

Company Registration No. 03553907 (England and Wales)

OUTER PROPERTY LTD
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



OUTER PROPERTY LTD

COMPANY INFORMATION

Director	G A Mihalcheon
Secretary	Wise Owl Secretaries Limited
Company number	03553907
Registered office	18A Pindock Mews London W9 2PY
Auditors	MRI Moores Rowland LLP 3 Sheldon Square Paddington London W2 6PS

OUTER PROPERTY LTD

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OUTER PROPERTY LTD

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The director presents his report and financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company was that of letting of own property and the development and sale of real estate. During the year the company changed its name from Cavenco UK Limited to Outer Property Ltd.

Director

The following director has held office since 1 January 2002:

G A Mihalcheon

Director's interests

The director's indirect interest in the shares of the Company are shown in the accounts of Outer Holdings Ltd.

	Ordinary shares of £ 1 each
31 December 2002	1 January 2002

G A Mihalcheon

Auditors

MRI Moores Rowland LLP were appointed auditors to the company during the year. The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, MRI Moores Rowland LLP, will be deemed to be reappointed for each succeeding financial year.

Director's responsibilities

Company law requires the director 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 period. In preparing those financial statements, the director is required to:

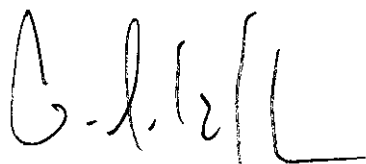
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

.....
G A Mihalcheon
Director
.....


13 APRIL 2003

OUTER PROPERTY LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OUTER PROPERTY LTD

We have audited the financial statements on pages 4 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the director and auditors

As described in the statement of director's responsibilities on page 1 the company's director is 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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's 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 director 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the reliance on the shareholder's support of the company. In view of the significance of this reliance we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

OUTER PROPERTY LTD

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF OUTER PROPERTY LTD

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MRI Moores Rowland LLP

MRI Moores Rowland LLP

Chartered Accountants
Registered Auditor

26 April 2004.

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3 Sheldon Square
Paddington
London
W2 6PS

OUTER PROPERTY LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover		15,000	-
Cost of sales		(2,740)	(5,630)
Gross profit/(loss)		12,260	(5,630)
Administrative expenses		(20,247)	351
Operating loss	2	(7,987)	(5,279)
Other interest receivable and similar income	3	3	-
Interest payable and similar charges		(25,216)	(1)
Loss on ordinary activities before taxation		(33,200)	(5,280)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	10	(33,200)	(5,280)

OUTER PROPERTY LTD

BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	5		2,129,690		-
Current assets					
Debtors	6	-		10,576	
Cash at bank and in hand		-		302	
				10,878	
Creditors: amounts falling due within one year	7	(700,027)		(31,248)	
Net current liabilities			(700,027)		(20,370)
Total assets less current liabilities			1,429,663		(20,370)
Creditors: amounts falling due after more than one year	8		(1,483,233)		-
			(53,570)		(20,370)
Capital and reserves					
Called up share capital	9		40		40
Profit and loss account	10		(53,610)		(20,410)
Shareholders' funds			(53,570)		(20,370)

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on Apr 23/04

.....
G A Mihalcheon
Director

G. A. Mihalcheon
Director

OUTER PROPERTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements have been prepared on the going concern basis. This is considered appropriate as the shareholder will continue to provide financial support to the company for the foreseeable future. Should the company be unable to continue trading, adjustments may have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify fixed assets as current assets.

1.2 Turnover

Turnover represents rents receivable.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets consist of investment properties which are valued at open market value.

Investment properties are included in the balance sheet at cost which is estimated to be the materially the same as their open market value at the year end. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.4 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future. The adoption of the standard has not required a prior period adjustment.

2 Operating loss

	2002	2001
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	2,800	(413)

3 Investment income

	2002	2001
	£	£
Other interest	3	-

OUTER PROPERTY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

4 Taxation

No provision has been made for tax in these financial statements.

5 Tangible fixed assets

	Investment properties £
Cost	
At 1 January 2002	-
Additions	2,129,690
At 31 December 2002	<u>2,129,690</u>

6 Debtors

	2002 £	2001 £
Trade debtors	<u>-</u>	<u>10,576</u>

7 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	8,136	-
Trade creditors	47,138	2,469
Amounts owed to group undertakings and undertakings in which the company has a participating interest	641,203	28,779
Other creditors	3,550	-
	<u>700,027</u>	<u>31,248</u>

8 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Bank loans	<u>1,483,233</u>	<u>-</u>
Analysis of loans		
Not wholly repayable within five years by instalments	<u>1,483,233</u>	<u>-</u>
Instalments not due within five years	<u>1,303,320</u>	<u>-</u>

Mortgages amounting to £1,574,000 are secured on the investment properties. A fixed and floating charge over all of the company's assets is also held by the bank.

OUTER PROPERTY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

9	Share capital	2002	2001
		£	£
	Authorised		
	200 Ordinary shares of £1 each	200	200
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	40 Ordinary shares of £1 each	40	40
		<u> </u>	<u> </u>
10	Statement of movements on profit and loss account		Profit and loss account £
	Balance at 1 January 2002		(20,410)
	Retained loss for the year		<u>(33,200)</u>
	Balance at 31 December 2002		<u>(53,610)</u>

11 Control

The company's immediate controlling party at the balance sheet date continued to be Outer Holdings Ltd, a company incorporated in England. The ultimate controlling party continued to be GA Mihalcheon, sole shareholder of Outer Holdings Ltd.

12 Related party transactions

As at the year end Outer Property Ltd was owed £nil (2001: £10,576) from Outer Recordings Ltd, a fellow subsidiary and owed £641,203 (2001: £28,779) to Outer Holdings Ltd.

13 Post balance sheet events

Following the year end, one of the properties was transferred into the name of the director's wife.