premium account	16		186,617		186,617
Revaluation reserve	16		1,207,513		1,235,924
Profit and loss account	16		<u>(511,319)</u>		<u>(505,256)</u>
SHAREHOLDER'S FUNDS	16		<u>2,093,093</u>		<u>2,127,567</u>

These financial statements were approved by the directors on the 23/8/05..... and are signed on their behalf by:

M A Lutyens

M A Lutyens
Director

The notes on pages 10 to 20 form part of these financial statements.

THE LONDON OUTPOST LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 2004

	Note	2004 £	£	2003 £	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17		63,798		(43,837)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		<u>(20,620)</u>		<u>(22,774)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(20,620)		(22,774)
TAXATION			—		(805)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		<u>(9,482)</u>		<u>(7,932)</u>	
Receipts from sale of fixed assets		<u>11,290</u>		<u>—</u>	
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE			1,808		(7,932)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			44,986		(75,348)
FINANCING					
(Repayment) of bank loans		<u>(72,222)</u>		<u>(72,228)</u>	
Advance of long-term amounts owed to group undertakings		<u>70,000</u>		<u>100,000</u>	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING			(2,222)		27,772
INCREASE/(DECREASE) IN CASH	18		<u>42,764</u>		<u>(47,576)</u>

The notes on pages 10 to 20 form part of these financial statements.

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	over the remaining life of the lease
Plant & Machinery	-	25% straight line
Fixtures & Fittings	-	10% straight line
Motor Vehicles	-	10% straight line

Depreciation is not provided on antique furniture included within fixtures and fittings at cost. The directors consider that the life of these assets and residual values are such that the annual depreciation charge and accumulated depreciation are not significant.

An amount equal to the excess of the annual depreciation charge on re-valued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are valued at the lower of cost and net realisable value. Stocks of glass, linen and china are valued at cost and all replacements are written off to the profit and loss account.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

1. ACCOUNTING POLICIES (continued)

Deferred taxation

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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2004 £	2003 £
United Kingdom	<u>492,451</u>	<u>423,942</u>

3. OPERATING LOSS

Operating loss is stated after charging:

	2004 £	2003 £
Directors' emoluments	—	—
Depreciation of owned fixed assets	51,411	5,403
Auditors' remuneration		
- as auditors	3,750	3,675
- for other services	<u>5,854</u>	<u>5,300</u>

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2004 No	2003 No
Number of distribution staff	<u>12</u>	<u>13</u>

The aggregate payroll costs of the above were:

	2004 £	2003 £
Wages and salaries	198,975	211,117
Social security costs	<u>16,682</u>	<u>20,074</u>
	<u>215,657</u>	<u>231,191</u>

No directors received any remuneration from the company during either year

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Interest payable on bank borrowing	<u>8,531</u>	<u>12,571</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2004 £	2003 £
<i>Current tax:</i>		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	<u>-</u>	<u>(805)</u>
Total current tax	<u>-</u>	<u>(805)</u>

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

6. TAXATION ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £	2003 £
Loss on ordinary activities before taxation	(34,474)	(68,107)
Profit/(loss) on ordinary activities by rate of tax	(10,342)	(20,432)
Effect of accelerated capital allowances	535	19,627
Expenses not deductible for tax purposes	14,075	—
Utilisation of tax losses	(4,268)	—
Total current tax (note 6(a))	—	(805)

7. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 November 2003	2,447,554	10,302	623,257	35,540	3,116,653
Additions	—	7,645	1,837	—	9,482
Disposals	—	—	—	(35,540)	(35,540)
At 31 October 2004	2,447,554	17,947	625,094	—	3,090,595
DEPRECIATION					
At 1 November 2003	—	8,690	497,568	23,050	529,308
Charge for the year	46,918	1,972	1,321	1,200	51,411
On disposals	—	—	—	(24,250)	(24,250)
At 31 October 2004	46,918	10,662	498,889	—	556,469
NET BOOK VALUE					
At 31 October 2004	2,400,636	7,285	126,205	—	2,534,126
At 31 October 2003	2,447,554	1,612	125,689	12,490	2,587,345

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

7. TANGIBLE FIXED ASSETS (continued)

Land and Buildings

	2004 £	2003 £
Long leasehold	<u>2,400,636</u>	<u>2,447,554</u>

The leasehold property consists of the hotel premises at 69 Cadogan Gardens, London, SW1. The lease of these premises is for 70 years from 25 December 1985. Long leaseholds are those leaseholds with greater than fifty years unexpired.

The directors re-valued the property and its contents at 31 March 1996 to £2,500,000 and have applied FRS 15 'Tangible Fixed Assets' transitional rules to freeze the old valuation. In their view the property's current open market value is in excess of this value.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2004 £	2003 £
Historical cost	<u>1,211,630</u>	<u>1,211,630</u>
Depreciation:		
Charge for year	<u>18,507</u>	<u>-</u>
At 31 October 2004	<u>18,507</u>	<u>-</u>
Net historical cost value:		
At 31 October 2004	<u>1,193,123</u>	<u>1,211,630</u>
At 1 November 2003	<u>1,211,630</u>	<u>1,211,630</u>

8. STOCKS

	2004 £	2003 £
Finished goods	<u>20,703</u>	<u>19,998</u>

9. DEBTORS

	2004 £	2003 £
Trade debtors	21,784	58,103
Corporation tax repayable	805	805
Prepayments and accrued income	<u>26,122</u>	<u>19,747</u>
	<u>48,711</u>	<u>78,655</u>

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

10. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	72,224	72,278
Trade creditors	30,859	37,165
Other creditors including taxation and social security:		
PAYE and social security	3,341	4,939
VAT	19,964	15,018
	<u>23,305</u>	<u>19,957</u>
Accruals and deferred income	11,860	11,900
	<u>138,248</u>	<u>141,300</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004 £	2003 £
Bank loans and overdrafts	72,224	72,278

The bank loan is repayable in annual instalments of £72,222 to be repaid by 31 August 2005. Interest is payable on the loan at a rate equal to base rate plus 2%. Security for the bank loan and overdraft is provided by way of a debenture dated 13 June 1994 having a fixed and floating charge over the undertaking and all property and assets and a legal charge over the property.

11. CREDITORS: Amounts falling due after more than one year

	2004 £	2003 £
Bank loans and overdrafts	—	72,224
Amounts owed to group undertakings	441,370	371,370
	<u>441,370</u>	<u>443,594</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2004 £	2003 £
Bank loans and overdrafts	—	72,224

The loan from the ultimate parent undertaking is interest free and has no fixed repayment terms. The parent undertaking has agreed not to demand repayment of this loan until 31 October 2005 at the earliest.

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

12. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital, which is due for repayment as follows:

	2004 £	2003 £
Amounts repayable:		
In one year or less or on demand	72,224	72,222
In more than one year but not more than two years	—	72,224
	<u>72,224</u>	<u>144,446</u>

13. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings 2004 £	2003 £
Operating leases which expire:		
After more than 5 years	<u>22,850</u>	<u>22,850</u>

14. RELATED PARTY TRANSACTIONS

At 31 October 2004, an amount of £441,370 (2003 - £371,370) was owed to Birmos Inc, the ultimate parent company. This is unsecured and no interest is charged. During the year the company received a further £70,000 loan from Birmos Inc to assist with short-term working capital requirements.

At 31 October 2004, P J de Savary, a director, owed the company £1,034 (2003 - £883). The maximum amount owed to the company during the year was £13,439. No interest is being charged on this balance.

The company sold a motor vehicle to P J de Savary, a director, in the year for £11,290. This transaction was on an arms-length basis.

The company paid £25,000 (2003 - £25,000) to Carnegie International Management Limited in respect of management charges for the year.

Included in trade debtors at the year-end, the company was owed £5,752 (2003 - £1,618) by Bovey Castle Limited and £nil (2003 - £34,948) by Carnegie International Asset Management Limited. P J de Savary is a director of both companies. The company made sales to Bovey Castle Limited of £5,299 in the year.

P J de Savary was not charged for accommodation to the value of £9,450 and Bovey Castle was charged £6,000 for accommodation to the value of £18,000.

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

15. SHARE CAPITAL

Authorised share capital:

	2004 £	2003 £
4,321,526 'A' ordinary shares of £0.25 each	1,080,382	1,080,382
829,436 'B' ordinary shares of £0.50 each	414,718	414,718
4,900 Preference shares of £1 each	4,900	4,900
	<u>1,500,000</u>	<u>1,500,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 No	£
'A' ordinary shares of £0.25 each	4,321,526	1,080,382	4,321,526	1,080,382
'B' ordinary shares of £0.50 each	250,000	125,000	250,000	125,000
Preference shares of £1 each	4,900	4,900	4,900	4,900
	<u>4,576,426</u>	<u>1,210,282</u>	<u>4,576,426</u>	<u>1,210,282</u>

The rights attaching to each class of share are as follows:

'A' ordinary shares:

Carry one vote per share at general meetings. Holders are entitled to participation in profits and surplus assets on a winding up once rights of preference shareholders are met.

'B' ordinary shares:

Rights are as for 'A' ordinary shares above but equating to 170 'A' shares for each 'B' share.

Preference shares:

Carry one vote per share at general meetings. Holders are entitled to the paid up portion on shares in priority to other shareholders in a winding up or return of capital. The shareholders have no rights with regard to profits or surplus assets on a winding up.

16. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total share- holders' funds £
Balance brought forward	1,210,282	186,617	1,235,924	(437,954)	2,194,869
Loss for the year	—	—	—	(67,302)	(67,302)
Balance brought forward	1,210,282	186,617	1,235,924	(505,256)	2,127,567
Loss for the year	—	—	—	(34,474)	(34,474)
Other movements: - transfer to/from revaluation reserve	—	—	(28,411)	28,411	—
Balance carried forward	<u>1,210,282</u>	<u>186,617</u>	<u>1,207,513</u>	<u>(511,319)</u>	<u>2,093,093</u>

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

**17. RECONCILIATION OF OPERATING LOSS TO
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2004 £	2003 £
Operating loss	(25,943)	(55,536)
Interest payable	12,089	10,203
Depreciation	51,411	5,403
Increase in stocks	(705)	(194)
Decrease/(increase) in debtors	29,944	(29,759)
(Decrease)/increase in creditors	(2,998)	26,046
Net cash inflow/(outflow) from operating activities	<u>63,798</u>	<u>(43,837)</u>

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004 £	£	2003 £	£
Increase/(decrease) in cash in the period	42,764		(47,576)	
Net cash outflow from bank loans	72,222		72,228	
Net cash (inflow) from long-term amounts owed to group undertakings	<u>(70,000)</u>		<u>(100,000)</u>	
	44,986		(75,348)	
Change in net debt	44,986		(75,348)	
Net debt at 1 November 2003	(489,409)		(414,061)	
Net debt at 31 October 2004	<u>(444,423)</u>		<u>(489,409)</u>	

19. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Nov 2003 £	Cash flows £	At 31 Oct 2004 £
Net cash:			
Cash in hand and at bank	26,463	42,708	69,171
Overdrafts	(56)	56	-
	<u>26,407</u>	<u>42,764</u>	<u>69,171</u>
Debt:			
Debt due within 1 year	(72,222)	(2)	(72,224)
Debt due after 1 year	(443,594)	2,224	(441,370)
	<u>(515,816)</u>	<u>2,222</u>	<u>(513,594)</u>
Net debt	<u>(489,409)</u>	<u>44,986</u>	<u>(444,423)</u>

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

20. ULTIMATE PARENT COMPANY

The company is controlled by it's parent undertaking, Birnos Inc., a company incorporated in the Bahamas.