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Registration Number 2319525 (England and Wales)

Acorn Venture Limited
Annual Report
for the year ended 30 September 2005



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	10 Hagley Road Stourbridge West Midlands DY8 1PS
Auditors	Pinfields Limited Registered Auditors Chartered Accountants 10 Hagley Road Stourbridge West Midlands DY8 1PS
Business Address	Acorn House Prospect Road Halesowen West Midlands B62 8DU
Bankers	HSBC Bank plc 114 High Street Stourbridge West Midlands DY8 1DZ

Acorn Venture Limited

Annual Report for the year ended 30 September 2005

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Acorn Venture Limited

Directors' Report for the year ended 30 September 2005

The directors present their annual report, together with the audited financial statements of the company and the group, for the year ended 30 September 2005.

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 loss for the year after taxation was £141,578.

The directors have paid interim dividends 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 beneficial interests in the company are as stated below:

	Ordinary A shares		Ordinary B shares	
	30/09/05	01/10/04	30/09/05	01/10/04
A. M. Gardiner	27,500	27,500	11,250	11,250
J. A. Gardiner	-	-	-	-

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 2005**

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 16 January 2006 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'A. M. Gardiner', written in a cursive style.

**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 2005 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 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Pinfields Limited', with a large, stylized initial 'P'.

Pinfields Limited
Chartered Accountants
Registered Auditors
10 Hagley Road
Stourbridge
West Midlands DY8 1PS

Date: 16 January 2006

Acorn Venture Limited

**Group Profit and Loss Account
for the year ended 30 September 2005**

		2005	2004
	Notes	£	£
Turnover	2	4,880,200	4,945,545
Cost of sales		(3,758,153)	(3,489,867)
Gross profit		1,122,047	1,455,678
Administrative expenses		(1,288,139)	(1,346,467)
Other operating income		4,237	723
Group operating (loss)/profit	3	(161,855)	109,934
Interest receivable and similar income	4	10,685	19,498
Interest payable and similar charges	5	(7,541)	(8,291)
(Loss)/profit on ordinary activities before taxation		(158,711)	121,141
Tax on (loss)/profit on ordinary activities	8	17,133	(46,353)
(Loss)/profit on ordinary activities after taxation		(141,578)	74,788
Dividends (partly non-equity)	10	(1,125)	(109,125)
(Loss) for the group		(142,703)	(34,337)
Retained profit brought forward		295,367	329,704
Retained profit carried forward		152,664	295,367

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.

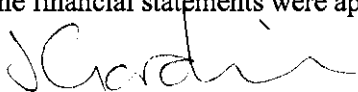
The notes on pages 9 to 24 form an integral part of these financial statements.

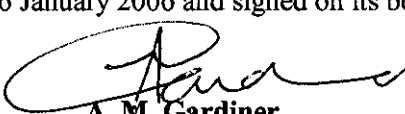
Acorn Venture Limited

**Group Balance Sheet
as at 30 September 2005**

		2005		2004	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	11		46,535		46,535
Tangible assets	12		468,435		430,301
Investments	13		5,179		5,179
			<u>520,149</u>		<u>482,015</u>
Current Assets					
Stocks	15	21,448		22,528	
Debtors	16	299,740		261,552	
Cash at bank and in hand		458,597		544,358	
		<u>779,785</u>		<u>828,438</u>	
Creditors: amounts falling due within one year	17	<u>(766,367)</u>		<u>(614,948)</u>	
Net Current Assets			<u>13,418</u>		<u>213,490</u>
Total Assets Less Current Liabilities			<u>533,567</u>		<u>695,505</u>
Creditors: amounts falling due after more than one year	18		<u>(319,653)</u>		<u>(338,888)</u>
Net Assets			<u><u>213,914</u></u>		<u><u>356,617</u></u>
Capital and Reserves					
Called up share capital	20		50,000		50,000
Other reserves	21		11,250		11,250
Profit and loss account	21		152,664		295,367
Equity Shareholders' Funds	22		<u><u>213,914</u></u>		<u><u>356,617</u></u>
Equity interests			202,664		345,367
Non-equity interests			<u><u>11,250</u></u>		<u><u>11,250</u></u>

The financial statements were approved by the Board on 16 January 2006 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 2005**

		2005		2004	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	12		378,193		330,673
Investments	14		9,945		9,945
			<u>388,138</u>		<u>340,618</u>
Current Assets					
Stocks	15	20,140		20,693	
Debtors	16	342,872		334,221	
Cash at bank and in hand		458,837		489,759	
		<u>821,849</u>		<u>844,673</u>	
Creditors: amounts falling due within one year	17	<u>(711,822)</u>		<u>(558,207)</u>	
Net Current Assets			<u>110,027</u>		<u>286,466</u>
Total Assets Less Current Liabilities			498,165		627,084
Creditors: amounts falling due after more than one year	18		<u>(280,000)</u>		<u>(280,000)</u>
Net Assets			<u>218,165</u>		<u>347,084</u>
Capital and Reserves					
Called up share capital	20		50,000		50,000
Other reserves	21		11,250		11,250
Profit and loss account	21		156,915		285,834
Shareholders' Funds	22		<u>218,165</u>		<u>347,084</u>
Equity interests			206,915		335,834
Non-equity interests			<u>11,250</u>		<u>11,250</u>

The financial statements were approved by the Board on 16 January 2006 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 2005**

	Notes	2005 £	2004 £
Reconciliation of operating (loss)/profit to net cash inflow from operating activities			
Operating (loss)/profit		(161,855)	109,934
Depreciation		211,824	266,965
Decrease in stocks		1,080	(7,373)
(Increase) in debtors		(31,743)	(27,776)
Increase in creditors		186,902	58,969
Net cash inflow from operating activities		<u>206,208</u>	<u>400,719</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		206,208	400,719
Returns on investments and servicing of finance	26	2,019	10,082
Taxation	26	(23,312)	(3,830)
Capital expenditure	26	(249,958)	(161,397)
		(65,043)	245,574
Equity dividends paid		-	(108,000)
		(65,043)	137,574
Financing	26	(20,718)	(137,147)
Decrease in cash in the year		<u>(85,761)</u>	<u>427</u>
Reconciliation of net cash flow to movement in net debt (Note 27)			
Decrease in cash in the year		(85,761)	427
Cash outflow from increase in debts and lease financing		20,718	137,147
Change in net debt resulting from cash flows		(65,043)	137,574
New finance leases		-	(1,054)
Movement in net debt in the year		(65,043)	136,520
Net funds at 1 October 2004		<u>183,337</u>	<u>46,817</u>
Net funds at 30 September 2005		<u>118,294</u>	<u>183,337</u>

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2005

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 2005 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.

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 (long leasehold) and 10 years (short leasehold) from date of acquisition.
Camping, catering and sports equipment	-	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 2005

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.

	2005 £	2004 £
Geographical market		
UK	4,780,261	4,820,149
Europe	99,939	125,396
	<u>4,880,200</u>	<u>4,945,545</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2005**

3. Operating (loss)/profit	2005	2004
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of intangible assets	-	10,664
Depreciation of tangible assets	205,711	250,928
Loss on disposal of tangible fixed assets	6,113	5,373
Operating lease rentals		
- Land and buildings	21,750	23,929
Auditors' remuneration	9,780	17,970
	<u> </u>	<u> </u>
 4. Interest receivable and similar income	 2005	 2004
	£	£
Bank interest	10,685	19,498
	<u> </u>	<u> </u>
 5. Interest payable and similar charges	 2005	 2004
	£	£
On bank loans and overdrafts	7,397	7,236
Hire purchase interest	144	1,055
	<u> </u>	<u> </u>
	<u>7,541</u>	<u>8,291</u>

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2005

6. Employees

Number of employees

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

	2005	2004
Office, operations and management	31	33
Seasonal group operators/instructors	194	160
	<u>225</u>	<u>193</u>

Employment costs

	2005 £	2004 £
Wages and salaries	992,551	1,061,394
Social security costs	68,222	70,024
Other pension costs	3,696	11,707
	<u>1,064,469</u>	<u>1,143,125</u>

6.1. Directors' emoluments

	2005 £	2004 £
Remuneration and other emoluments	<u>48,417</u>	<u>46,342</u>

7. Pension costs

The company operates defined contribution pension schemes in respect of the senior managers. The schemes and their assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £3,696 (2004 - £11,707).

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2005

8. Taxation	2005	2004
	£	£
UK current year taxation		
UK Corporation Tax	(16,803)	34,000
Prior years		
UK Corporation Tax	(330)	12,353
	<u>(17,133)</u>	<u>46,353</u>

9. Loss 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 2005 showed a loss of £127,796 (30 September 2004 - Profit of £117,703) after group dividends receivable of £10,000 (30 September 2004 - £100,000).

10. Dividends	2005	2004
	£	£
Dividends on equity shares:		
Ordinary shares - Interims paid	-	108,000
Dividends on non-equity shares:		
Preference shares - Interim paid	1,125	1,125
Total dividends	<u>1,125</u>	<u>109,125</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2005**

11. Intangible fixed assets

	Goodwill	Total
	£	£
Group		
Cost		
At 1 October 2004	93,301	93,301
Disposals	(40,000)	(40,000)
At 30 September 2005	<u>53,301</u>	<u>53,301</u>
Provision for diminution in value		
At 1 October 2004	46,766	46,766
On disposals	(40,000)	(40,000)
At 30 September 2005	<u>6,766</u>	<u>6,766</u>
Net book values		
At 30 September 2005	<u>46,535</u>	<u>46,535</u>
At 30 September 2004	<u>46,535</u>	<u>46,535</u>

Goodwill relating to the acquisition of Crystal Schools Adventure holidays has been written off over 4 years and has now been eliminated.

Company

Cost		
At 1 October 2004	40,000	40,000
Disposals	(40,000)	(40,000)
At 30 September 2005	<u>-</u>	<u>-</u>
Provision for diminution in value		
At 1 October 2004	40,000	40,000
On disposals	(40,000)	(40,000)
At 30 September 2005	<u>-</u>	<u>-</u>
At 30 September 2005	<u>-</u>	<u>-</u>

Acorn Venture Limited

Notes to Financial Statements
for the year ended 30 September 2005

12. Tangible fixed assets

	Short leasehold property	Long leasehold property	Camping, catering and sports equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Group						
Cost						
At 1 October 2004	-	107,387	1,048,828	128,736	99,578	1,384,529
Additions	15,722	919	186,587	48,786	-	252,014
Disposals	-	-	(390,528)	(8,357)	(9,606)	(408,491)
At 30 September 2005	15,722	108,306	844,887	169,165	89,972	1,228,052
Depreciation						
At 1 October 2004	-	36,083	746,210	108,911	63,024	954,228
On disposals	-	-	(389,796)	(6,684)	(3,842)	(400,322)
Charge for the year	1,572	9,601	164,060	15,131	15,347	205,711
At 30 September 2005	1,572	45,684	520,474	117,358	74,529	759,617
Net book values						
At 30 September 2005	14,150	62,622	324,413	51,807	15,443	468,435
At 30 September 2004	-	71,304	302,618	19,825	36,554	430,301
Company						
Cost						
At 1 October 2004	-	-	977,962	125,579	89,323	1,192,864
Additions	15,722	-	174,752	46,872	-	237,346
Disposals	-	-	(390,528)	(8,357)	(9,606)	(408,491)
At 30 September 2005	15,722	-	762,186	164,094	79,717	1,021,719
Depreciation						
At 1 October 2004	-	-	699,108	107,446	55,637	862,191
On disposals	-	-	(389,796)	(6,684)	(3,842)	(400,322)
Charge for the year	1,572	-	152,426	14,727	12,932	181,657
At 30 September 2005	1,572	-	461,738	115,489	64,727	643,526
Net book values						
At 30 September 2005	14,150	-	300,448	48,605	14,990	378,193
At 30 September 2004	-	-	278,854	18,133	33,686	330,673

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2005**

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

Asset description	2005		2004	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Group				
Motor vehicles	<u>-</u>	<u>-</u>	<u>9,077</u>	<u>4,859</u>
Company				
Motor vehicles	<u>-</u>	<u>-</u>	<u>9,077</u>	<u>4,859</u>

13. Fixed Asset Investments

Group

	Listed Investments	Total
	£	£
Cost		
At 1 October 2004		
At 30 September 2005	<u>5,179</u>	<u>5,179</u>
Net book values		
At 30 September 2005	<u>5,179</u>	<u>5,179</u>
At 30 September 2004	<u>5,179</u>	<u>5,179</u>

The market value of listed investments at the balance sheet date was £4,267 (2004 - £3,989).

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2005

Company	2005 £	2004 £
Subsidiary undertakings	4,766	4,766
Listed investments	5,179	5,179
	<u>9,945</u>	<u>9,945</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	6,283	(4,698)
Sarl Camping La Savanne	(2,941)	(9,082)

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

15. Stocks	2005 £	2004 £
Group		
Finished goods and goods for resale	<u>21,448</u>	<u>22,528</u>
Company		
Finished goods and goods for resale	<u>20,140</u>	<u>20,693</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2005**

16. Debtors

	2005	2004
	£	£
Group		
Trade debtors	2,020	13,885
Amount owed by connected party (see note 24)	78,317	69,443
Other debtors	29,423	21,785
Called up share capital not paid	11,250	11,250
Prepayments and accrued income	178,730	145,189
	<u>299,740</u>	<u>261,552</u>
 Company		
Trade debtors	1,197	10,238
Amounts owed by group undertakings	103,617	119,735
Amount owed by connected party (see note 24)	78,317	69,443
Other debtors	26,885	15,289
Called up share capital not paid	11,250	11,250
Prepayments and accrued income	121,606	108,266
	<u>342,872</u>	<u>334,221</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2005**

17. Creditors: amounts falling due within one year	2005 £	2004 £
Group		
Bank loan	20,650	20,987
Net obligations under finance leases and hire purchase contracts	-	1,146
Trade creditors	167,137	91,800
Deposits received in advance	500,537	379,131
Corporation tax	-	34,000
Other taxes and social security costs	28,581	47,909
Directors' accounts	33,981	12,672
Other creditors	2,934	7,158
Accruals and deferred income	12,547	20,145
	<u>766,367</u>	<u>614,948</u>
Company		
Net obligations under finance leases and hire purchase contracts	-	1,146
Trade creditors	141,577	73,013
Deposits received in advance	500,537	379,131
Corporation tax	-	17,000
Other taxes and social security costs	23,005	41,243
Directors' accounts	33,981	12,672
Other creditors	175	13,857
Accruals and deferred income	12,547	20,145
	<u>711,822</u>	<u>558,207</u>

Details of security are given in note 18

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2005**

18. Creditors: amounts falling due after more than one year	2005 £	2004 £
Group		
Directors capital accounts	280,000	280,000
Bank loan	39,653	58,888
	<u>319,653</u>	<u>338,888</u>
Loans		
Repayable in one year or less, or on demand (Note 17)	20,650	20,987
Repayable between one and two years	20,650	22,516
Repayable between two and five years	19,003	36,372
Repayable in five years or more	280,000	280,000
	<u>340,303</u>	<u>359,875</u>
Repayable in five years or more:		
Directors capital accounts	280,000	280,000
	<u>280,000</u>	<u>280,000</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.

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	280,000	280,000
	<u>280,000</u>	<u>280,000</u>
Loans		
Repayable in five years or more	280,000	280,000
	<u>280,000</u>	<u>280,000</u>

The hire purchase contracts are secured on the assets concerned.

19. Provisions for liabilities and charges

No provision for deferred taxation is required.

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2005**

20. Share capital	2005	2004
	£	£
Authorised		
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>
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>

21. Equity Reserves	Profit and loss account	Capital redemption reserve	Total
	£	£	£
Group			
At 1 October 2004	295,367	11,250	306,617
(Loss) for the year	<u>(142,703)</u>		<u>(142,703)</u>
At 30 September 2005	<u>152,664</u>	<u>11,250</u>	<u>163,914</u>
Company			
At 1 October 2004	285,834	11,250	297,084
(Loss) for the year	<u>(128,919)</u>		<u>(128,919)</u>
At 30 September 2005	<u>156,915</u>	<u>11,250</u>	<u>168,165</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2005**

22. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Group		
(Loss)/profit for the year	(141,578)	74,789
Dividends	(1,125)	(109,125)
	<u>(142,703)</u>	<u>(34,336)</u>
Opening shareholders' funds	356,617	390,953
	<u>213,914</u>	<u>356,617</u>
Company		
(Loss)/profit for the year	(127,794)	117,703
Dividends	(1,125)	(109,125)
	<u>(128,919)</u>	<u>8,578</u>
Opening shareholders' funds	347,084	338,506
	<u>218,165</u>	<u>347,084</u>

23. Financial commitments

At 30 September 2005 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Expiry date:				
Between one and five years	-	-	742	-
In over five years	32,500	32,500	-	-
	<u>32,500</u>	<u>32,500</u>	<u>742</u>	<u>-</u>

24. Transactions with directors

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 £78,317 (2004 - £69,443).

Acorn Venture Limited

Notes to Financial Statements for the year ended 30 September 2005

25. Related party transactions

The company used to occupy premises owned by its pension fund under an operating lease. The rent for the year was £nil (2004 - £20,000) and at the balance sheet date no amount was outstanding (2004 - £nil).

26. Gross Cash Flows

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	10,685	19,498
Interest paid	(7,541)	(8,291)
Preference dividends paid	(1,125)	(1,125)
	<u>2,019</u>	<u>10,082</u>
Taxation		
Corporation tax paid	(33,670)	(3,830)
Corporation tax repaid	10,358	-
	<u>(23,312)</u>	<u>(3,830)</u>
Capital expenditure		
Payments to acquire intangible assets	-	-
Payments to acquire tangible assets	(252,014)	(174,719)
Receipts from sales of tangible assets	2,056	13,322
	<u>(249,958)</u>	<u>(161,397)</u>
Financing		
New long term bank loan	(19,572)	(19,620)
Other new long term loans	-	(109,000)
Capital element of hire purchase contracts	(1,146)	(8,527)
	<u>(20,718)</u>	<u>(137,147)</u>

Acorn Venture Limited

**Notes to Financial Statements
for the year ended 30 September 2005**

27. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	<u>544,358</u>	<u>(85,761)</u>		<u>458,597</u>
Debt due within one year	(20,987)	-	337	(20,650)
Debt due after one year	(338,888)	19,572	(337)	(319,653)
Finance leases	(1,146)	1,146	-	-
	<u>(361,021)</u>	<u>20,718</u>	<u>-</u>	<u>(340,303)</u>
Net funds	<u><u>183,337</u></u>	<u><u>(65,043)</u></u>	<u><u>-</u></u>	<u><u>118,294</u></u>