3967525

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Annual report and financial statements for Thomson Intermedia plc for the year ended 31st January 2002

DIRECTORS AND ADVISERS

Directors	John Napier	*Non-Executive Chairman*
	Stephen Thomson	*Joint Chief Executive*
	Sarah Jane Thomson	*Joint Chief Executive*
	David Trendle	*Finance Director*
	Paul Gladman	*IT Director*
	Fiona Driscoll	*Non-Executive Director*
Secretary	David Trendle	
Registered Office	Kingfisher House 21-23 Elmfield Road Bromley Kent BR1 1LT Registration Number: 3967525	
Nominated Adviser and Nominated Broker	Williams de Broe plc 6 Broadgate London EC2M 2RP	
Solicitors	Gouldens 10 Old Bailey London EC4M 7NG	
Auditors	BDO Stoy Hayward 8 Baker Street London W1U 3LL	
Registrars	Computershare Services PLC PO Box 82 The Pavilions Bridgewater Road Bristol BS99 7NH	

CHAIRMAN'S STATEMENT

The year ended 31st January 2002 has proved to be a difficult year. Whilst we believe the strategy of expanding the portfolio of media monitoring products was correct, the level of contracts secured, particularly in the second half of the year, fell short of our expectations. The economic downturn in the media industry, particularly in the second half of the year, was a major contributing factor to this shortfall. Early indications for the new financial year are positive with a high level of sales as a result of our enhanced product offering and economic improvement.

Results

Whilst the value of contracts signed during the year fell short of expectations, amortised revenue increased by 5% compared to 2001.

The operating loss amounted to £3.28m (2001:Loss £3.14m) and after crediting interest received the loss retained amounted to £3.16m (2001:Loss £2.73m).

Media Monitoring

We are in the process of completing our monitoring product for radio at which point we will have completed the portfolio. The enhanced range has been well received in the market, but budget constraints within the media industry generally, have mitigated against contracts being signed.

Operating Costs

Strict control has been imposed on operating costs by making savings commensurate with the shortfall in anticipated sales revenue. At the year end the head count was some 39% below the peak level reached during the year. Substantial savings are being achieved in production costs. Our budgets for the financial period just started indicate that through a combination of reduced production costs and overhead savings we intend to implement savings of over one million pounds in costs compared to last year.

Cash

The cash outflow for the year amounted to £3.33m and the balance of cash at the end of the period was £1.23m. The management of the Company is primarily directed towards cash management with the intention of being able to move towards consistent cash inflow on a monthly basis. At the present time we are achieving a positive cash flow in some months but we have not yet achieved this on a consistent basis.

Prospects

There are some signs that activity in the media industry is showing modest but noticeable improvements. We have achieved a good start to the current financial period. Total contracts signed in the first two months more than doubled at 127% ahead of the comparable period for the previous year. Rather more importantly new business, as against renewals of existing contracts, were equivalent to 66% of the total achieved in the previous twelve months. The current level of enquiries under discussion lead your Board to have confidence that this increased level of activity can be maintained and further increased.

The next objective is to achieve positive cash flow on a consistent basis. The current cash burn on a monthly basis has been reduced to very modest levels.

J A Napier

John Napier
Chairman

JOINT CHIEF EXECUTIVE'S REVIEW

OPERATING REVIEW

Over the last year we have continued to focus on development of our product range to cover all media channels. This process will be complete with the addition of Radio in the first half of this year. We are convinced that our strategy of linking expenditure data and creative images across these media provides a unique offering to both Corporate and Agency customers.

Sales performance has fallen short of our expectations, especially in the second half of this financial year. The media industry, as has been well documented in the press, has suffered during the economic downturn, which has led to an increase in the time taken to convert prospects into revenue. This situation is showing improvements in 2002, which has resulted in a 127% year on year increase in sales in the first two months.

These conditions have necessitated a concentration on our core business of media monitoring and, therefore, expenditure on the Free2look and Research divisions has ceased until significant commercial opportunities can be realised. A review of our value chain has resulted in further efficiency gains and as a result savings in excess of one million pounds will be realised over the next twelve months. The combined effects of revenue growth and margin improvement will significantly reduce the cash utilisation for the next financial year.

PRODUCT DEVELOPMENT

The significant developments during the year are summarised as follows

ART TV

We have developed a unique system to identify adverts from a TV stream with real time image and sound processing, linked to expenditure data estimated from BARB audience figures. Subscribers are provided with unlimited access to digital streaming of adverts and storyboards across national, regional and satellite channels to enable competitive monitoring of spend, advertiser, TV region and brand. TV was launched in October 2001.

NNI (formerly Newsmetrics)

NNI monitors all business stories in the National Press by 8am each day providing competitive comparisons by FTSE industry sector, company, product and journalist. This enables subscribers to access the latest headlines, chart their media performance against their competitors, as well as providing summaries of each article. The relaunch of Newsmetrics to cover all business sectors and to include improved functionality was finalised in January 2002.

Outdoor

We have worked in conjunction with the key industry players over the last year to develop our monitor of outdoor expenditure data. Data from the IPA outdoor members covers virtually all Outdoor Advertising, and can be analysed via the website in a multitude of ways.

Launch of ad hoc product

In March 2002 we launched an ad hoc service providing access to our database of adverts across all media. This can be provided to existing subscribers with notifiers for media they are not subscribed to and to new customers with internet access to our database. Functionality includes a personal library, personal alerts by advertiser, brand, competitive set or industry and a thumbnail preview facility. Images can be accessed and downloaded via the internet or delivered on video or CD.

Door Drop monitor

Thomson's DART product has now been complemented with the launch of the UK's first Door Drop monitor, developed in partnership with Consignia. This will monitor Door Drop receipts from our nationally representative panel of approximately 6,000 individuals and enable subscribers to analyse demographic, socio-demographic and lifestyle data as well as provide the subscriber with the Door Drop creative.

LAUNCH OF NEW WEBSITE

In March 2002, we relaunched our complete product range after six months of rigorous design and product development. The objective of the redesign was to improve the effectiveness and intuitiveness of all the systems, enhance the look and functionality of the products, to aid sales and to position Thomson Intermedia as the leading provider of Media Intelligence online.

Combining intuitive design with cutting-edge development, we have brought to the market a suite of products that have met our high expectations, as well as those of our clients. New features include:

- One-screen search solution
- Cross media creative searching
- Cross media notifier functionality
- Thumbnailed images for all products
- Detailed help functionality

HEADCOUNT

The continued product development resulted in an increase in staff numbers (full time equivalents) from 157 in January 2001 to 212 in July 2001. Our focus on efficiency and drive to increase automation within processes in the second half of this year has reduced headcount to 130 in January 2002.

Sarah Jane Thomson
Joint Chief Executive

11 April 2002

Stephen Thomson
Joint Chief Executive

DIRECTORS, BOARD COMMITTEES AND CORPORATE GOVERNANCE

Board of Directors

The Board of Directors, which comprises four Executive Directors and two independent Non-Executive Directors, meets on a monthly basis throughout the year. The Board is responsible for leading and controlling the Group. The four Executive Directors and a further three members of senior management comprise the Group's Executive Management Team, which meets on a regular basis, and provides the principal vehicle for directing the Group's business at an operational level. The following Board committees deal with the important aspects of the Group's affairs and provide independent, objective advice.

Audit Committee

The Audit Committee, which meets twice a year, is chaired by John Napier and comprises both the Non-Executive Directors and the Group's IT Director. The purpose of the committee is to ensure the preservation of good financial practices throughout the Group; to monitor that controls are in force to ensure the integrity of financial information; to review the interim and annual financial statements; and to provide a line of communication between the Board and the external auditors.

Remuneration Committee

The remuneration committee, which meets at least once a year, is chaired by John Napier and comprises of both the Non-Executive Directors. It is responsible for the Executive Directors' remuneration, other benefits and terms of employment, including performance related bonuses and share options.

Nomination Committee

Given the small size of the Board, the Board as a whole fulfils the function of the Nomination Committee.

DIRECTORS, BOARD COMMITTEES AND CORPORATE GOVERNANCE

(Continued)

Under the rules of the Alternative Investment Market (AIM) the Company is not required to comply with the Combined Code. However, the Directors have taken steps to comply with the Combined Code in so far as it can be applied practically, given the size of the Company and the nature of its operations.

The directors acknowledge that fully listed companies are required to report on internal controls in compliance with The Turnbull Report. Despite the fact that the Company is not bound to comply, as it is listed on the Alternative Investment Market, the directors recognise the need to focus on significant risks and related controls, procedures and reports. The directors consider that such matters are dealt with appropriately bearing in mind that company's present size and its potential for expansion.

DIRECTORS' REPORT

The directors present their annual report and Group audited accounts for the year ended 31 January 2002.

Principal Activities

Thomson Intermedia plc is a holding company for a group which continued to provide specialised computer databases to enable media monitoring and related services, primarily accessed via the Internet. The Chairman's Statement on pages 3 and 4 and the Joint Chief Executive's Review on pages 5 to 7 set out the full activities of the Group.

Trading review and future developments

A review of the business and future developments are included in the Joint Chief Executive's review on pages 5 to 7.

Research and development

The group continues to invest in research and development. This has resulted in improvements in the products reviewed on pages 5 and 6 which will benefit the group in the medium to long term. Costs in respect of research and development have to date been expensed as incurred.

Results and Dividend

The loss on ordinary activities of the group before taxation for the year amounted to £3.16m (2001: Loss £2.86m). The directors do not recommend the payment of a dividend.

Charitable and political donations

During the current and prior year the Group made no political or charitable donations.

Creditor payment policy

The Group's policy is to comply fully with the payment terms agreed with suppliers. As at 31 January 2002, the Group's average creditor days figure (based on the ratio of the aggregate of the amounts owed to trade creditors at the year end to the aggregate amount invoiced by suppliers during the financial year) was equivalent to 51 days (2001: 52 days). The company had no trade creditors at 31 January 2002.

Substantial shareholdings

At 10 April 2002 the following held more than 3% of the company's ordinary share capital, other than the shareholdings held by directors. No other person has reported an interest of more than 3% in the company's ordinary shares.

Name	No. of shares	%
Eaglet Investment Trust Plc	3,053,000	10.7
Herald Investment Trust	1,808,710	6.3
Henderson Smaller Company Investment Trust plc	1,406,500	4.9
RBS plc Trustee Merrill Lynch UK Equity	1,033,177	3.6
JP Morgan Chase Nominees	889,790	3.1

Going Concern

The Board is responsible for considering whether it is appropriate to prepare financial statements on a going concern basis. After making appropriate enquiries the Board concluded that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing the financial statements.

Statement of 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 affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The Directors who held office during the year were as follows:

John Napier	*Non-Executive Chairman*
Stephen Thomson	*Joint Chief Executive*
Sarah Jane Thomson	*Joint Chief Executive*
Richard Dawson	*Finance Director (resigned 15 October 2001)*
David Trendle	*Finance Director (appointed 22 January 2002)*
Paul Gladman	*IT Director*
Fiona Driscoll	*Non-Executive Director*

Directors' interests

The Directors' beneficial interests in the ordinary shares of the company and options to purchase such shares at the end of the financial year comprised:

	Number of Ordinary Shares 31st January 2002	Options 31st January 2002	Number of Ordinary Shares 1st February 2001	Options 1st February 2001
John Napier	4,761	-	4,761	-
Stephen Thomson	7,699,143	-	7,699,143	-
Sarah Jane Thomson	7,699,144	-	7,699,144	-
Richard Dawson (resigned 15 October 2001)	-	-	420,004	287,618
David Trendle	-	-	-	-
Paul Gladman	420,004	314,285	420,004	314,285
Fiona Driscoll	9,523	-	9,523	-

No Director has any interest in the shares of the subsidiary company. There have been no changes in the above Directors' shareholdings between 31st January 2002 and 10 April 2002. Further details of the Director's share options are shown in note 5.

The Directors who retire by rotation are Paul Gladman and Fiona Driscoll who, being eligible, offer themselves' for re-election.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By Order of the Board:

David Trendle
Company Secretary

11 April 2002

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of Thomson Intermedia Plc

We have audited the financial statements of Thomson Intermedia Plc for the year ended 31 January 2002 on pages 16 to 32 which have been prepared under the accounting policies set out on pages 20 and 22.

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.

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 group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Joint Chief Executives Report, Board Committees and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

REPORT OF THE INDEPENDENT AUDITORS *(Continued)*

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.

Opinion

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

BDO Stoy Hayward
Chartered Accountants
and Registered Auditors
London

BDO Stoy Hayward

11 April 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st January 2002

	Note	2002	2001
		£'000	£'000
Turnover	2	2,245	2,141
Cost of sales		(489)	(582)
Gross Profit		1,756	1,559
Administrative Expenses		(5,040)	(4,695)
Operating loss	3	(3,284)	(3,136)
Interest receivable	6	125	280
Interest payable	7	(2)	(2)
Loss on ordinary activities before taxation		(3,161)	(2,858)
Taxation on loss on ordinary activities	8	-	128
Loss on ordinary activities after taxation		(3,161)	(2,730)
Dividends		-	-
Loss for the financial year	21	(3,161)	(2,730)
Earnings per share	9		
Loss per share, pence - basic and diluted		(11.0)	(10.2)

All amounts relate to continuing activities.
All recognised gains and losses are included in the profit and loss account.

There are no material differences between the loss shown above and their historical cost equivalents.

The notes on pages 20 to 32 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
as at 31st January 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Fixed Assets					
Tangible fixed assets	11		486		483
Current Assets					
Debtors	13	861		1,281	
Cash at bank and in hand		1,233		4,564	
		2,094		5,845	
Creditors:					
Amounts falling due within one year	14	(1,369)		(1,953)	
Net current assets			725		3,892
Total assets less current liabilities			1,211		4,375
Creditors:					
Amount falling due after more than one year	15		(6)		(9)
Provision for liabilities and charges	16		-		-
			1,205		4,366
Capital and Reserves					
Share capital	19		7,155		7,155
Share premium	21		5,064		5,064
Share scheme reserve	21		13		13
Merger reserve	21		(5,250)		(5,250)
Profit and loss account	21		(5,777)		(2,616)
Equity shareholders' Funds	20		1,205		4,366

The financial statements were approved by the Board on 11 April 2002

Stephen Thomson
Director

David Trendle
Director

The notes on pages 20 to 32 form part of these financial statements.

COMPANY BALANCE SHEET
as at 31st January 2002

	Note	2002	2001
		£'000	£'000
Fixed Assets			
Investments			
	12	5,250	5,250
Current Assets			
Amounts due from subsidiary undertakings	13	-	6,969
Total assets less current liabilities		5,250	12,219
Capital and Reserves			
Share capital	21	7,155	7,155
Share premium	21	5,064	5,064
Profit & loss Account	21	(6,969)	-
Equity shareholders' Funds	20	5,250	12,219

The financial statements were approved by the Board on 11 April 2002.

Stephen Thomson
Director

David Trendle
Director

The notes on pages 20 to 32 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31st January 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Net cash (outflow) from operating activities	23		(3,266)		(2,537)
Returns on investments and servicing of finance					
Interest received		119		74	
Interest element of finance lease rental repayments		(1)		(1)	
Net cash inflow from returns on investments and servicing of finance			118		73
Capital expenditure					
Purchase of tangible fixed assets		(183)		(485)	
Sale of tangible fixed assets		4		45	
			(179)		(440)
Equity dividends paid			-		(75)
Net cash (outflow) before financing			(3,327)		(2,979)
Financing					
Gross proceeds from the issue of shares		-		8,000	
Flotation costs offset against share premium		-		(1,031)	
Capital element of finance lease payments		(4)		(29)	
Cash (outflow)/inflow from financing			(4)		6,940
(Decrease)/increase in cash in the year	25		(3,331)		3,961

The notes on pages 20 to 32 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st January 2002

1. Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention. In preparing these accounts, the Group has adopted the Financial Reporting Standard 19 "Deferred Tax" for the first time, which has had no material impact on these financial statements.

The principal accounting policies are:

Basis of preparation

The accounts have been prepared on a going concern basis taking into account the significant cost cutting exercises carried out during the year, and on the basis of significant sales growth predicted for the future, as outlined in more detail in the Chairman's report and Joint Chief Executive's Report. Accordingly the directors, at the date of approval of these financial statements, consider it appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the results of Thomson Intermedia plc and its subsidiary undertaking as at 31st January 2002 using the merger method of accounting.

Merger accounting

Where merger accounting is used, the investment is recorded in the company's balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid.

In the group financial statements, merged subsidiary undertakings are treated as if they had always been a member of the group. The results of such subsidiary are included for the whole period in the year it joins the group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the company as consideration as if they had always been in issue. Any difference between the nominal value of the share capital acquired and those issued by the company to acquire them is taken to reserves.

Turnover

Turnover represents income earned during the period on contracts with customers after the deduction of value added tax. Income relating to installation and training is taken into account at the start of the contract. Income relating to the subscription service is taken into account over the period of the contract matching income and costs.

1. Principal Accounting Policies *(Continued)*

Research and development

Research and development costs are charged to the profit and loss account in the year of expenditure.

Pensions

Contributions to group and personal pension schemes are charged to the profit and loss account is in the year in which they become payable. The assets of those schemes are held separately from those of the Group in independently administered funds.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding. The capital element reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Investments

Investments held as fixed assets are held at cost less any provision for impairment in valuation.

1. Principal Accounting Policies *(Continued)*

Financial Instruments

In relation to the disclosures made in note 22:

- Short term debtors and creditors are not treated as financial assets or financial liabilities;
- The Group does not hold or issue derivative financial instruments for trading purposes.

Liquid resources

For the purposes of the cashflow statement, liquid resources are defined as current asset investments and short term deposits.

2. Turnover

The turnover and operating loss for the year was derived from the Group's principal activities and was carried out wholly in the UK. All assets are located in the UK.

3. Operating loss

The operating loss is stated after charging:

	2002 £'000	2001 £'000
Research and development expenditure – expensed	426	949
Operating lease rentals		
- motor vehicles	34	33
- land and buildings	246	162
Profit on disposal of fixed assets	-	1
Amounts payable to the auditors in respect of audit services (Company and Group)	15	22
Amounts payable to the auditors in respect of non-audit services (Company and Group)	3	10
Depreciation		
- owned assets	174	102
- leased assets	3	2

4. Employees

The average number of employees of the Group, including Executive Directors, was as follows

	2002	2001
Sales and marketing	18	14
Information technology development	10	7
Production	120	81
Accounts and administration	7	4
Directors	6	6
	161	112

Staff costs for all employees, including Executive Directors, consist of:

	2002 £'000	2001 £'000
Wages and salaries	3,213	2,073
Social security costs	296	193
Pension costs	11	7
	3,520	2,273

5. Directors' emoluments

The Directors' emoluments for the year amounted to:	Salaries / fees £'000	Benefits in Kind £'000	2002 Total £'000	2001 Total £'000
John Napier	25	-	25	18
Stephen Thomson	98	10	108	111
Sarah Jane Thomson	86	-	86	101
Richard Dawson	55	-	55	128
David Trendle	28	-	28	-
Paul Gladman	90	-	90	138
Fiona Driscoll	20	-	20	15
	402	10	412	511

R Dawson received a £39,000 payment in accordance with his compromise agreement.

No options were granted to Directors during the year.

5. Directors' emoluments *(Continued)*

Options held by Directors at the year end were:

	Date of Grant	Exercise Price	Number of options	Dates when exercisable
Paul Gladman	5th May 2000	105p	314,285	5th May 2003 to 5th May 2010

No options were exercised during the year. Richard Dawson's options lapsed upon resignation on 15 October 2001.

The market price of the shares at 31st January 2002 was £0.21 and the range during the financial year was £1.04 to £0.21.

6. Interest Receivable

	2002	2001
	£'000	£'000
Bank interest receivable	125	280

7. Interest payable

	2002	2001
	£'000	£'000
Hire purchase & finance lease interest	1	1
Other interest paid	1	1
	2	2

8. Taxation on loss on ordinary activities

No liability to UK corporation tax arose on the loss for the year ended 31st January 2002. The Company has approximately £5.5m (2001 - £2.4m) of tax losses, subject to agreement by the Inland Revenue, to carry forward against future trading profits.

8. Taxation on loss on ordinary activities *(Continued)*

There is no charge to corporation tax for the current or prior period and the following analysis provides additional information:

	2002	2001
	£'000	£'000
Loss on ordinary activities	(3,161)	(2,858)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 - 30 %)	(948)	(857)
Effects of:		
Expenses not deductible for tax purposes	13	9
Capital allowances for period in excess of depreciation	6	-
Movement in losses carried forward in period	929	825
Adjustment to tax charge in respect of previous periods	-	151
Current tax charge for period	-	128

9. Earnings per share

Basic earnings/(loss) per share, calculated in accordance with FRS14 (Earnings per share), is based upon the loss on ordinary activities after tax of £3,160,827 (2001: Loss £2,729,693) apportioned over the weighted average number of ordinary shares that were in issue for the period of 28,619,247 (2001: 26,657,081). The calculation of diluted loss per share is the same as basic loss per share as the impact of any potential ordinary shares is antidilutive.

10. Result for the financial year

The Company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 not to present its own profit and loss account in these financial statements. The Company acts as a holding company and does not trade. During the year the company provided against the amount due from its subsidiary undertaking, and hence made a loss of £6,969,000 (2001: £nil).

11. Tangible Fixed Assets

Group	Motor Vehicles £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Total £'000
Cost				
At 1st February 2001	21	260	363	644
Additions	-	11	172	183
Disposals	(6)	-	(2)	(8)
At 31st January 2002	15	271	533	819
Depreciation				
At 1st February 2001	6	43	112	161
Charged for the year	3	60	114	177
Disposals	(4)	-	(1)	(5)
At 31st January 2002	5	103	225	333
Net Book Value				
At 31st January 2002	10	168	308	486
At 31st January 2001	15	217	251	483

The net book value of group assets held under finance leases as at year end was £8,000 (2001: £11,000). Depreciation charge for assets held under finance leases in the year was £3,000 (2001: £2,000). The Company had no assets held under such leases at either year end.

12. Fixed asset investments

Company

Cost and net book value	Subsidiary undertaking £'000
At 1st February 2001 and 31st January 2002	5,250

Subsidiary undertaking	Country of incorporation	Class of share capital held	Proportion of voting rights and ordinary share capital held	Nature of business
Thomson Intermedia Associates Limited	England	Ordinary	100%	Technology and media monitoring business

13. Debtors

	Group 2002 £'000	Group 2001 £'000	Company 2002 £'000	Company 2001 £'000
Trade debtors	705	807	-	-
Corporation tax recoverable	-	124	-	-
Other debtors	24	215	-	-
Prepayments and accrued income	132	135	-	-
Amounts due from subsidiary undertakings	-	-	-	6,969
	861	1,281	-	6,969

All amounts fall due for payment within one year.

During the year the company provided against the amount due from its subsidiary undertaking.

14. Creditors: Amounts falling due within one year

Group	2002 £'000	2001 £'000
Trade creditors	205	497
Net obligations under hire purchase and finance lease contracts	3	4
Corporation tax	-	124
Other taxes and social security	163	85
Other creditors	4	-
Accruals and deferred income	994	1,243
	1,369	1,953

15. Creditors: Amounts falling due after more than one year

Group	2002 £'000	2001 £'000
Net obligations under hire purchase and finance lease contracts	6	9

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

16. Provision for liabilities and charges

	Unprovided 2002 £'000	Provided 2002 £'000	Unprovided 2001 £'000	Provided 2001 £'000
Accelerated capital allowances	36	-	42	-
Estimated trading losses available for relief	(1,661)	-	(825)	-
	(1,625)	-	(783)	-

Deferred taxation movements are:	£'000
As at 1st February 2001	-
Transfer to profit and loss	-
As at 31st January 2002	-

A deferred tax asset of £1.625m relating to estimated trading losses unutilised net of accelerated capital allowances has not been recognised at the balance sheet date. The asset will be recoverable when the group is able to generate sufficient taxable profits in the future, but currently the directors consider it more prudent not to recognise this asset.

17. Obligations: Under Hire Purchase & Finance Leases

Group	2002 £'000	2001 £'000
Obligations under finance leases and hire purchase contracts are analysed as follows:		
- Within one year	3	4
- Between two and five years	6	9
	9	13

Obligations under finance leases and hire purchase contracts are secured on the assets concerned.

18. Operating Leases

	2002		2001	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	-	-	-	29
In one to two years	-	20	-	-
Between two and five years	64	-	64	22
After five years	173	-	173	-
	237	20	237	51

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

19. Share Capital

	2002 £'000	2001 £'000
Authorised		
40,000,000 ordinary shares of 25p each	10,000	10,000
Allotted, called up and fully paid		
28,619,247 ordinary shares of 25p each	7,155	7,155

Share Options

During the year the following share options were granted to employees (excluding directors as disclosed in note 5):

Date Granted	Exercise price	Inland Revenue Approved Share option scheme	Unapproved Executive Share option scheme
6th April 2001	£0.815	36,809	-
8th November 2001	£0.805	36,257	86,957

Options are exercisable between 3 and 10 years after the date granted.

20. Reconciliation of movement in Shareholders' Funds

	Group 2002 £'000	Group 2001 £'000	Company 2002 £'000	Company 2001 £'000
Opening shareholders' funds	4,366	127	12,219	-
Share for share exchange	-	-	-	5,250
Loss for the financial year	(3,161)	(2,730)	(6,969)	-
Premium on issue of shares (net of expenses)	-	5,064	-	5,064
Increase in share capital	-	1,905	-	1,905
Closing shareholders' funds	1,205	4,366	5,250	12,219

21. Reserves

Group	Share Scheme Reserve £'000	Merger Reserve £'000	Share premium £'000	Profit and loss account £'000
At 1st February 2001	13	(5,250)	5,064	(2,616)
Loss for the financial year	-	-	-	(3,161)
At 31st January 2002	13	(5,250)	5,064	(5,777)

Company	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1st February 2001	7,155	5,064	-	12,219
Loss for the financial year	-	-	(6,969)	(6,969)
At 31st January 2002	7,155	5,064	(6,969)	5,250

22. Financial instruments

The Group holds financial instruments to finance its operations and to manage the related financial risks noted below. Thomson Intermedia plc financial instruments comprise of trade debtors, trade creditors and cash. The group has not entered into any derivative or other hedging transactions. As permitted by FRS13 (Derivatives and other Financial Instruments), amounts dealt with in the numerical disclosures in this note, with the exception of the currency analysis, exclude short-term debtors and creditors. There is no significant difference between the fair value and book value of the financial instruments.

Interest rate risk: The group does not have any borrowings. Cash at bank and in hand relates to amounts invested in corporate bonds and amounts in current and deposit accounts which accrue fixed and floating rate interest. Cash at bank and in hand is the only financial asset. Cash balances are held on fixed and floating rate deposits, the weighted average interest rate being 6.06% and 4.25% respectively and the weighted average period over which interest is fixed is 106 days.

Liquidity Risk: At the balance sheet date the group had cash of £1.2 m (2001 - £4.6 m). The group does not, therefore, consider that it has significant liquidity risk in the short, medium or long term.

Currency Risk: The group does not at present have any other financial instruments denoted in foreign currencies other than local operating currency. Should the group enter into such financial instruments in the future, the directors will take into account the extent of the group's exposure and the need to hedge such risks.

Undrawn bank facilities: The Group has no undrawn bank facilities.

23. Net cash (outflow)/ inflow from operating activities

	2002	2001
	£'000	£'000
Operating loss	(3,284)	(3,136)
Depreciation	177	104
Decrease/(Increase) in debtors	426	(238)
(Decrease)/Increase in creditors	(585)	733
Net cash (outflow) from operating activities	(3,266)	(2,537)

24. Reconciliation of net cash flow to movement in net funds

	2002 £'000	2001 £'000
(Decrease)/increase in cash in the year	(3,331)	3,961
Cash (inflow)/ouflow from (increase)/decrease in debt and lease financing	4	29
Change in net debt resulting from cashflows	(3,327)	3,990
New finance leases	-	(15)
Movement in net debt in the year	(3,327)	3,975
Net funds at start of year	4,551	576
Net funds at end of year	1,224	4,551

25. Analysis of net funds

Capital and Reserves	Opening balance £'000	Cash flow £'000	Closing balance £'000
Cash at bank and in hand	4,564	(3,331)	1,233
Finance Leases	(13)	4	(9)
Total	4,551	(3,327)	1,224

26. Pensions

The group operates a stakeholder pension scheme which is available to all employees. It also makes contribution to personal pension plans of individual employees. The costs incurred during the year amounted to £11,000 (2001 - £7,000) and no contributions were prepaid or accrued at the balance sheet date.

27. Related party transactions

There were no transactions with related parties.