

REGISTERED NUMBER 1626586

CONSOLIDATED VENTURE FINANCE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2010

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CONSOLIDATED VENTURE FINANCE LIMITED

DIRECTOR'S REPORT

The sole Director presents his report and audited financial statements for the year ended 31 January 2010

Company's business

The principal business of the Company is that of investment dealing and the sole Director has continued this policy during the year

Results and Dividends

The loss after tax for the year amounted to £681,458 (2009 £120,402 profit) The sole Director does not recommend payment of a dividend for the year (2009 nil)

Risk profile

The Company's risk profile is set out in note 13 to the financial statements The principal risks to the Company are investment risk, market price risk and foreign currency risk

Future prospects

The Company will continue to trade in a similar vein for the foreseeable future

Director

The sole Director who served during the year was

Mr Christopher H B Mills

The sole Director has no interest in the shares of the Company

The interest of the sole Director, Mr C H B Mills in the share capital of the Company's holding company, North Atlantic Smaller Companies Investment Trust PLC, are shown in the annual report of that Company Mr C H B Mills is a director and sole shareholder of Growth Financial Services Limited which provides Mr C H B Mills' services as an executive director to the Company's holding company

Mr C H B Mills is chief investment officer and a member of North Atlantic Value LLP, a UK Limited Liability Partnership with legal personality authorised by the FSA which is the manager of the Company and joint manager of the holding company He is also a director and indirect shareholder of J O Hambro Capital Management Limited, the Secretary of the Company

Save as aforesaid, the Director was not a party to or had any interest in, any contract or arrangement with the Company at any time during the year

CONSOLIDATED VENTURE FINANCE LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The sole Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the sole Director to prepare financial statements for each financial year. Under that law the sole Director has elected to prepare financial statements in accordance with International Financial Reporting standards as adopted by the European Union (IFRSs). The financial statements are required by law to 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 these financial statements, the sole director is required to

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable IFRSs 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 will continue in business

The sole Director is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

In so far as the sole Director is aware

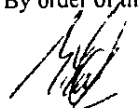
- there is no relevant audit information of which the company's auditors are unaware, and
- the sole Director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The sole Director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Elective Regime

Under the Company's Act 2006 the Company (as a private company) is automatically deemed to use the elective regime to re-appoint Auditors annually and to dispense with the laying of accounts and reports before the Company in General Meeting. No Annual General Meeting will be held unless the company makes a positive decision to do so.

By order of the Board



For and on behalf of J O Hambro Capital Management Limited
as Company Secretary

Ground Floor
Ryder Court
14 Ryder Street
London, SW1Y 6QB

Registered number 01626586

CONSOLIDATED VENTURE FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSOLIDATED VENTURE FINANCE LIMITED

We have audited the financial statements of Consolidated Venture Finance Limited for the year ended 31 January 2010 which comprise the statement of financial position, the statement of comprehensive income, the statement of cash flow, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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 the sole Director and Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the sole Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

As explained in Note 1 to the financial statements, the company in addition to complying with IFRSs as adopted by the European Union has also complied with IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

CONSOLIDATED VENTURE FINANCE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CONSOLIDATED VENTURE FINANCE LIMITED (continued)**

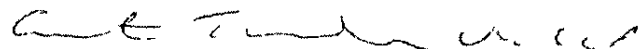
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Julian Bartlett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London, England

23 December 2010

CONSOLIDATED VENTURE FINANCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2010

	Note	2010 Total £	2009 Total £
Revenue	2	7,740	-
Cost of sales	3	(203,980)	(307,828)
Gross loss		<u>(196,240)</u>	<u>(307,828)</u>
Revaluation gains/(losses)	4	(512,308)	182,232
Other expenses	4	-	(100)
Operating loss		<u>(708,548)</u>	<u>(125,696)</u>
Interest receivable and similar income		27,090	246,098
(Loss)/profit before taxation		<u>(681,458)</u>	<u>120,402</u>
Taxation	6	-	-
(Loss)/profit for the year		<u>(681,458)</u>	<u>120,402</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>(681,458)</u></u>	<u><u>120,402</u></u>

The total column of the statement represents the Company's statement of comprehensive income, prepared in accordance with IFRS

The Company had no recognised gains or losses other than the gain and loss for the year for both years 2010 and 2009

All items in the above statement derive from continuing operations

The notes on pages 9 to 16 form part of these accounts

CONSOLIDATED VENTURE FINANCE LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2010**

	Share capital £	Revenue reserve £	Total £
2010			
31 January 2009	2	(721,037)	(721,035)
Total comprehensive income for the year	-	(681,458)	(681,458)
31 January 2010	<u>2</u>	<u>(1,402,495)</u>	<u>(1,402,493)</u>
2009			
31 January 2008	2	(841,439)	(841,437)
Total comprehensive income for the year	-	120,402	120,402
31 January 2009	<u>2</u>	<u>(721,037)</u>	<u>(721,035)</u>

The notes on pages 9 to 16 form part of these accounts

CONSOLIDATED VENTURE FINANCE LIMITED

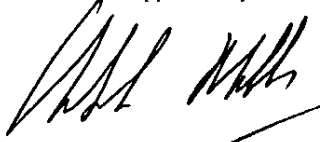
STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2010

	Note	2010 £	2009 £	2008 £
Current assets				
Financial asset investments held for trading		634,532	160	307,988
Trade and other receivables		150,816	663,122	480,897
Cash and cash equivalents	12	50,065	16,089	427
Total assets		835,413	679,371	789,312
Current liabilities				
Amounts owed to holding company		(2,237,906)	(1,400,406)	(1,630,749)
Net liabilities		(1,402,493)	(721,035)	(841,437)
Represented by:				
Share capital	8	2	2	2
Revenue reserve		(1,402,495)	(721,037)	(841,439)
Total equity		(1,402,493)	(721,035)	(841,437)

Registered number 01626586

These financial statements were approved by the sole Director on 23 December 2010

C H B Mills
Director



The notes on pages 9 to 16 form part of these accounts

CONSOLIDATED VENTURE FINANCE LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 JANUARY 2010

	2010 £	2009 £
Cash flows from operating activities		
Fixed interest income	-	19,840
Bank deposit interest received	35	153,638
Other income	27,055	72,620
Other cash payments	-	(100)
Cash generated from operations	27,090	245,998
Bank interest paid	4 -	-
Net cash inflow from operating activities	27,090	245,998
Cash flows from investing activities		
Sales of investments	7,740	-
Purchase of investments	(838,352)	-
Net cash outflow from investing activities	(830,612)	-
Cash flows from financing activities		
Transfer to holding company	(11,500,000)	(20,230,343)
Transfer from holding company	12,337,500	20,000,000
Net cash outflow from financing activities	837,500	(230,343)
Increase/(decrease) in cash and cash equivalents for the year	33,978	15,655
Cash and cash equivalents at the start of the year	16,089	427
Revaluation of foreign currency balances	(2)	7
Cash and cash equivalents at the end of the year	50,065	16,089

The notes on pages 9 to 16 form part of these accounts

CONSOLIDATED VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2010

1. Accounting Policies

Consolidated Venture Finance Limited is a Company incorporated and registered in England and Wales

Basis of preparation/statement of compliance

The financial statements of the Company have been prepared in conformity with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Accounting Standards and Standing Interpretation Committee interpretations approved by the International Accounting Standards Committee that remain in effect and to the extent they have been adopted by the European Union. They have also been prepared in accordance with applicable requirements of England and Wales company law and reflect the following policies which have been adopted and applied consistently

The financial statements are presented in Sterling. The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of investments through profit or loss

The principal accounting policies which have been applied consistently by the Company are as follows

(a) Deposit interest receivable and expenses payable are taken to the income statement on an accruals basis

(b) Any profits or losses arising on the sale of financial asset investments held for trading are taken directly to the income statement

(c) Transactions in foreign currency are translated into Sterling at the rates of exchange ruling on the dates of such transactions. Foreign currency assets and liabilities at the balance sheet date are translated to Sterling at the rates of exchange ruling on that date. Any profits or losses on foreign currencies held, whether realised or unrealised, are taken directly to the income statement

(d) Investments

All investments held by the Company are classified as financial asset investments held for trading and are valued at fair value in accordance with the following policies

(i) Quoted at market value on a recognised stock exchange

Securities quoted on recognised stock exchanges are valued at the market bid price and exchange rates ruling at the balance sheet date

CONSOLIDATED VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2010

1. Accounting Policies (continued)

(ii) Unquoted at Director's estimate of fair value

Unquoted investments included at Director's estimate of fair value are valued at what the sole Director considers to be their fair value and follow the International Private Equity and Venture Capital Association ("IPEVCA") guidelines. This valuation incorporates all factors that market participants would consider in settling a price. Valuations in local currency are translated into Sterling at the exchange rate ruling on the balance sheet date.

(e) Cash and cash equivalents

Cash is defined as cash in hand and demand deposits. There are no cash equivalents held by the Company.

(f) The payment of taxation is deferred or accelerated because of timing differences

between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date unless such provision is not permitted by Financial Reporting Standard 19.

(g) Income

Dividends receivable on quoted equity shares are taken into account on the ex-dividend date. Where no ex-dividend date is quoted, they are brought into account when the Company's right to receive payment is established. Other investment income and interest receivable are included in the financial statements on an accruals basis. Dividends received from UK registered companies are accounted for net of imputed tax credits.

(h) Going concern

The Directors are happy that the Company should be treated as a going concern on the basis that the parent company, North Atlantic Smaller Companies Investment Trust PLC, has undertaken to support the cash flow requirements of the Company.

2. Revenue

	2010 £	2009 £
Revenue comprises		
Proceeds from the sale of financial asset investments held for trading	7,740	-
	<u>7,740</u>	<u>-</u>

3. Cost of sales

	2010 £	2009 £
Cost of investments realised	20,983	1,438,860
Unrealised loss/(gain) on financial asset investments held for trading	182,997	(1,131,032)
	<u>203,980</u>	<u>307,828</u>

CONSOLIDATED VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2010

4 Other expenses

	2010 £	2009 £
Bank charges	-	100
Unrealised exchange loss/(gain) on revaluation	16,813	(182,232)
Realised loss on Waterbury escrow	495,495	-
	<u>512,308</u>	<u>(182,132)</u>

The Auditors' remuneration for audit services of £1,000 (2009 £1,000) is incurred and paid by the Company's holding company, North Atlantic Smaller Companies Investment Trust PLC

5. Director's fees

The Director received no remuneration for his services during the year (2009 nil)

6. Taxation

	2010 £	2009 £
Corporation tax at 28% (2009 28 33%)	<u>-</u>	<u>-</u>

The current taxation charge for the year is different from the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £	2009 £
(Loss)/profit on ordinary activities before taxation	<u>(681,458)</u>	<u>120,402</u>
Theoretical tax at UK Corporation Tax rate of 28% (2009 28 33%)	(190,808)	34,110
Effects of		
- Utilisation increase of excess management expenses	190,808	(34,110)
- Group relief claimed	-	-
- Benefits of starting rate of tax	-	-
Actual current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The Company has tax losses of £1,835 695 (2009 £1,600,040) that are available to offset future taxable revenue A deferred tax asset has not been recognised in respect of these losses as they are recoverable only to the extent that the Company has sufficient taxable revenue

CONSOLIDATED VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2010

7 Current asset investments

	2010	2009	2008
	£	£	£
Listed investments	634,532	160	405
Unlisted investments	-	-	307,583
	<u>634,532</u>	<u>160</u>	<u>307,988</u>

8 Called up share capital

	2010	2009	2008
	£	£	£
100 Authorised Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>
Issued, allotted and fully paid			
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>

The Company does not have any externally imposed capital requirements. The capital of the Company is managed in accordance with both its and its Parent Company's investment policy in pursuit of its investment objectives.

9 Holding company

The Company's holding and ultimate parent company is North Atlantic Smaller Companies Investment Trust PLC, which is incorporated and registered in England and Wales. Copies of the Annual Report of North Atlantic Smaller Companies Investment Trust PLC may be obtained from the Company Secretary J O Hambro Capital Management Limited, Ground Floor, Ryder Court, 14 Ryder Street, London, SW1Y 6QB.

10. Related Party Transactions

During the year to 31 January 2010, £837,500 cash was transferred from North Atlantic Smaller Companies Investment Trust PLC to Consolidated Venture Finance Limited. At 31 January 2010, a total of £2,237,906 was owed to the parent company (2009: £1,400,406).

On 28 May 2009, 22,500,000 ordinary shares in Payzone PLC were sold by North Atlantic Smaller Companies Investment Trust PLC to Consolidated Venture Finance Limited for a consideration of £337,499. The transaction resulted in a realised loss in the parent company of £5,555,536.

On 15 October 2010, 14,666,667 ordinary shares in Journey Group PLC were sold by North Atlantic Smaller Companies Investment Trust PLC to Consolidated Venture Finance Limited for a consideration of £494,999. The transaction resulted in a realised loss in the parent company of £605,001.

11 Reconciliation of Operating loss to Net Cash flow from operating activities

	2010	2009
	£	£
Operating loss	(708,548)	(125,696)
Adjustment for capital losses	708,548	125,596
Interest receivable	27,090	246,098
Net cash inflow from operating activities	<u>27,090</u>	<u>245,998</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2010**

12 Analysis of Changes in Net Cash

	2009	Cash Flows	Non-cash flows	2010
	£	£	£	£
Cash at bank	16,089	33,978	(2)	50,065

13. Financial Instruments

The Company's financial instruments comprise its assets held for trading, cash balances, trade receivables and amounts owed to its holding company that arise directly from its operations. Note 1 (on pages 9 and 10) sets out the accounting policies, including criteria for recognition and the basis for measurement, applied to significant financial instruments excluding cash at bank which is carried at fair value. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised.

The main risks arising from the Company's financial instruments are

- (i) market price risk, including currency risk, interest rate risk and other price risk,
- (ii) liquidity risk, and
- (iii) credit risk

The Company Secretary in close cooperation with the Director coordinates the Company's risk management. The policies for managing each of these risks are summarised below and have been applied throughout the year.

(i) Market price risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises currency risk, interest rate risk and other price risk. The Director reviews and agrees policies for managing these risks, which policies have remained substantially unchanged from those applying in the year ended 31 January 2009. The Director assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

The maximum exposure to market price risk is the fair value of investments of £634,532 (2009: £160).

If the investment portfolio valuation fell by 10% from the amount detailed in the financial statements as at 31 January 2010 it would have the effect, with all other variables held constant, of increasing the loss before taxation by £63,453 (2009: reducing profit before taxation by £16). An increase of 10% in the investment portfolio valuation would have an equal and opposite effect.

a) Currency risk

The functional and presentational currency of the Company is Sterling and, therefore, the Company's principal exposure to foreign currency risk comprises investments priced in other currencies, principally US Dollars. The Director monitors the Company's exposure to foreign currencies on a regular basis. The Director measures the risk to the Company of the foreign currency exposure by considering the effect on the net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed.

The Company's financial assets comprise equity investments, trade receivables and cash balances.

The Company finances its investment activities through its Ordinary Share Capital, Reserves and borrowings from its holding company. The Company's financial liabilities comprise its borrowings from the holding company.

At 31 January 2010, the currency cash flow profile of those financial assets and liabilities was

CONSOLIDATED VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2010

Financial assets

The Company's financial assets comprise equity investments, trade receivables and cash balances

As at 31 January 2010, the currency cash flow profile of those financial assets was

	Sterling £	US Dollar £	Total £
Financial asset investments held for trading	634,460	72	634,532
Trade and other receivables	-	150,816	150,816
Cash and cash equivalents	50,044	21	50,065
	684,504	150,909	835,413

As at 31 January 2009, the currency cash flow profile of those financial assets was

	Sterling £	US Dollar £	Total £
Financial asset investments held for trading	-	160	160
Trade and other receivables	-	663,122	663,122
Cash and cash equivalents	16,065	24	16,089
	16,065	663,306	679,371

The fair value of these financial assets are not materially different from their balance sheet value

Financial liabilities

The Company's financial liabilities comprise ordinary share capital and reserves

As at 31 January 2010, the currency cash flow profile of those financial liabilities was

	Sterling £	US Dollar £	Total £
Amounts owed to holding company	2,237,906	-	2,237,906
	2,237,906	-	2,237,906

The fair value of these financial liabilities are not materially different from their balance sheet value

As at 31 January 2009, the currency cash flow profile of those financial liabilities was

	Sterling £	US Dollar £	Total £
Amounts owed to holding company	1,400,406	-	1 400,406
	1,400,406	-	1,400,406

The fair value of these financial liabilities are not materially different from their balance sheet value

CONSOLIDATED VENTURE FINANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2010****b) Interest rate risk**

As at 31 January 2010, the carrying amount of the Company's financial instruments were as follows

	In 1 year or less £	In more than 2 years but less than 3 years £	Total £
Fair value interest rate risk			
Financial asset investments held for trading	-	-	-
Cash flow interest rate risk			
Loans and receivables			
- Cash at bank	50,065	-	50,065
No interest rate risk			
Financial asset investments held for trading	634,532	-	634,532
Loans and receivables			
- Trade and other receivables	150,816	-	150,816
Other financial liabilities			
- Amounts owed to holding company	2,237,906	-	2,237,906
	<u>3,073,319</u>	<u>-</u>	<u>3,073,319</u>

CONSOLIDATED VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2010

13. Financial Instruments (continued)

As at 31 January 2009, the carrying amount of the Company's financial instruments were as follows

	In 1 year or less £	In more than 2 years but less than 3 years £	Total £
Fair value interest rate risk			
Financial asset investments held for trading	-	-	-
Cash flow interest rate risk			
Loans and receivables			
- Cash at bank	16,089	-	16,089
No interest rate risk			
Financial asset investments held for trading	160	-	160
Loans and receivables			
- Trade and other receivables	663,122	-	663,122
Other financial liabilities			
- Amounts owed to holding company	(1,400,406)	-	(1,400,406)
	<u>(721,035)</u>	<u>-</u>	<u>(721,035)</u>

The fair value of these financial assets are not materially different from their balance sheet value

n) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not significant as the Company's only liability is the inter company account with it's holding company

iii) Credit risk

The Company's only exposure to credit risk arises from the amounts held in the Waterbury Escrow account and the cash at bank. The Company assesses the credit worthiness of its debtors from time to time to ensure they are neither past due or impaired. At the year no assets were past due or impaired