

**THE LONDON OUTPOST LIMITED (FORMERLY
CARNEGIE OUTPOSTS LIMITED)**

FINANCIAL STATEMENTS

31 OCTOBER 2003

COMPANY REGISTRATION NUMBER 1799743



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**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

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**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

COMPANY INFORMATION

THE BOARD OF DIRECTORS

P J de Savary
L L de Savary
M A Lutyens

COMPANY SECRETARY

H Patel

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 (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2003

The directors present their report and the financial statements of the company for the year ended 31 October 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

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 £2,127,567.

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 55 days (2002 26 days).

THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)

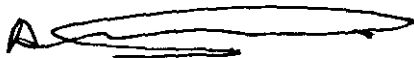
THE DIRECTORS' REPORT (*continued*)

YEAR ENDED 31 OCTOBER 2003

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

A handwritten signature in black ink, appearing to be 'H Patel', written over a horizontal line.

H Patel
Company Secretary

Approved by the directors on 18.8.04.

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 OCTOBER 2003

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 at the end of the year and of the profit or loss for the year then ended. 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 (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER

YEAR ENDED 31 OCTOBER 2003

We have audited the financial statements on pages 7 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 (FORMERLY CARNEGIE
OUTPOSTS LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER *(continued)*

YEAR ENDED 31 OCTOBER 2003

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 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Target Consulting Limited

Lawrence House
Lower Bristol Road
Bath

TARGET CONSULTING LIMITED
Chartered Accountants
& Registered Auditors

17 August 2004

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2003

	Note	2003 £	2002 £
TURNOVER	2	423,942	500,252
Cost of sales		<u>(297,255)</u>	(289,309)
GROSS PROFIT		126,687	210,943
Distribution costs		(25,698)	(28,434)
Administrative expenses		<u>(157,421)</u>	(149,078)
OPERATING (LOSS)/PROFIT	3	(56,432)	33,431
Profit on disposal of fixed assets	5	—	1,400
		<u>(56,432)</u>	34,831
Interest receivable		896	3,567
Interest payable	6	<u>(12,571)</u>	(16,979)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(68,107)	21,419
Tax on (loss)/profit on ordinary activities	7	805	9,372
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(67,302)	30,791
Balance brought forward		<u>(437,954)</u>	(468,745)
Balance carried forward		<u><u>(505,256)</u></u>	<u><u>(437,954)</u></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 18 form part of these financial statements.

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

BALANCE SHEET

31 OCTOBER 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	2,587,345	2,584,816
CURRENT ASSETS			
Stocks	9	19,998	19,804
Debtors	10	78,655	48,091
Cash at bank and in hand		26,463	73,983
		<u>125,116</u>	<u>141,878</u>
CREDITORS: Amounts falling due within one year	11	<u>(141,300)</u>	<u>(116,009)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(16,184)</u>	<u>25,869</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,571,161</u>	<u>2,610,685</u>
CREDITORS: Amounts falling due after more than one year	12	<u>(443,594)</u>	<u>(415,816)</u>
		<u>2,127,567</u>	<u>2,194,869</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	1,235,924	1,235,924
Profit and loss account		<u>(505,256)</u>	<u>(437,954)</u>
SHAREHOLDER'S FUNDS	17	<u>2,127,567</u>	<u>2,194,869</u>

These financial statements were approved by the directors on the 18 August 2004 and are signed on their behalf by:

M A Lutyens

M A Lutyens
Director

The notes on pages 10 to 18 form part of these financial statements.

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 2003

	Note	2003 £	£	2002 £	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	18		(54,936)		1,809
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		896		3,567	
Interest paid		<u>(12,571)</u>		<u>(17,679)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(11,675)		(14,112)
TAXATION			(805)		(1,725)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(7,932)		(3,169)	
Receipts from sale of fixed assets		<u>—</u>		<u>3,750</u>	
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE			(7,932)		581
CASH OUTFLOW BEFORE FINANCING			(75,348)		(13,447)
FINANCING					
Repayment of bank loans		(72,222)		(72,222)	
Receipts from group undertakings		<u>100,000</u>		<u>—</u>	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING			27,778		(72,222)
DECREASE IN CASH	19		<u>(47,570)</u>		<u>(85,669)</u>

The notes on pages 10 to 18 form part of these financial statements.

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

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:

Plant & Machinery	- 25% straight line
Fixtures & Fittings	- 10% straight line
Motor Vehicles	- 10% straight line

Depreciation is not provided on the leasehold property which is a long lease. The property is not being depreciated over the term of the lease as it is the directors intentions to renew the lease at the end of the lease term. It is therefore considered that the lease is indefinite and therefore the residual value would mean that the depreciation is insignificant.

Depreciation is also not provided on any antique furniture included within fixtures and fittings. Accordingly, the Directors consider that the life of this asset and residual values is such that depreciation is insignificant.

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 (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

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:

	2003 £	2002 £
United Kingdom	<u>423,942</u>	<u>500,252</u>

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2003 £	2002 £
Directors' emoluments	—	—
Depreciation of owned fixed assets	5,403	6,357
Auditors' remuneration		
- as auditors	<u>3,675</u>	<u>3,500</u>

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

4. PARTICULARS OF EMPLOYEES

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

	2003	2002
	No	No
Number of distribution staff	<u>13</u>	<u>11</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	211,117	205,080
Social security costs	<u>20,074</u>	<u>17,906</u>
	<u>231,191</u>	<u>222,986</u>

No directors received any remuneration from the company during either year

5. PROFIT ON DISPOSAL OF FIXED ASSETS

	2003	2002
	£	£
Profit on disposal of fixed assets	<u>-</u>	<u>1,400</u>

6. INTEREST PAYABLE

	2003	2002
	£	£
Interest payable on bank borrowing	<u>12,571</u>	<u>16,979</u>

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	<u>(805)</u>	<u>805</u>
Total current tax	<u>(805)</u>	<u>805</u>
Deferred tax:		
Decrease in deferred tax provision		
Capital allowances	<u>-</u>	<u>(10,177)</u>
Tax on (loss)/profit on ordinary activities	<u>(805)</u>	<u>(9,372)</u>

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £	2002 £
(Loss)/profit on ordinary activities before taxation	(68,107)	21,419
Profit/(loss) on ordinary activities by rate of tax	(20,432)	6,426
Effect of accelerated capital allowances	(4,869)	(5,621)
Trade losses carried forward	24,496	—
Total current tax (note 7(a))	(805)	805

8. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 November 2002	2,447,554	10,200	615,967	35,000	3,108,721
Additions	—	102	7,290	540	7,932
At 31 October 2003	2,447,554	10,302	623,257	35,540	3,116,653
DEPRECIATION					
At 1 November 2002	—	8,005	496,350	19,550	523,905
Charge for the year	—	685	1,218	3,500	5,403
At 31 October 2003	—	8,690	497,568	23,050	529,308
NET BOOK VALUE					
At 31 October 2003	2,447,554	1,612	125,689	12,490	2,587,345
At 31 October 2002	2,447,554	2,195	119,617	15,450	2,584,816

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

8. TANGIBLE FIXED ASSETS (*continued*)

As stated in the accounting policy note 1, no depreciation has been provided on the leasehold property as required by Financial Reporting Standard 15.

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. The directors revalued the property and its contents at 31 March 1996 to £2,500,000. In their view the property's current open market value is in excess of this value.

The directors have not undertaken an external professional valuation of the leasehold property and its contents at 31 October 2003 as in their view the costs of such an exercise would outweigh any potential benefits.

This is in accordance to the FRS 15 transitional rules on revaluation policies, under which the company is not required to undertake periodic valuations.

Improvements to the leasehold and additions to furniture and fittings since 31 March 1996 have been capitalised at cost.

The historical cost of the leasehold property is £965,445 (2002 £965,445).

LAND AND BUILDINGS

	2003 £	2002 £
Long leasehold	2,447,554	2,447,554

Long leaseholds are those leaseholds with more than 50 years unexpired.

9. STOCKS

	2003 £	2002 £
Finished goods	<u>19,998</u>	<u>19,804</u>

10. DEBTORS

	2003 £	2002 £
Trade debtors	58,103	20,357
Corporation tax repayable	805	—
Prepayments and accrued income	<u>19,747</u>	<u>27,734</u>
	<u>78,655</u>	<u>48,091</u>

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

11. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	72,278	72,228
Trade creditors	37,165	17,179
Other creditors including taxation and social security:		
Corporation tax	—	805
PAYE and social security	4,939	5,317
VAT	15,018	9,011
Other creditors	—	69
	<u>19,957</u>	<u>15,202</u>
Accruals and deferred income	11,900	11,400
	<u>141,300</u>	<u>116,009</u>

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

	2003 £	2002 £
Bank loans and overdrafts	72,224	144,446
Amounts owed to group undertakings	371,370	271,370
	<u>443,594</u>	<u>415,816</u>

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.

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 2004 at the earliest.

13. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings 2003 £	2002 £
Operating leases which expire: After more than 5 years	<u>22,850</u>	<u>22,850</u>

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

14. RELATED PARTY TRANSACTIONS

At 31 October 2003, an amount of £371,370 (2002 £271,370) 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 £100,000 loan from Birmos Inc.

At 31 October 2003, P J de Savary, a director, owed the company £883 (2002 £3,368). The maximum amount owed to the company during the year was £32,176. No interest is being charged on this balance.

At the year end the company was owed £34,948 and £1,618 by Carnegie International Asset Management Limited and Bovey Castle Limited respectively, included in Trade Debtors, which are companies of which P de Savary is a director. After the year end these balances were repaid in full.

The company also owed £24,479, to Carnegie International Asset Management Limited in respect of management charges for the year.

15. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
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:

	2003 No	£	2002 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 LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

15. SHARE CAPITAL (continued)

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

Preferred ordinary shares: Carry one vote per share at general meetings. Holders are entitled to be 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.

'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 preferred ordinary shareholders are met.

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

16. RESERVES

	Share premium account £	Revaluation reserve £
At 1 November 2002 & 31 October 2003	<u>186,617</u>	<u>1,235,924</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2003 £	2002 £
(Loss)/Profit for the financial year	(67,302)	30,791
Opening shareholder's equity funds	<u>2,194,869</u>	<u>2,164,078</u>
Closing shareholder's equity funds	<u>2,127,567</u>	<u>2,194,869</u>

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

	2003 £	2002 £
Operating (loss)/profit	(56,432)	33,431
Depreciation	5,403	6,357
Increase in stocks	(194)	(1,221)
(Increase)/decrease in debtors	(29,759)	4,646
Increase/(decrease) in creditors	<u>26,046</u>	<u>(41,104)</u>
Net cash (outflow)/inflow from operating activities	<u>(54,936)</u>	<u>1,809</u>

**THE LONDON OUTPOST LIMITED (FORMERLY CARNEGIE
OUTPOSTS LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

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

	2003		2002	
	£	£	£	£
Decrease in cash in the period	(47,570)		(85,669)	
Net cash outflow from bank loans	72,222		72,222	
Net cash (inflow) from long-term amounts owed to group undertakings	(100,000)		—	
		(75,348)		(13,447)
Change in net debt		(75,348)		(13,447)
Net debt at 1 November 2002		(414,062)		(400,615)
Net debt at 31 October 2003		(489,410)		(414,062)

20. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Nov 2002 £	Cash flows £	At 31 Oct 2003 £
Net cash:			
Cash in hand and at bank	73,983	(47,520)	26,463
Overdrafts	(7)	(50)	(57)
	73,976	(47,570)	26,406
Debt:			
Debt due within 1 year	(72,222)	—	(72,222)
Debt due after 1 year	(415,816)	(27,778)	(443,594)
	(488,038)	(27,778)	(515,816)
Net debt	(414,062)	(75,348)	(489,410)

21. ULTIMATE PARENT COMPANY

The company is controlled by its parent undertaking, Birmos Inc., a company incorporated in the Bahamas. Having made enquiries of the parent undertaking, the directors are not aware of the ultimate controlling party.