

Registration Number 2319525 (England and Wales)

Acorn Venture Limited

Annual Report

for the year ended 30 September 2003

Pinfields Limited

**Registered Auditors
Chartered Accountants**

Stourbridge



Acorn Venture Limited

Directors, officers and advisors

Directors A. M. Gardiner
 J. A. Gardiner

Secretary A. M. Gardiner

Company Number 2319525 (England and Wales)

Registered Office Acorn House
 22 Worcester Street
 Stourbridge
 DY8 1AN

Auditors Pinfields Limited
 Copthall House
 New Road
 Stourbridge
 DY8 1PH

Bankers HSBC Bank plc
 114 High Street
 Stourbridge
 DY8 1DZ

Acorn Venture Limited

Annual Report for the year ended 30 September 2003

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Acorn Venture Limited

Directors' Report for the year ended 30 September 2003

The directors present their annual report, together with the audited financial statements of the company and the group, for the year ended 30 September 2003.

Principal Activity and Review of the Business

The principal activity of the group is that of activity group tour operators.

Results And Dividends

The results for the year are set out on page 5. The profit for the year after taxation was £8,374.

The directors have paid an interim dividend amounting to £1,125 and they do not recommend payment of a final dividend.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary A shares		Ordinary B shares	
	30/09/03	01/10/02	30/09/03	01/10/02
A. M. Gardiner	27,500	27,500	-	-
Mrs J. A. Gardiner (resigned 01/10/03)	-	-	11,250	11,250
J. A. Gardiner (appointed 01/03/03)	-	-	-	-
T. B. Boldry (resigned 22/11/02)	-	-	-	-

Directors' Responsibilities

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

- select suitable accounting policies and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

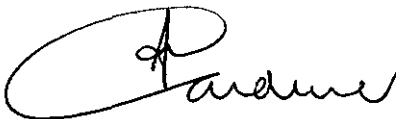
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding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

Acorn Venture Limited
Directors' Report
for the year ended 30 September 2003

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Pinfields Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 29 January 2004 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'A. M. Gardiner', with a large, stylized initial 'A'.

A. M. Gardiner
Secretary

Acorn Venture Limited

Independent auditors' report to the shareholders of Acorn Venture Limited

We have audited the financial statements of Acorn Venture Limited for the year ended 30 September 2003 which comprise the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors responsibilities.

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.

Acorn Venture Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the both the group and the company as at 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Pinfields Limited". The signature is written in a cursive, flowing style.

**Pinfields Limited
Chartered Accountants
Registered Auditors
Copthall House
New Road
Stourbridge
DY8 1PH**

Date: 29 January 2004

Acorn Venture Limited

**Group Profit and Loss Account
for the year ended 30 September 2003**

		2003	2002
	Notes	£	£
Turnover	2	5,408,271	6,783,083
Cost of sales		(3,953,248)	(5,239,753)
Gross profit		1,455,023	1,543,330
Administrative expenses		(1,455,758)	(1,654,081)
Other operating income		24,424	-
Group operating profit/(loss)	3	23,689	(110,751)
Interest receivable and similar income	4	8,617	5,239
Interest payable and similar charges	5	(23,934)	(33,060)
Profit/(loss) on ordinary activities before taxation		8,372	(138,572)
Tax on profit/(loss) on ordinary activities	8	-	19,419
Profit/(loss) on ordinary activities after taxation		8,372	(119,153)
Non-equity dividends	10	(1,125)	(1,125)
Retained profit/(loss) for the group		7,247	(120,278)
Retained profit brought forward		322,456	442,734
Retained profit carried forward		329,703	322,456

There are no recognised gains or losses other than the profit or loss for the above two financial years.

None of the group's activities was acquired or discontinued during the above two financial years.

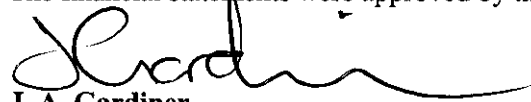
The notes on pages 9 to 24 form an integral part of these financial statements.

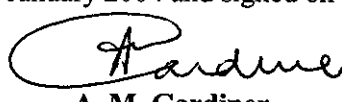
Acorn Venture Limited

**Group Balance Sheet
as at 30 September 2003**

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	11		57,199		71,737
Tangible assets	12		524,152		648,829
Investments	13		5,179		5,179
			<u>586,530</u>		<u>725,745</u>
Current Assets					
Stocks	15	15,155		22,185	
Debtors	16	242,378		242,331	
Cash at bank and in hand		543,931		449,188	
		<u>801,464</u>		<u>713,704</u>	
Creditors: amounts falling due within one year	17	<u>(527,308)</u>		<u>(560,102)</u>	
Net Current Assets			<u>274,156</u>		<u>153,602</u>
Total Assets Less Current Liabilities			860,686		879,347
Creditors: amounts falling due after more than one year	18		<u>(469,733)</u>		<u>(495,641)</u>
Net Assets			<u><u>390,953</u></u>		<u><u>383,706</u></u>
Capital and Reserves					
Called up share capital	19		50,000		50,000
Other reserves	20		11,250		11,250
Profit and loss account	20		329,703		322,456
Equity Shareholders' Funds	21		<u><u>390,953</u></u>		<u><u>383,706</u></u>
Equity interests			379,703		372,456
Non-equity interests			<u><u>11,250</u></u>		<u><u>11,250</u></u>

The financial statements were approved by the Board on 29 January 2004 and signed on its behalf by


J. A. Gardiner
Director


A. M. Gardiner
Director


The notes on pages 9 to 24 form an integral part of these financial statements.

Acorn Venture Limited

**Company Balance Sheet
as at 30 September 2003**

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	11		10,000		20,000
Tangible assets	12		406,374		512,199
Investments	14		96,734		105,740
			<u>513,108</u>		<u>637,939</u>
Current Assets					
Stocks	15	12,719		21,336	
Debtors	16	229,679		216,552	
Cash at bank and in hand		516,711		468,178	
		<u>759,109</u>		<u>706,066</u>	
Creditors: amounts falling due within one year	17	<u>(543,565)</u>		<u>(634,340)</u>	
Net Current Assets			<u>215,544</u>		<u>71,726</u>
Total Assets Less Current Liabilities			728,652		709,665
Creditors: amounts falling due after more than one year	18		<u>(390,146)</u>		<u>(392,989)</u>
Net Assets			<u><u>338,506</u></u>		<u><u>316,676</u></u>
Capital and Reserves					
Called up share capital	19		50,000		50,000
Other reserves	20		11,250		11,250
Profit and loss account	20		277,256		255,426
Shareholders' Funds	21		<u><u>338,506</u></u>		<u><u>316,676</u></u>
Equity interests			327,256		305,426
Non-equity interests			<u><u>11,250</u></u>		<u><u>11,250</u></u>

The financial statements were approved by the Board on 29 January 2004 and signed on its behalf by


J. A. Gardiner
Director

A. M. Gardiner
Director

The notes on pages 9 to 24 form an integral part of these financial statements.

Acorn Venture Limited

Group Cash Flow Statement for the year ended 30 September 2003

	Notes	2003 £	2002 £
Reconciliation of operating profit/(loss) to net cash inflow from operating activities			
Operating profit/(loss)		23,689	(110,751)
Depreciation		272,859	298,386
Decrease in stocks		7,030	(2,122)
(Increase) in debtors		(45)	29,121
(Decrease) in creditors		(38,561)	(164,184)
Net cash inflow from operating activities		264,972	50,450
CASH FLOW STATEMENT			
Net cash inflow from operating activities		264,972	50,450
Returns on investments and servicing of finance	25	(16,442)	(28,946)
Taxation	25	-	(18,962)
Capital expenditure	25	(123,518)	(230,221)
		125,012	(227,679)
Financing	25	(30,269)	(6,971)
Increase in cash in the year		94,743	(234,650)
Reconciliation of net cash flow to movement in net funds (Note 26)			
Increase in cash in the year		94,743	(234,650)
Cash outflow from increase in debts and lease financing		30,269	6,971
Change in net funds resulting from cash flows		125,012	(227,679)
New finance leases		(10,126)	-
Movement in net funds in the year		114,886	(227,679)
Net debt at 1 October 2002		(68,069)	159,610
Net funds at 30 September 2003		46,817	(68,069)

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2003

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

1.2. Basis of Consolidation

The group financial statements consolidate the accounts of Acorn Venture Limited and all its subsidiary undertakings made up to 30 September 2003 each year; the group profit and loss account includes the results of all subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal.

Turnover and profits arising on trading between group companies are excluded.

Where the group has an investment in an entity which is sufficient to give the group a participating interest, and over which it is in a position to exercise significant influence, the entity is treated as an associated undertaking and is accounted for using the equity method of accounting. The group's interests in joint ventures are accounted for using the gross equity method of accounting.

1.3. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.4. Goodwill

Goodwill may arise on the acquisition of subsidiary and associated undertakings and interests in joint ventures. It represents the excess of cost over fair value of the group share of tangible assets acquired. In accordance with Financial Reporting Standard (FRS) 10 such goodwill is capitalised as an intangible asset and amortised by equal instalments against profit over its expected life. The expected life of purchased goodwill is 4 years.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	over 12 years from date of acquisition.
Plant and machinery	-	20% straight line
Fixtures, fittings and equipment	-	between 15% and 25% straight line
Motor vehicles	-	20% straight line

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2003

1.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8. Stock

Stock is valued at the lower of cost and net realisable value.

1.9. Pensions

The company operates defined contribution pension schemes in respect of the directors and senior staff. The schemes and their assets are held by independent managers. The pension charge represents contributions due from the company during the year.

1.10. Deferred taxation

The charge for taxation takes into account, where material, taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

2. Turnover

Turnover represents the net invoiced amount of goods sold and services provided and excludes value added tax and other sales taxes.

	2003 £	2002 £
Geographical market		
UK	5,261,669	6,676,632
Europe	146,602	106,451
	<u>5,408,271</u>	<u>6,783,083</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2003**

3. Operating profit/(loss)	2003	2002
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of intangible assets	12,400	12,168
Depreciation of tangible assets	255,532	283,383
Loss on disposal of tangible fixed assets	4,927	2,835
Operating lease rentals		
- Land and buildings	29,068	29,303
Auditors' remuneration	16,094	14,255
	<u></u>	<u></u>
 4. Interest receivable and similar income	 2003	 2002
	£	£
Bank interest	8,617	5,239
	<u></u>	<u></u>
 5. Interest payable and similar charges	 2003	 2002
	£	£
On bank loans and overdrafts	17,398	15,107
On loans repayable in five years or more	4,905	16,350
Hire purchase interest	1,631	1,603
	<u>23,934</u>	<u>33,060</u>

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2003

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2003	2002
Office, operations and management	34	46
Seasonal group operators/instructors	249	266
	<u>283</u>	<u>312</u>

Employment costs

	2003 £	2002 £
Wages and salaries	558,490	704,473
Social security costs	53,464	59,552
Other pension costs	15,020	16,081
	<u>626,974</u>	<u>780,106</u>

6.1. Directors' emoluments

	2003 £	2002 £
Remuneration and other emoluments	75,310	88,200
Pension contributions	1,200	6,199
	<u>76,510</u>	<u>94,399</u>

Number of directors to whom retirement benefits
are accruing under a money purchase scheme

- -

7. Pension costs

The company operates defined contribution pension schemes in respect of the directors and senior managers.. The schemes and their assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £15,020 (2002 - £16,081).

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2003

8. Taxation	2003	2002
	£	£
UK current year taxation		
UK Corporation Tax	-	(18,881)
Prior years		
UK Corporation Tax	-	(538)
	<u>-</u>	<u>(19,419)</u>

9. Profit for the year attributable to shareholders

As permitted by Section 230 of the Companies Act 1985 the Profit and Loss Account of Acorn Venture Limited has not been presented with the financial statements.

The results after taxation of the parent undertaking for the year ended 30 September 2003 showed a profit of £22,956 (30 September 2002 - £44,868) after group dividends receivable of £- (30 September 2002 - £120,000).

10. Dividends	2003	2002
	£	£
Dividends on non-equity shares:		
Preference shares - Interim paid	<u>1,125</u>	<u>1,125</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2003**

11. Intangible fixed assets

	Goodwill	Total
	£	£
Group		
Cost		
At 1 October 2002	95,439	95,439
Disposals	(2,138)	(2,138)
At 30 September 2003	<u>93,301</u>	<u>93,301</u>
Provision for diminution in value		
At 1 October 2002	23,702	23,702
Charge for year	12,400	12,400
At 30 September 2003	<u>36,102</u>	<u>36,102</u>
Net book values		
At 30 September 2003	<u>57,199</u>	<u>57,199</u>
At 30 September 2002	<u>71,737</u>	<u>71,737</u>

Goodwill relating to the acquisition of the Fonds du Commercial of Sarl Camping La Savanne are being written off over 25 years.

Goodwill relating to the acquisition of Crystal Schools Adventure holidays are being written off over 4 years.

Company

Cost		
At 1 October 2002		
At 30 September 2003	<u>40,000</u>	<u>40,000</u>
Provision for diminution in value		
At 1 October 2002	20,000	20,000
Charge for year	10,000	10,000
At 30 September 2003	<u>30,000</u>	<u>30,000</u>
Net book values		
At 30 September 2003	<u>10,000</u>	<u>10,000</u>
At 30 September 2002	<u>20,000</u>	<u>20,000</u>

Goodwill relating to the acquisition of Crystal Schools Adventure holidays are being written off over 4 years.

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2003**

12. Tangible fixed assets

	Long leasehold property	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Group					
Cost					
At 1 October 2002	105,443	1,110,184	136,240	137,688	1,489,555
Additions	1,944	96,890	13,739	32,265	144,838
Disposals	-	(185,816)	(17,529)	(29,040)	(232,385)
At 30 September 2003	107,387	1,021,258	132,450	140,913	1,402,008
Depreciation					
At 1 October 2002	15,028	633,227	110,415	82,056	840,726
On disposals	-	(182,531)	(15,412)	(20,459)	(218,402)
Charge for the year	10,549	204,514	15,398	25,071	255,532
At 30 September 2003	25,577	655,210	110,401	86,668	877,856
Net book values					
At 30 September 2003	81,810	366,048	22,049	54,245	524,152
At 30 September 2002	90,415	476,957	25,825	55,632	648,829
Company					
Cost					
At 1 October 2002	-	1,051,597	134,770	127,433	1,313,800
Additions	-	90,746	13,739	32,265	136,750
Disposals	-	(185,816)	(17,529)	(29,040)	(232,385)
At 30 September 2003	-	956,527	130,980	130,658	1,218,165
Depreciation					
At 1 October 2002	-	612,015	109,596	79,990	801,601
On disposals	-	(182,531)	(15,412)	(20,459)	(218,402)
Charge for the year	-	191,306	14,895	22,391	228,592
At 30 September 2003	-	620,790	109,079	81,922	811,791
Net book values					
At 30 September 2003	-	335,737	21,901	48,736	406,374
At 30 September 2002	-	439,582	25,174	47,443	512,199

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2003**

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2003		2002	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Group				
Motor vehicles	<u>18,218</u>	<u>7,000</u>	<u>19,675</u>	<u>7,392</u>
Company				
Motor vehicles	<u>18,218</u>	<u>7,000</u>	<u>19,675</u>	<u>7,392</u>

13. Fixed Asset Investments

Group

	Listed Investments	Total
	£	£
Cost		
At 1 October 2002		
At 30 September 2003	<u>5,179</u>	<u>5,179</u>
Net book values		
At 30 September 2003	<u>5,179</u>	<u>5,179</u>
At 30 September 2002	<u>5,179</u>	<u>5,179</u>

The market value of listed investments at the balance sheet date was £3,153 (2002 - £1,865).

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2003

Company	2003 £	2002 £
Subsidiary undertakings	91,555	100,561
Listed investments	5,179	5,179
	<u>96,734</u>	<u>105,740</u>

Holdings of 20% or more

The group or the company holds 20% or more of the nominal value of the share capital of the following companies:

Company	Country of incorporation or operation	Holding	Proportion Held
Subsidiary undertaking			
Acorn Venture Transport Limited	England	Ordinary	100%
Sarl Camping La Savanne	France	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit/(loss) for the year £
Acorn Venture Transport Limited	47,813	(16,863)
Sarl Camping La Savanne	9,400	2,280

The principal business activity of all the above companies is that of activity group tour operators.

15. Stocks	2003 £	2002 £
Group		
Finished goods and goods for resale	<u>15,155</u>	<u>22,185</u>
Company		
Finished goods and goods for resale	<u>12,719</u>	<u>21,336</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2003**

16. Debtors

	2003	2002
	£	£
Group		
Trade debtors	19,931	41,401
Amount owed by connected party (see note 23)	54,469	41,156
Other debtors	74,215	83,887
Called up share capital not paid	11,250	11,250
Prepayments and accrued income	82,513	64,637
	<u>242,378</u>	<u>242,331</u>
 Company		
Trade debtors	18,527	41,401
Amount owed by connected party (see note 23)	54,469	41,156
Other debtors	63,618	73,711
Called up share capital not paid	11,250	11,250
Prepayments and accrued income	81,815	49,034
	<u>229,679</u>	<u>216,552</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2003**

17. Creditors: amounts falling due within one year	2003 £	2002 £
Group		
Bank loan	19,908	15,454
Net obligations under finance leases and hire purchase contracts	7,473	6,160
Trade creditors	183,438	117,093
Deposits received in advance	267,781	383,134
Corporation tax	81	81
Other taxes and social security costs	45,940	22,419
Other creditors	(5,904)	7,386
Accruals and deferred income	8,591	8,375
	<u>527,308</u>	<u>560,102</u>
Company		
Net obligations under finance leases and hire purchase contracts	7,473	6,160
Trade creditors	128,169	96,612
Deposits received in advance	267,781	383,134
Amounts owed to group undertaking	91,431	120,597
Other taxes and social security costs	39,685	19,079
Other creditors	435	383
Accruals and deferred income	8,591	8,375
	<u>543,565</u>	<u>634,340</u>

Details of security are given in note 18

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2003

18. Creditors: amounts falling due after more than one year	2003 £	2002 £
Group		
Directors capital accounts	389,000	389,000
Bank loan	79,587	102,652
Net obligations under finance leases and hire purchase contracts	1,146	3,989
	<u>469,733</u>	<u>495,641</u>
Loans		
Repayable in one year or less, or on demand (Note 17)	19,908	15,454
Repayable between one and two years	21,295	16,530
Repayable between two and five years	58,292	55,077
Repayable in five years or more	389,000	420,045
	<u>488,495</u>	<u>507,106</u>
Repayable in five years or more:		
Directors capital accounts	389,000	389,000
Bank loan	-	31,045
	<u>389,000</u>	<u>420,045</u>
The bank loan is secured on the business assets of the subsidiary company, Sarl Camping La Savanne. The hire purchase contracts are secured on the assets concerned.		
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	7,473	6,160
Repayable between one and five years	1,146	3,990
	<u>8,619</u>	<u>10,150</u>
The bank loan is repayable in equal instalments over 7 years from drawdown. Interest is charged at 6.75%. There is no agreed repayment date for the directors' loans.		
Company		
Directors capital accounts	389,000	389,000
Net obligations under finance leases and hire purchase contracts	1,146	3,989
	<u>390,146</u>	<u>392,989</u>
Loans		
Repayable in five years or more	389,000	389,000

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2003

The hire purchase contracts are secured on the assets concerned.

Net obligations under finance leases and hire purchase contracts

Repayable within one year	7,473	6,160
Repayable between one and five years	1,146	3,990
	<u>8,619</u>	<u>10,150</u>

19. Share capital

	2003 £	2002 £
Allotted, called up and fully paid		
27,500 Ordinary A shares of £1 each	27,500	27,500
11,250 Ordinary B shares of £1 each	11,250	11,250
11,250 Preference shares of £1 each	11,250	11,250
	<u>50,000</u>	<u>50,000</u>
Equity interest	38,750	38,750
Non-equity interest	<u>11,250</u>	<u>11,250</u>

20. Equity Reserves

	Profit and loss account £	Capital redemption reserve £	Total £
Group			
At 1 October 2002	322,456	11,250	333,706
Retained profit/(loss) for the year	7,247		7,247
At 30 September 2003	<u>329,703</u>	<u>11,250</u>	<u>340,953</u>
Company			
At 1 October 2002	255,424	11,250	266,674
Retained profit/(loss) for the year	21,831		21,831
At 30 September 2003	<u>277,255</u>	<u>11,250</u>	<u>288,505</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2003**

21. Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Group		
Profit/(loss) for the year	8,372	(119,153)
Dividends	(1,125)	(1,125)
	<u>7,247</u>	<u>(120,278)</u>
Opening shareholders' funds	383,706	503,984
	<u>390,953</u>	<u>383,706</u>
Company		
Profit/(loss) for the year	22,956	(44,868)
Dividends	(1,125)	(1,125)
	<u>21,831</u>	<u>(45,993)</u>
Opening shareholders' funds	316,674	362,668
	<u>338,505</u>	<u>316,675</u>

22. Financial commitments

At 30 September 2003 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003	2002
	£	£
Expiry date:		
In over five years	<u>20,000</u>	<u>20,000</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2003**

23. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount Owing		Maximum in year £
	2003 £	2002 £	
A. M. Gardiner	-	500	500

Mr & Mrs A. M. Gardiner are partners in the business of Hotel de la Plage SCI, a partnership registered in France, with whom there is a loan outstanding of £54,469 (2002 - £41,156).

24. Related party transactions

The company occupies premises owned by its pension fund under an operating lease. The rent for the year was £20,000 (2002 - £20,000) and at the balance sheet date no amount was outstanding. (2002 - £nil).

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2003

25. Gross Cash Flows

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	8,617	5,239
Interest paid	(23,934)	(33,060)
Preference dividends paid	(1,125)	(1,125)
	<u>(16,442)</u>	<u>(28,946)</u>
Taxation		
Corporation tax paid	-	(18,962)
	<u>-</u>	<u>(18,962)</u>
Capital expenditure		
Payments to acquire intangible assets	-	(2,138)
Payments to acquire tangible assets	(134,712)	(235,036)
Receipts from sales of intangible assets	2,138	-
Receipts from sales of tangible assets	9,056	6,953
	<u>(123,518)</u>	<u>(230,221)</u>
Financing		
New long term bank loan	(18,612)	1,967
Capital element of hire purchase contracts	(11,657)	(8,938)
	<u>(30,269)</u>	<u>(6,971)</u>

26. Analysis of changes in net funds

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	449,188	94,743		543,931
Debt due within one year	(15,454)	-	(4,454)	(19,908)
Debt due after one year	(491,653)	18,612	4,454	(468,587)
Finance leases	(10,150)	11,657	(10,126)	(8,619)
	<u>(517,257)</u>	<u>30,269</u>	<u>(10,126)</u>	<u>(497,114)</u>
Net funds	<u>(68,069)</u>	<u>125,012</u>	<u>(10,126)</u>	<u>46,817</u>