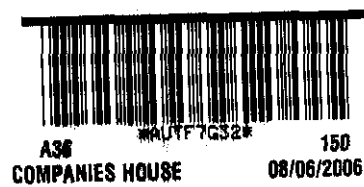


THE LONDON OUTPOST LIMITED

FINANCIAL STATEMENTS

31 OCTOBER 2005

COMPANY REGISTRATION NUMBER 1799743



THE LONDON OUTPOST LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

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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 2005

The directors present their report and the financial statements of the company for the year ended 31 October 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The balance sheet as detailed on page 8 shows a satisfactory position, shareholders' funds amounting to £2,074,135.

FUTURE DEVELOPMENTS

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

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.

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 36 days (2004 - 40 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 A Lutyens
Director



Approved by the directors on 2/6/06

THE LONDON OUTPOST LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31 OCTOBER 2005

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 2005

We have audited the financial statements of The London Outpost Limited for the year ended 31 October 2005 on pages 6 to 18 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 2005

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 2005 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:

6/6/06

THE LONDON OUTPOST LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2005

	Note	2005 £	2004 £
TURNOVER	2	537,337	492,451
Cost of sales		<u>(309,984)</u>	<u>(284,712)</u>
GROSS PROFIT		227,353	207,739
Administrative expenses		<u>(242,169)</u>	<u>(233,682)</u>
OPERATING LOSS	3	(14,816)	(25,943)
Interest payable and similar charges	5	<u>(4,142)</u>	(8,531)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(18,958)</u>	<u>(34,474)</u>
Tax on loss on ordinary activities	6	—	—
LOSS FOR THE FINANCIAL YEAR		<u>(18,958)</u>	<u>(34,474)</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 19 form part of these financial statements.

THE LONDON OUTPOST LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
YEAR ENDED 31 OCTOBER 2005

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2005 £	2004 £
Reported loss on ordinary activities before taxation	(18,958)	(34,474)
Difference between a historical cost depreciation charge and the actual charge calculated on the re-valued amount	<u>23,692</u>	<u>23,692</u>
Historical cost loss on ordinary activities before taxation	<u>4,734</u>	<u>(10,782)</u>
Historical cost loss for the year retained after taxation and dividends	<u>4,734</u>	<u>(10,782)</u>

The notes on pages 10 to 19 form part of these financial statements.

THE LONDON OUTPOST LIMITED

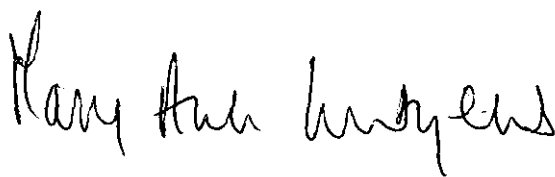
BALANCE SHEET

31 OCTOBER 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	7	2,485,504	2,534,126
CURRENT ASSETS			
Stocks	8	20,122	20,703
Debtors	9	61,457	48,711
Cash at bank and in hand		29,978	69,171
		<u>111,557</u>	<u>138,585</u>
CREDITORS: Amounts falling due within one year	11	<u>(81,556)</u>	<u>(138,248)</u>
NET CURRENT ASSETS		<u>30,001</u>	<u>337</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,515,505</u>	<u>2,534,463</u>
CREDITORS: Amounts falling due after more than one year	12	<u>(441,370)</u>	<u>(441,370)</u>
		<u>2,074,135</u>	<u>2,093,093</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	1,210,282	1,210,282
Share premium account	17	186,617	186,617
Revaluation reserve	17	1,188,540	1,212,232
Profit and loss account	17	<u>(511,304)</u>	<u>(516,038)</u>
SHAREHOLDER'S FUNDS	17	<u>2,074,135</u>	<u>2,093,093</u>

These financial statements were approved by the directors on the 2/6/06 and are signed on their behalf by:

M A Lutyens
Director



The notes on pages 10 to 19 form part of these financial statements.

THE LONDON OUTPOST LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 2005

	Note	2005 £	£	2004 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		51,217		63,798
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		<u>(16,790)</u>		<u>(20,620)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(16,790)		(20,620)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		<u>(1,396)</u>		<u>(9,482)</u>	
Receipts from sale of fixed assets		<u>—</u>		<u>11,290</u>	
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE			(1,396)		1,808
CASH INFLOW BEFORE FINANCING			33,031		44,986
FINANCING					
Repayment of bank loans		<u>(72,224)</u>		<u>(72,222)</u>	
Repayment of long-term amounts owed to group undertakings		<u>—</u>		<u>70,000</u>	
NET CASH OUTFLOW FROM FINANCING			(72,224)		(2,222)
(DECREASE)/INCREASE IN CASH	19		<u>(39,193)</u>		<u>42,764</u>

The notes on pages 10 to 19 form part of these financial statements.

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

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 accommodation and services provided during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost. The company has adopted the transitional provisions of FRS 15 'Tangible fixed assets' and adopted a policy of freezing historic valuations.

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 2005

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:

	2005 £	2004 £
United Kingdom	<u>537,337</u>	<u>492,451</u>

3. OPERATING LOSS

Operating loss is stated after charging:

	2005 £	2004 £
Directors' emoluments	—	—
Depreciation of owned fixed assets	50,018	51,411
Auditors' remuneration		
- as auditor	4,500	3,750
- for other services	<u>1,490</u>	<u>5,854</u>

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

4. PARTICULARS OF EMPLOYEES

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

	2005 No	2004 No
Number of distribution staff	<u>12</u>	<u>12</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	211,705	198,975
Social security costs	<u>21,816</u>	<u>16,682</u>
	<u>233,521</u>	<u>215,657</u>

No directors received any remuneration from the company during either year

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Interest payable on bank borrowing	<u>4,142</u>	<u>8,531</u>

6. TAXATION ON ORDINARY ACTIVITIES

	2005 £	2004 £
<i>Current tax:</i>		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	<u>2,895</u>	-
Total current tax	<u>2,895</u>	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 10)		
Other	<u>(2,895)</u>	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

6. TAXATION ON ORDINARY ACTIVITIES (continued)

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% (2004 - 30%).

	2005 £	2004 £
Loss on ordinary activities before taxation	<u>(18,958)</u>	<u>(34,474)</u>
Profit/(loss) on ordinary activities by rate of tax	(5,687)	(10,342)
Effect of accelerated capital allowances	(4,079)	535
Expenses not deductible for tax purposes	16,940	14,075
Utilisation of tax losses	(7,174)	(4,268)
Tax payable on overdrawn directors loan account	2,895	-
Total current tax	<u>2,895</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
COST OR VALUATION				
At 1 November 2004	2,447,554	17,947	625,094	3,090,595
Additions	-	1,396	-	1,396
At 31 October 2005	<u>2,447,554</u>	<u>19,343</u>	<u>625,094</u>	<u>3,091,991</u>
DEPRECIATION				
At 1 November 2004	46,918	10,662	498,889	556,469
Charge for the year	46,918	1,900	1,200	50,018
At 31 October 2005	<u>93,836</u>	<u>12,562</u>	<u>500,089</u>	<u>606,487</u>
NET BOOK VALUE				
At 31 October 2005	<u>2,353,718</u>	<u>6,781</u>	<u>125,005</u>	<u>2,485,504</u>
At 31 October 2004	<u>2,400,636</u>	<u>7,285</u>	<u>126,205</u>	<u>2,534,126</u>
Land and Buildings				
	2005 £	2004 £		
Long leasehold	<u>2,353,718</u>	<u>2,400,636</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 revalued 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.

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

7. TANGIBLE FIXED ASSETS *(continued)*

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

	2005 £	2004 £
Historical cost	1,211,630	1,211,630
Depreciation:		
At 1 November 2004	23,226	-
Charge for year	23,226	23,226
At 31 October 2005	<u>46,452</u>	<u>23,226</u>
Net historical cost value:		
At 31 October 2005	<u>1,165,178</u>	<u>1,188,404</u>
At 1 November 2004	<u>1,188,404</u>	<u>1,211,630</u>

8. STOCKS

	2005 £	2004 £
Finished goods	<u>20,122</u>	<u>20,703</u>

9. DEBTORS

	2005 £	2004 £
Trade debtors	23,160	21,784
Corporation tax repayable	-	805
Directors current accounts	11,579	-
Prepayments and accrued income	23,823	26,122
Deferred taxation (note 10)	2,895	-
	<u>61,457</u>	<u>48,711</u>

10. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2005 £	2004 £
Included in debtors (note 9)	<u>2,895</u>	<u>-</u>

The movement in the deferred taxation account during the year was:

	2005 £	2004 £
Profit and loss account movement arising during the year	2,895	-
Balance carried forward	<u>2,895</u>	<u>-</u>

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

10. DEFERRED TAXATION (continued)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2005 £	2004 £
Other timing differences	2,895	-
	<u>2,895</u>	<u>-</u>

11. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	-	72,224
Trade creditors	29,554	30,859
Other creditors including taxation and social security:		
Corporation tax	2,090	-
PAYE and social security	5,524	3,341
VAT	<u>20,027</u>	<u>19,964</u>
	27,641	23,305
Accruals and deferred income	24,361	11,860
	<u>81,556</u>	<u>138,248</u>

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

	2005 £	2004 £
Bank loans and overdrafts	-	72,224

The bank loan was repaid in full in the period. Interest was 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.

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

	2005 £	2004 £
Amounts owed to group undertakings	<u>441,370</u>	<u>441,370</u>

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 2006 at the earliest.

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

13. CREDITORS - CAPITAL INSTRUMENTS

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

	2005 £	2004 £
Amounts repayable:		
In one year or less or on demand	—	<u>72,224</u>

14. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings 2005 £	2004 £
Operating leases which expire:		
After more than 5 years	<u>22,850</u>	<u>22,850</u>

15. RELATED PARTY TRANSACTIONS

At 31 October 2005, an amount of £441,370 (2004 - £441,370) was owed to Birmos Inc, the ultimate parent company. This is unsecured and no interest is charged.

At 31 October 2005, P J de Savary, a director, owed the company £11,579 (2004 - £1,034). The maximum amount owed to the company during the year was £22,503. No interest is being charged on this balance.

The company paid £25,000 (2004 - £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 £305 (2004 - £5,752) by Bovey Castle Limited and £4,445 (2004 - £nil) by Carnegie International Asset Management Limited. P J de Savary is a director of both companies.

Bovey Castle Limited was charged £3,750 (2004 - £6,000) for accommodation to the value of £11,750 (2004 - £18,000).

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

16. SHARE CAPITAL

Authorised share capital:

	2005 £	2004 £
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:

	2005 No	£	2004 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.

17. 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	(505,256)	2,127,567
Loss for the year	-	-	-	(34,474)	(34,474)
Other movements					
- transfer to/from revaluation reserve	-	-	(23,692)	23,692	-
Balance brought forward	1,210,282	186,617	1,212,232	516,038	2,093,093
Loss for the year	-	-	-	18,958	18,958
Other movements					
- transfer to/from revaluation reserve	-	-	23,692	23,692	-
Balance carried forward	<u>1,210,282</u>	<u>186,617</u>	<u>1,188,540</u>	<u>511,304</u>	<u>2,074,135</u>

THE LONDON OUTPOST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2005

**18. RECONCILIATION OF OPERATING LOSS TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2005 £	2004 £
Operating loss	(14,816)	(25,943)
Interest payable	12,648	12,089
Depreciation	50,018	51,411
Decrease/(increase) in stocks	581	(705)
(Increase)/decrease in debtors	(10,656)	29,944
Increase/(decrease) in creditors	13,442	(2,998)
Net cash inflow from operating activities	<u>51,217</u>	<u>63,798</u>

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

	2005 £	2004 £
(Decrease)/increase in cash in the period	(39,193)	42,764
Net cash outflow from bank loans	72,224	72,222
Net cash (inflow) from long-term amounts owed to group undertakings	—	(70,000)
	<u>33,031</u>	44,986
Change in net debt	33,031	44,986
Net debt at 1 November 2004	(444,423)	(489,409)
Net debt at 31 October 2005	<u>(411,392)</u>	<u>(444,423)</u>

20. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Nov 2004 £	Cash flows £	At 31 Oct 2005 £
Net cash:			
Cash in hand and at bank	69,171	(39,193)	29,978
Debt:			
Debt due within 1 year	(72,224)	72,224	—
Debt due after 1 year	(441,370)	—	(441,370)
	<u>(513,594)</u>	<u>72,224</u>	<u>(441,370)</u>
Net debt	<u>(444,423)</u>	<u>33,031</u>	<u>(411,392)</u>

21. ULTIMATE PARENT COMPANY

The company is controlled by its parent undertaking, Birmos Inc., a company incorporated in the Bahamas.