

CARNEGIE OUTPOSTS LIMITED
ABBREVIATED FINANCIAL STATEMENTS
31 OCTOBER 2000

Company Registration Number 1799743



The David Naish Partnership
CHARTERED ACCOUNTANTS

CARNEGIE OUTPOSTS LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2000

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CARNEGIE OUTPOSTS LIMITED
AUDITORS' REPORT TO THE COMPANY
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 6, together with the financial statements of the company for the year ended 31 October 2000 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 3 to 6 are properly prepared in accordance with those provisions.

OTHER INFORMATION

On we reported, as auditors of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 October 2000, and the full text of our audit report is reproduced on page 2 of these financial statements.

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CARNEGIE OUTPOSTS LIMITED
AUDITORS' REPORT
to the shareholders of Carnegie Outposts Limited
YEAR ENDED 31 OCTOBER 2000

We have audited the financial statements on pages 6 to 12 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 page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 4, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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.

However, the information available to us was limited in respect of the revaluation of the leasehold property and its contents to £2,500,000 made at 31 March 1996 carried out by the directors during that year. The directors estimate of the market value of the property is based on their own financial projections and opinions of market conditions. There was no satisfactory audit procedures that we could adopt to confirm the directors' assessment of market value. Any adjustment to this figure would also have a consequential effect on the revaluation reserve.

QUALIFIED OPINION

Except for any adjustments to the financial statements that might have been found to be necessary had we been able to obtain sufficient third party evidence concerning the revaluation of the leasehold property, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2000 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.

The David Naish Partnership
Chartered Accountants & Registered Auditors
Bath

The David Naish Partnership

21 sept 2001

CARNEGIE OUTPOSTS LIMITED

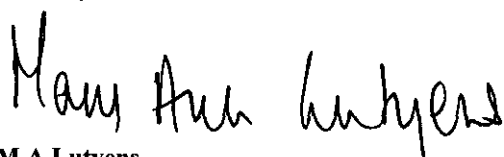
ABBREVIATED BALANCE SHEET

31 OCTOBER 2000

	Note	2000	1999
		£	£
FIXED ASSETS	2		
Tangible assets		2,644,636	2,685,081
CURRENT ASSETS			
Stocks		19,014	18,378
Debtors		78,908	61,806
Cash at bank and in hand		109,292	62,637
		<u>207,214</u>	<u>142,821</u>
CREDITORS: Amounts falling Due within one year		<u>(175,604)</u>	<u>(171,847)</u>
NET CURRENT ASSETS/(LIABILITIES)		31,610	(29,026)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,676,246</u>	<u>2,656,055</u>
CREDITORS: Amounts falling due After more than one year		<u>(560,260)</u>	<u>(632,482)</u>
		<u>2,115,986</u>	<u>2,023,573</u>
CAPITAL AND RESERVES			
Called-up equity share capital	4	1,210,282	1,210,282
Share premium account		186,617	186,617
Revaluation reserve		1,235,924	1,235,924
Profit and loss account		(516,837)	(609,250)
SHAREHOLDER'S FUNDS		<u>2,115,986</u>	<u>2,023,573</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 20 SEP 2001, and are signed on their behalf by:



M A Lutyens
Director

CARNEGIE OUTPOSTS LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2000

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.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

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

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. It is company's policy to maintain this asset in a continual state of sound repairs and to make improvements there on from time to time. Accordingly the Directors consider that the life of this asset and residual values is such that 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.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

CARNEGIE OUTPOSTS LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2000

2. FIXED ASSETS

	Tangible Fixed Assets £
COST OR VALUATION	
At 1 November 1999	3,094,593
Additions	14,973
Disposals	(2,951)
At 31 October 2000	<u><u>3,106,615</u></u>
DEPRECIATION	
At 1 November 1999	409,512
Charge for year	55,418
On disposals	(2,951)
At 31 October 2000	<u><u>461,979</u></u>
NET BOOK VALUE	
At 31 October 2000	<u><u>2,644,636</u></u>
At 31 October 1999	<u><u>2,685,081</u></u>

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 1999 as in their view the costs of such an exercise would outweigh any potential benefits.

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 (1999 £965,445).

LAND AND BUILDINGS

	2000 £	1999 £
Long leasehold	2,447,554	2,447,554

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

3. CREDITORS

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 August 2001 at the earliest.

CARNEGIE OUTPOSTS LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2000

4. SHARE CAPITAL

Authorised share capital:

	2000	1999
	£	£
4,321,526 'A' ordinary shares shares of £0.25 each	1,080,382	1,080,382
829,437 'B' ordinary shares shares of £0.50 each	414,719	414,719
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:

	2000		1999	
	No.	£	No.	£
'A' ordinary shares shares	4,321,526	1,080,382	4,321,526	1,080,382
'B' ordinary shares shares	250,000	125,000	250,000	125,000
Preference shares	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:

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

5. ULTIMATE CONTROLLING PARTY

The ultimate parent company is Birnos Inc., a company incorporated in the Bahamas.

6. CONTROLLING PARTY

Having made enquiries of the parent company the directors are unaware of the ultimate controlling party.