

Edgar Filing: ACOLA CORP - Form 10QSB

ACOLA CORP
Form 10QSB
February 17, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-QSB

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2003

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number [000-30264]

Acola Corp.

(Exact name of registrant as specified in its charter)
Delaware 11-3177042

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

5503 Blossom Street
Houston, TX 77007

(Address of principal executive offices including zip code)

Registrant's telephone number, including area code:
(713) 802-9911

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange
Act of 1934 during the preceding 12 months (or for such shorter period
that the registrant was required to file such reports), and (2) has been
subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's
classes of common stock, as of January 30, 2004.

Class	Outstanding at January 30, 2004
-----	-----
Common Stock, Class A, \$0.001 Par Value	39,505,065
Common Stock, Class B, \$0.001 Par Value	2,000,000

Edgar Filing: ACOLA CORP - Form 10QSB

ACOLA CORP. AND SUBSIDIARIES

Table of Contents

PAGE

Part I - Financial Information

Item 1. Financial Statements

Condensed Consolidated Balance Sheets -
December 31, 2003 (unaudited) and June 30, 2003
(audited) 3

Condensed Consolidated Statements of Operations
(unaudited) -Three and Six Months Ended December 31,
2003 and 2002 4

Condensed Consolidated Statements of Changes in
Stockholders' Equity (unaudited) - Six Months
ended December 31, 2003 5

Condensed Consolidated Statements of Cash Flows
(unaudited) -Six Months Ended December 31, 2003 and
2002 6

Notes to Condensed Consolidated Financial Statements
(unaudited) 7

Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations 9

Item 3. Controls and Procedures 11

Part II. Other Information

Item 1. Legal Proceedings 11

Item 2. Changes in Securities 12

Item 3. Defaults upon Senior Securities 12

Item 4. Submission of Matters to a Vote of Security
Holders 12

Item 5. Other Information 12

Edgar Filing: ACOLA CORP - Form 10QSB

Item 6. Exhibits and Reports

12

ACOLA CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2003 (Unaudited)	June 30, 2003 (Audited)
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 882	\$ 5,020
Account receivable - Related Party	6,000	8,000
Prepaid expenses	-	4,250
	-----	-----
Total current assets	\$ 6,882	\$17,270
Computer software - Net	274	274
INTANGIBLE ASSETS - Net	10	10
	-----	-----
TOTAL ASSETS	\$ 7,166	\$ 17,554
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,161	\$ 5,503
	-----	-----
TOTAL CURRENT LIABILITIES	3,161	5,503
	-----	-----
STOCKHOLDERS' EQUITY		
PREFERRED STOCK; \$.001 par value, 5,000,000 shares authorized; and no shares issued and outstanding		
	-	-
COMMON STOCK CLASS A; \$.001 par value; 100,000,000 shares authorized; 39,505,065 and 39,755,050 shares issued and outstanding		
	39,505	39,755

Edgar Filing: ACOLA CORP - Form 10QSB

COMMON STOCK CLASS B; \$.001 par value; 2,000,000 shares authorized; 2,000,000 shares issued and outstanding	2,000	2,000
ADDITIONAL PAID-IN CAPITAL	3,569,426	3,566,176
ACCUMULATED DEFICIT	(3,606,926)	(3,595,880)
TOTAL STOCKHOLDERS' EQUITY	4,005	12,051
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 7,166	\$ 17,554
	=====	=====

See accompanying notes.

ACOLA CORP. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2003	2002	2003	2002
	-----	-----	-----	-----
EXPENSES				
Professional fees	\$1,941	\$ 4,718	\$7,247	\$ 4,718
General and administrative expenses	4,339	13,477	4,339	15,183
	6,280	18,195	11,586	19,901
LOSS FROM OPERATIONS	(6,280)	(18,195)	(11,586)	(19,901)
OTHER INCOME -				
Gain on sale of asset	-	59,999	-	59,999
Debt forgiveness	-	8,710	540	8,710
INTEREST INCOME	-	-	-	-
TOTAL OTHER INCOME	-	68,709	540	68,709
	-----	-----	-----	-----

Edgar Filing: ACOLA CORP - Form 10QSB

NET INCOME (LOSS)	\$ (6,280)	\$ 50,514	(11,046)	\$ 48,808
	=====	=====	=====	=====
BASIC AND DILUTED LOSS				
PER SHARE OF				
COMMON STOCK	\$ NIL	\$ NIL	\$ NIL	\$ NIL
	=====	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF				
COMMON SHARES OUTSTANDING				
Class A	39,438,398	34,805,050	39,421,732	34,805,050
Class B	2,000,000	2,000,000	2,000,000	2,000,000
	=====	=====	=====	=====

See accompanying notes.

ACOLA CORP. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES
 IN STOCKHOLDERS' EQUITY
 SIX MONTHS ENDED DECEMBER 31, 2003
 (Unaudited)

	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Total
	-----	-----	-----	-----	-----
BALANCE AT JUNE 30,2003	\$39,755	\$2,000	\$3,566,176	\$(3,595,880)	\$12,051
Issuance of Common Stock	100		2,900		3,000
Reclassification					

Edgar Filing: ACOLA CORP - Form 10QSB

of Common Stock to additional paid in capital	(350)		350		-
Net loss for the six months ended December 31, 2003	-	-	-	(11,046)	(11,046)
BALANCE AT DECEMBER 31, 2002	----- \$39,505 =====	----- \$2,000 =====	----- \$3,569,426 =====	----- \$(3,606,926) =====	----- \$4,005 =====

See accompanying notes

ACOLA CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Six Months Ended
December 31,

Edgar Filing: ACOLA CORP - Form 10QSB

	2003	2002
	-----	-----
CASH FLOWS FROM OPERATING		
ACTIVITIES		
Net income(loss)	\$(11,046)	\$48,808
Adjustments to reconcile net income(loss) to net cash used in operating activities		
Depreciation and amortization		7
Accounts Receivable-related party	2,000	
Short term loans	-	(31,606)
Changes in assets and liabilities:		
Miscellaneous receivables	-	(18,005)
Accounts payable and accrued expenses	658	(108,992)
Prepaid Director fees	4,250	-
Due to Former Director	-	(5,614)
Note due to Former Director	-	(46,107)
	-----	-----
Net cash used in operating activities	(4,138)	(161,509)
	-----	-----
CASH FLOWS FROM INVESTING		
ACTIVITIES		
Purchase of computer hardware and software	-	(297)
Investment in Ozelle Pharmaceuticals, Inc. Common Stock	-	1
	-----	-----
Net cash used by investment activities	-	(296)
	-----	-----
CASH FLOW FROM FINANCING		
ACTIVITIES		
Additional Paid in Capital	-	166,952
	-----	-----
Net cash provided by financing activities	-	166,952
	-----	-----
NET INCREASE (DECREASE) IN CASH	(4,138)	5,147
CASH - BEGINNING OF PERIOD	5,020	179
	-----	-----
CASH - END OF PERIOD	\$882	\$5,326
	=====	=====
SUPPLEMENTAL SCHEDULE OF NONCASH		
INVESTING AND FINANCING ACTIVITIES		
Accounts payable and accrued expenses extinguishments not requiring cash	\$3,000	\$175,662

See accompanying notes.

ACOLA CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - INTERIM PERIODS

Edgar Filing: ACOLA CORP - Form 10QSB

The accompanying unaudited information has been prepared in accordance with generally accepted accounting principles in the United States for interim financial information and with the rules and regulations adopted by the United States Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of the Company's management, all adjustments, consisting of normal recurring items considered necessary for a fair presentation have been included. These financial statements should be read in conjunction with the financial statements and notes for the year ended June 30, 2003, included in the Form 10-KSB. The results of operations for the three and six month periods ended December 31, 2003 are not necessarily indicative of operating results for the full year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentration of Credit Risk Involving Cash

The Company maintains its cash balances in a bank located in the United States. These balances are insured up to \$100,000 by the FDIC.

Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments

Financial instruments consist of cash, receivables, and accounts payable. The carrying amounts approximate fair value because of the short maturity of these instruments.

Depreciation

The cost of computer software is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight line and accelerated methods. No depreciation has been recorded in the accompanying financial statements for the period ended December 31, 2003. Any adjustment to reflect depreciation expense would not be significant to the accompanying financial statements. Repair and maintenance costs are expensed as incurred.

Class A Common Stock

During the period ended December 31, 2003, the Company issued 100,000 shares of Class A common stock with a value of \$3,000 to pay outstanding vendor invoices and reclassified 349,985 Class A common shares to additional paid in capital in order to reconcile Class A common shares as reflected on the accompanying balance sheets and statements of changes in stockholders' equity to the number of shares reflected on the records of the Company's transfer agent.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates based on management's knowledge and experience. Accordingly, actual results could differ from those estimates.

Income Taxes

The Company accounts for its income taxes under Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for temporary differences between the financial statement and tax bases of assets and liabilities that will result in taxable or

Edgar Filing: ACOLA CORP - Form 10QSB

deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Earnings (Loss) Per Share

The Company follows SFAS No. 128, "Earnings Per Share" (EPS), which establishes standards for computing and presenting EPS. Under this standard, Basic EPS is computed based on weighted average shares outstanding and excludes any potential dilution. Diluted EPS reflects potential dilution from the exercise or conversion of securities into common stock or from other contracts to issue common stock.

Basic earnings (loss) per share include the weighted average number of shares outstanding during the year. Diluted earnings (loss) per share include the weighted average number of shares outstanding and dilutive potential common shares, such as warrants. There are no options or warrants. Therefore basic and diluted earnings (loss) per share are the same at December 31, 2003 and 2002.

Comprehensive Income

The Company follows SFAS No. 130, "Reporting Comprehensive Income", which is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income.

NOTE 3 - ORGANIZATION CHANGES AND MANAGEMENT PLANS The Company is seeking a reverse merger partner for the benefit of all of the Company's shareholders and has signed a Letter of Intent to effect a reverse merger. See Note 6 - Subsequent Events. There can be no assurance that a transaction will be consummated.

NOTE 4 - LEGAL PROCEEDINGS

In August 2000 the Company received a letter from an attorney advising that there is an Order, dated March 10, 1998, for Entry of Default Judgment in the District Court of Boulder, Colorado against Northern Lights Software, Ltd. (a Delaware corporation and a predecessor of the Company) in favor of two alleged former employees of Northern Lights Software, Ltd. (a New York corporation which was a subsidiary of Northern Lights Software (Delaware) Ltd.) in the total amount of \$74,887. The judgment was apparently for alleged unpaid wages. The Company believes that the Colorado lawsuit was brought against the wrong corporation and that the default judgment was erroneously issued in violation of Colorado statutes, as interpreted by the Colorado Supreme Court. Based upon a review of the record in the case, management believes that it would be an error for any court to enforce the default judgment, and the Company plans to mount a vigorous defense against any effort to enforce the judgment against the Company.

Other than that stated above, to the best knowledge of the Officers and Directors of the Company, neither the Company nor any of its Officers or Directors is a party to any material legal proceeding or litigation and such persons know of no other material legal proceeding or litigation contemplated or threatened. Other than that stated above, there are no judgments against the Company or its Officers or Directors.

Note 5 - INCOME TAXES

The Company has incurred losses since its inception and, therefore, has

Edgar Filing: ACOLA CORP - Form 10QSB

not been subject to federal income taxes. The Company may be entitled to a net operating loss ("NOL") carryforward for income tax purposes. Because U.S. tax laws limit the time during which NOL and tax credit carryforwards may be utilized and due to the change in ownership rules relating to NOL carryforwards, the Company may not be able to take advantage of its NOL and tax credits for federal income tax purposes. Consequently, it may be determined at a future date that the net operating loss carryforwards are not available to offset earnings of the Company and income taxes may be due. The Company has not provided for this possible contingency as management is of the opinion that net operating loss carryforwards are available to offset current income. The accompanying financial statements do not reflect the utilization of any net operating loss carryforwards or tax benefits associated with the losses incurred by the Company because it is not expected at this time that any benefits will accrue to the Company.

NOTE 6 - SUBSEQUENT EVENTS

On January 18, 2004, the Company entered into a Letter of Intent ("LOI") with Teda Travel Incorporated ("Teda US") and its wholly-owned subsidiary, Teda Hotels Management Company Limited, a British Virgin Islands corporation (Teda BVI"), (collectively the "Company"), whereby Acola, Teda US and Teda BVI will enter into a transaction (the "Transaction"), probably a share exchange, which would result in the current shareholders of Teda US owning 95.5% of the total issued and outstanding shares of Acola, with the current shareholders of Acola retaining 4.5% of the common stock outstanding after the close of the transaction. Subsequent to the signing of the LOI the Company negotiated an increase in the shares to be issued to the current shareholders of the Company to 5% of the common stock outstanding after the closing of the Transaction. At the close of the Transaction, it is contemplated that all of the current directors and executive officers of Acola will resign in favor of new directors and executive officers to be elected by the Teda US Board of Directors. The Transaction is subject to the negotiation and execution of a definitive Transaction Agreement. The transaction is expected to close as soon as practicable after the execution of the Transaction Agreement.

Teda US and Teda BVI are members of the Teda Group of Tianjin, China. Teda Travel provides hotel and resort management services and invests in real estate development in China. The Teda Group owns interests in a number of companies and properties, including hotels, in China.

On January 18, 2004, in anticipation of the above discussed planned merger, the Board adopted and the stockholders holding a majority of the outstanding Common Stock approved a resolution to effect a one-for-forty (1:40) reverse stock split of both the Class B Common Stock and the Class A Common Stock of Acola (the "Reverse Split").

The Reverse Split is expected to become effective on or about March 8, 2004 (the "Effective Date"). The Reverse Split will take place on the Effective Date without any action on the part of the holders of all classes of Acola's common stock and without regard to current certificates representing shares of all classes of Acola common stock being physically surrendered for certificates representing the number of shares of all classes of Acola common stock each stockholder is entitled to receive as a result of the Reverse Split. New certificates of Acola common stock will not be issued.

The Board has unanimously adopted and the consenting stockholders have approved a resolution to effect a reclassification of the Class B Common Stock into the Common Stock (the "Reclassification"). The effect of this

Edgar Filing: ACOLA CORP - Form 10QSB

reclassification is to eliminate the special rights provided to holders of the Class B Common Stock and to have just one class of common stock. The Class B Common Stock is currently entitled to 100 votes per share on all matters to be voted on by Acola stockholders. The 2,000,000 shares of Class B Common Stock currently issued and outstanding, upon the Effective Date, will be reclassified to 2,000,000 shares of Class A Common Stock, which will be entitled to only one vote per share and which will also be subject to the Reverse Split. Thus, the 2,000,000 shares of Class B Common Stock currently issued and outstanding will ultimately become 50,000 shares of Acola Class A Common Stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Policies The Company's accounting policies are integral to understanding the results reported. The Securities and Exchange Commission (SEC) recently issued guidance for the disclosure of "critical accounting policies". The SEC defines "critical accounting policies" as those that are most important to the presentation of a company's financial condition and results of operations and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

The Company follows financial accounting and reporting policies that are in accordance with generally accepted accounting principles as more fully discussed in its Form 10-KSB for the year ended June 30, 2003. Not all significant accounting policies require management to make difficult, subjective, or complex judgments. However, the policies and matters noted below could be deemed to meet the SEC's definition of critical accounting policies and could have a negative impact on the Company's operations or financial position should management's assumptions and estimates be incorrect.

Evaluation of the Company as a going concern—As reflected in the accompanying financial statements and more fully discussed in the Company's Form 10KSB at June 30, 2003, the Company has incurred recurring losses, has no operations and limited liquidity. These matters, among others, indicate strongly that the Company may not remain a going concern in the future. Because of this, management is required to evaluate routinely many business decisions that may impact the ongoing operations of the Company. Depending upon decisions made by management and the Company's board of directors, the Company may not remain a going concern in the future. If the Company does not remain a going concern, it is likely that the Company's shareholders and creditors will not receive any return of their investment or payment for outstanding goods or services.

Commitments and contingencies—As reflected in the accompanying financial statements and more fully discussed in the Company's Form 10KSB, the Company is subject to the uncertainty of litigation. Although management of the Company does not believe that, should the matter go to trial, any amounts will be due by the Company; results from litigation are often unpredictable as to outcome. Moreover, due to the Company's limited liquidity and access to additional operating capital, it is possible that should the legal matters progress to trial, the Company may not have the required resources necessary to contest the matter at trial.

Net Operating Loss Carryforwards—Based upon management's current assessment of its net operating loss carryforwards, no benefits of these losses have been reflected in the Company's financial statements as management does not

Edgar Filing: ACOLA CORP - Form 10QSB

currently believe that any benefits will ever accrue to the Company.

The following discussion should be read in conjunction with the Company's Condensed Consolidated Financial Statements appearing elsewhere in this report.

Three and six months ended December 31, 2003 and 2002

Revenue:

The Company did not earn any revenue during the three and six month periods ended December 31, 2003 and December 31, 2002.

Professional Fee Expenses:

Professional fee expenses for the three and six months ended December 31, 2003 were \$1,941 and \$7,247, primarily to achieve compliance with SEC filing requirements, compared to the \$4,718 for the three and six months ended December 31, 2002. The Company ceased business operations during 2002.

General and Administrative Expenses:

General and administrative expenses for the three and six months ended December 31, 2003 were \$4,339, a decrease of \$9,198 and \$10,844, respectively, from the prior year periods. The decrease is because the Company's current activities are limited to a spartan program of keeping the Company in compliance and searching for attractive merger candidates.

Other Income:

Other income for the three and six months ended December 31, 2003 was \$-0- and \$540, respectively, a decrease of \$68,709 from the quarter ended December 31, 2002 and a decrease of \$68,169 from the six months ended December 31, 2002. The decrease was primarily because of the one-time profit on the sale of the Ozelle stock in the earlier periods. Only \$540 of debt forgiveness income was recorded during the six months ended December 31, 2003.

Prepaid expenses:

Prepaid expenses of \$4,250 relating to directors' fees were expensed during the three months ended December 31, 2003 because it is not expected to be of value to the Company after the pending merger. (See Note 6 - Subsequent Events.)

Description of Property:

As of November 13, 2003 the Company maintains its principal place of business at 5503 Blossom Street, Houston, Texas 77007. This business location is owned by one of the Company's shareholders and is provided to the Company without cost. The Company does not own or maintain any additional properties.

New Accounting Standards

The Financial Accounting Standards Board has issued many new accounting standards that do not have an impact on the Company due to its relatively dormant condition. Should the Company emerge from its somewhat dormant condition to an operating entity, it is quite possible that decisions

Edgar Filing: ACOLA CORP - Form 10QSB

made by management and the Company's board of directors could result in the Company's adoption of new accounting standards which could have a negative impact on the Company's financial position, results of operations and cash flows. Because the Company is currently not operating, it is not possible to determine which new standards might apply and what impact, if any, the new standards might have.

ITEM 3. Controls and Procedures

Evaluation of disclosure controls and procedures. Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported to the Company's management within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in internal controls. Subsequent to the date of their evaluation, there were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure controls and procedures, and there were no corrective actions with regard to significant deficiencies and material weaknesses based on such evaluation.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In August 2000 the Company received a letter from an attorney advising that there is an Order, dated March 10, 1998, for Entry of Default Judgment in the District Court of Boulder, Colorado against Northern Lights Software, Ltd. (a Delaware corporation and a predecessor of the Company) in favor of two alleged former employees of Northern Lights Software, Ltd. (a New York corporation which was a subsidiary of Northern Lights Software (Delaware) Ltd.) in the total amount of \$74,887. The judgment was apparently for alleged unpaid wages. The Company believes that the Colorado lawsuit was brought against the wrong corporation and that the default judgment was erroneously issued in violation of Colorado statutes, as interpreted by the Colorado Supreme Court. Based upon a review of the record in the case, management believes that it would be an error for any court to enforce the default judgment, and the Company plans to mount a vigorous defense against any effort to enforce the judgment against the Company.

Other than that stated above, to the best knowledge of the Officers and Directors of the Company, neither the Company nor any of its Officers or Directors is a party to any material legal proceeding or litigation and such persons know of no other material legal proceeding or litigation contemplated or threatened. Other than that stated above, there are no judgments against the Company or its Officers or Directors.

Item 2. Changes in Securities

Edgar Filing: ACOLA CORP - Form 10QSB

On January 18, 2004, the Board adopted and the stockholders holding a majority of the outstanding Common Stock approved a resolution to effect a one-for-forty (1:40) reverse stock split of both the Class B Common Stock and the Class A Common Stock of Acola (the "Reverse Split").

The Reverse Split is expected to become effective on or about March 1, 2004 (the "Effective Date"). The Reverse Split will take place on the Effective Date without any action on the part of the holders of all classes of Acola's common stock and without regard to current certificates representing shares of all classes of Acola common stock being physically surrendered for certificates representing the number of shares of all classes of Acola common stock each stockholder is entitled to receive as a result of the Reverse Split. New certificates of Acola common stock will not be issued.

The Board has unanimously adopted and the consenting stockholders have approved a resolution to effect a reclassification of the Class B Common Stock into the Common Stock (the "Reclassification"). The effect of this reclassification is to eliminate the special rights provided to holders of the Class B Common Stock and to have just one class of common stock. The Class B Common Stock is currently entitled to 100 votes per share on all matters to be voted on by Acola stockholders. The 2,000,000 shares of Class B Common Stock currently issued and outstanding, upon the Effective Date, will be reclassified to 2,000,000 shares of Class A Common Stock, which will be entitled to only one vote per share and which will also be subject to the Reverse Split. Thus, the 2,000,000 shares of Class B Common Stock currently issued and outstanding will ultimately become 50,000 shares of Acola Class A Common Stock.

Item 3. Defaults upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports

(a) Exhibits:

Exhibit
Number

Description

1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

2 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.

(b) Reports on Form 8-K:

The Company has filed one report on Form 8-K since September 30, 2003: on January 28, 2003 (Letter of Intent for reverse merger).

Edgar Filing: ACOLA CORP - Form 10QSB

FORWARD-LOOKING STATEMENTS

The information in this Form 10-QSB includes "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. Acola includes this statement for the express purpose of availing itself of the protections of these safe harbor provisions with respect to all of the forward-looking statements Acola makes. The forward-looking statements in this Form 10-QSB reflect Acola's current views with respect to possible future events and financial performance. They are subject to certain risks and uncertainties, including without limitation the absence of significant revenues, financial resources, significant competition and those other risks and uncertainties discussed herein that could cause Acola's actual results to differ materially from its historical results or those that Acola hopes to achieve. In this Form 10-QSB, the words, "anticipates," "plans," "believes," "expects," "intends," "future" and similar expressions identify certain forward-looking statements. Please do not place undue reliance on the forward-looking statements contained in this Form 10-QSB. Acola undertakes no obligation to announce publicly revisions Acola may make to these forward-looking statements to reflect the effect of events or circumstances that may arise after the date of this Form 10-QSB. All written and oral forward-looking statements made subsequent to the date of this Form 10-QSB and attributable to Acola or persons acting on its behalf are expressly qualified in their entirety by this section.

SIGNATURES

In accordance with the requirements of the Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

ACOLA CORP.

By: /s/ James N. Baxter

Date: February 17, 2003

James N. Baxter
President

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE -----	CAPACITY -----	DATE -----
/s/ James N. Baxter ----- James N. Baxter	Director, President & CEO, (Principal Executive Officer & Principal Financial Officer)	February 17, 2003

1

10