Report of the directors

The Directors present their annual report, together with the audited accounts, for the year ended 31 March 2002.

The company changed its name from Osprey Communications Plc to Ten Alps Communications Plc on 27 July 2001.

Principal Activity

The principal activity of the Company is that of a holding company, the investments of which are interests in unlisted companies providing a range of advertising, marketing, media production and events organisation services. A review of the Group's performance for 2002 and its prospects for 2003 is contained in the Chairman's Statement.

Results

The results for the year ended 31 March 2002 are set out on page 23.

The Group made a profit on ordinary activities before interest in the year of £425,000 (2001: loss £(34,000)) and the retained profit for the year after taxation of £444,000 (2001: loss £(129,000)) has been transferred to reserves.

Dividends

The Directors do not recommend the payment of a dividend for the year.

Directors and their interests

The Directors who served during the year were as follows:

A.M. Connock	- (appointed 31 July 2001)
N. Patel	- (appointed 31 July 2001)
A.B. Walden*	- (appointed 31 July 2001)
R.F.Z. Geldof KBE*	- (appointed 31 July 2001)
P.J.G. Caldwell*	- (appointed 31 July 2001)
J. Rubins	- (resigned 31 October 2001)
M. Samji*	- (resigned 31 July 2001)
S. Barclay*	- (resigned 31 July 2001)

*Non executive

According to the register of Directors' interests maintained under the Companies Act, the following interests in the shares of Group companies were held by the Directors in office at the period end:

		Ordinary Shares of 2p each	
	Nature of interest	1 April 2001 or date of appointment	31 March 2002
A.M. Connock	Beneficial	4,143,181	4,143,181
N. Patel	Beneficial	-	-
A.B. Walden	Beneficial	48,750	68,750
R.F.Z. Geldof	Beneficial	3,642,116	3,642,116
P.J.G. Caldwell	Beneficial	-	-

Report of the directors

Options over the 2p ordinary shares of the Company were held by the following:

	At 1 April 2001 or date of appointment	At 31 March 2002	Exercise price	Dates normally exercisable
A.M. Connock	148,750	148,750	23p	2002 to 2010
R.F.Z. Geldof KBE	148,750	148,750	23p	2002 to 2010
N. Patel	148,750	148,750	23p	2002 to 2010

Material Contracts

At no time during the year did any serving Director have a material contract with the Group.

Substantial Shareholdings

The Company has been informed of the following shareholdings at 30 May 2002, each representing 3% or more of the current issued share capital:

	No. of ordinary shares	%
Forest Nominees Limited	5,166,196	11.70
Gartmore UK Smaller Companies Trust	3,384,615	7.06
Gartmore Smaller Companies Trust Plc	1,015,385	2.28
J. Rubins	2,700,000	6.11
T.C.N. Spencer	2,690,217	6.09
D.A. Shaw	1,821,059	4.12
N.J.F. O'Hagan	1,614,130	3.65
BNY (OCS) Nominees Limited	1,555,000	3.52

Share Capital

Details of share capital are given in Note 20 to the financial statements.

Suppliers' Payment Policy

The Group's policy is to agree the terms of payment with each supplier and to abide by those terms. However, during the period under review, the company was not always able to abide by these terms. Creditor settlement time for the year ended 31 March 2002 was 63 days.

Employees

The Group operates an equal opportunities employment policy. The Group's policy on recruitment, development, training and promotion includes provision to give full and fair consideration to disabled persons, having particular regard to their aptitudes and abilities.

The Group appreciates and values the input of all its employees and encourages development and training to enhance employee skills. The Group ensures that employees are aware of any important matters that may impact on the performance of the Group.

SC 25133

Report of the directors

Charitable and Political Donations

The Company made no charitable or political donations during the period under review.

Corporate Governance

The Board consists of a Non-Executive Chairman, two further Non-Executive Directors and two Executive Directors and their biographies appear on page 15. The Board meets regularly and is responsible for reviewing and approving Group strategy, budgets and plans, major items of capital expenditure and possible acquisitions and investments.

The differing roles of Chairman and Chief Executive are acknowledged by the Board. The Chairman is required to conduct Board meetings of shareholders and to ensure that all Directors are properly briefed in order to take full and constructive part in Board discussions. The Chief Executive is required to develop and lead business strategies and processes to enable the Group's business to meet the requirements of its shareholders.

The Board has established an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities. The Audit Committee consists of Brian Walden and Philip Caldwell, both Non-Executive Directors who were appointed on 31 July 2001. The Audit Committee meets at least twice each year and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on, for meeting the auditors and reviewing reports from auditors relating to accounts and internal control systems.

The Remuneration Committee also consists of Brian Walden and Philip Caldwell. The Remuneration Committee reviews the performance of the Executive Directors, sets the scale and structure of their remuneration and reviews the basis for their service agreements with due regard to the interests of shareholders.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Group, during the course of undertaking its anticipated level of activities, will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Auditors

A resolution to re-appoint Bright Grahame Murray as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting is to be held on 16 July 2002 at 10.00am. Notice of the meeting is set out at the end of the Report and Accounts. In addition to the adoption of the Accounts, the reappointment of the auditors and the re-election of Philip Caldwell as a director, there are two other matters which will be considered at the Annual General Meeting. The first is to give the Directors general power to allot shares up to an aggregate nominal amount of £441,720 (equal to approximately 50% of the issued ordinary share capital as at the date of this report). The second is to give the Directors authority to issue shares having an aggregate nominal value of £220,860 (being 25% of the issued ordinary share capital as at the date of this report) for cash without first offering them to the existing shareholders on a pro-rata basis. Each of these authorities will expire on the earlier of 15 July 2003 and the date of the 2003 Annual General Meeting.

By order of the Board

N. Patel Secretary 10 June 2002

Statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period 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 departure disclosed and explained in the financial statements;
- 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.

Report of the independent auditors to the members of Ten Alps Communications Plc

We have audited the financial statements of Ten Alps Communications Plc for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheets, the cash flow statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors and the Statements by the Chairman, Chief Executive and the Finance Director. 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 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 Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

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

124/130, Seymour Place,
London, W1H 1BG

BRIGHT GRAHAME MURRAY
Chartered Accountants
and Registered Auditors
10 June 2002

Ten Alps Communications Plc consolidated profit and loss account

For the year ended 31 March 2002

		Note	2002 £'000	2001 £'000
Turnover	continuing operations		6,931	6,523
	acquisitions		3,515	-
	discontinued operations		-	2,445
		1,2	10,446	8,968
Cost of sales		3	(6,763)	(5,581)
Gross profit			3,683	3,387
Administrative expenses		3	(3,079)	(3,853)
Amortisation of goodwill		3	(220)	-
Operating profit/(loss)	continuing operations		226	271
	acquisitions		158	-
	discontinued operations		-	(737)
		4	384	(466)
Discontinued operations	Profit on disposal of businesses		41	1,239
	Goodwill previously written off to reserves written back on disposal		-	(807)
Profit/(loss) on ordinary activities before interest			425	(34)
Net interest receivable/(payable)		5	52	(95)
Profit/(loss) on ordinary activities before tax			477	(129)
Taxation		8	(33)	-
Retained profit/(loss) for the year		21	444	(129)
Basic earnings/(loss) per share		10	1.36p	(2.58p)
Earnings/(loss) per share before goodwill amortisation, restatement of goodwill on businesses sold and profit on disposal of businesses		10	1.91p	(11.24p)

A statement of total recognised gains and losses is not included as there are no recognised gains or losses other than those disclosed above.

Ten Alps Communications Plc consolidated balance sheet

As at 31 March 2002

	Note	31 March 2002 £'000	31 March 2002 £'000	31 March 2001 £'000	31 March 2001 £'000
Fixed assets					
Intangible assets	11		3,588		80
Tangible assets	12		358		140
			3,946		220
Current assets					
Work in progress		44		34	
Debtors	15	2,104		1,336	
Bank	24	2,545		115	
		4,693		1,485	
Creditors					
Amounts falling due within one year	16	2,041		1,634	
Net current assets/(liabilities)			2,652		(149)
Total assets less current liabilities			6,598		71
Creditors					
Amounts falling due after more than one year	17		64		-
Net assets			6,534		71
Capital and reserves					
Called up share capital	20		883		267
Share premium account	21		2,999		527
Merger reserve	21		2,930		-
Profit and loss account	21		(279)		(723)
Equity shareholders' funds	22		6,533		71
Equity minority interest			1		-
			6,534		71

These financial statements were approved by the Board of Directors on 10 June 2002.
Signed on behalf of the Board of Directors

A.M. Connock
Chief Executive

Ten Alps Communications Plc company balance sheet

As at 31 March 2002

	Note	31 March 2002 £'000	31 March 2002 £'000	31 March 2001 £'000	31 March 2001 £'000
Fixed assets					
Tangible assets	12		-		8
Investments in subsidiaries	13		988		-
			988		8
Current assets					
Debtors	15	2,715		1,785	
Bank		862		21	
		3,577		1,806	
Creditors					
Amounts falling due within one year	16	807		1,309	
Net current assets			2,770		497
Total assets less current liabilities			3,758		505
Capital and reserves					
Called up share capital	20		883		267
Share premium account	21		3,157		685
Capital reserve	21		111		111
Profit and loss account	21		(393)		(558)
Equity shareholders' funds	22		3,758		505

These financial statements were approved by the Board of Directors on 10 June 2002.
Signed on behalf of the Board of Directors

A.M. Connock
Chief Executive

Ten Alps Communications Plc consolidated cash flow statement

For the year ended 31 March 2002

	Note	31 March 2002 £'000	31 March 2002 £'000	31 March 2001 £'000	31 March 2001 £'000
Net cash inflow/(outflow) from operating activities	23		56		(979)
Return on investments and servicing of finance	23		52		(95)
Taxation	23		(113)		-
Capital expenditure and financial investment	23		(127)		(49)
Acquisitions and disposals	23		(183)		1,135
Net cash (outflow)/inflow before financing			(315)		12
Financing					
Issue of ordinary share capital		2,772		1,101	
Capital element of finance lease rentals		(27)		(12)	
Loans (repaid)/received from directors		-		(100)	
Net cash inflow from financing			2,745		989
Increase in cash			2,430		1,001
Reconciliation of net cash flow movement to movement in net debt					
Increase in cash in the period			2,430		1,001
Cash outflow from decrease in debt and lease financing			27		112
Change in net debt resulting from cash flows			2,457		1,113
Finance leases	23		(114)		-
Decrease in loans from non-cash items			-		717
			2,343		1,830
Net funds/(debt) at 1 April 2001			115		(1,715)
Net funds at 31 March 2002	24		2,458		115

Ten Alps Communications Plc notes to the accounts

For the year ended 31 March 2002

1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. During the year, the company adopted the provisions of FRS 18: Accounting Policies, which required a full review of the Company's accounting policies and estimation techniques. This review was conducted in accordance with FRS 18, which requires that where a choice of accounting treatment is available, the "most appropriate" accounting policies and estimation techniques shall be used. Implementation of the FRS has not resulted in any changes to accounting policies and estimation techniques. Therefore, there has been no impact on the profit and loss account and no prior year adjustment is required.

(a) Accounting convention

The accounts are prepared under the historical cost convention.

(b) Basis of consolidation

The consolidated accounts reflect the accounts of Ten Alps Communications Plc and all its subsidiaries for the year to 31 March 2002. The results of subsidiaries acquired are consolidated for the periods from which control passed.

(c) Acquisitions and disposals

On the acquisition of a business, fair values are ascribed to the Group's share of net tangible assets. Where the costs of acquisition exceed the value attributable to such net assets, the difference is treated as purchased goodwill. It is the Group's policy to amortise goodwill over its useful economic life, which is a maximum of ten years. Provision is made for any impairment. In 1998 the Group adopted Financial Reporting Standard 10 - Goodwill and Intangible Assets ('FRS 10'). In accordance with FRS 10 the balance on the acquisition reserve was offset against the profit and loss account. The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

(d) Turnover

Turnover (which excludes VAT) represents the value of amounts invoiced to clients in respect of fees, advertising media charges, and advertising and media production costs.

(e) Depreciation

Depreciation is provided so as to write off the costs of tangible fixed assets over their estimated useful lives.

The following are the main annual rates used:

Leasehold property	Written off on straight line basis over unexpired term
Motor vehicles	20% on straight line basis
Computer equipment	20% on straight line basis
Office equipment	10% on straight line basis

(f) Deferred taxation

The provisions of FRS 19: Accounting for Deferred Tax have been adopted. Full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. Deferred tax assets are only recognised to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(g) Pensions

Payments are made on behalf of various executives to defined contribution schemes. These payments are charged to the profit and loss account as they arise.

(h) Work in progress

Work in progress is valued at the lower of cost and estimated net realisable value. Cost comprises production and media costs not yet invoiced to clients.

(i) Lease and hire purchase contracts

Assets held under hire purchase contracts and the related hire purchase obligations are recorded in the balance sheet at the fair value of the assets at the inception of the contracts. The amounts by which the contract payments exceed the recorded contract *obligations are treated as finance* charges which are amortised over each contract term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

(j) Investments

Investments held as fixed assets are stated at cost less provision for impairment.

2. Segmental analysis

All turnover and profits were generated in the United Kingdom from the provision of advertising, marketing and media services.

Turnover can be analysed by destination as follows:

	31 March 2002			
	Continuing operations £'000	Acquisitions £'000	*Total* £'000	*31 March 2001* £'000
UK	6,708	3,028	9,736	8,817
Rest of Europe	215	40	255	151
Rest of World	8	447	455	-
	6,931	3,515	10,446	8,968

TEN ALPS COMMUNICATIONS PLC

3. Acquisitions

The total figures for continuing operations in 2002 include the following amounts relating to acquisitions: cost of sales £2,184,000 administrative expenses £961,000 and goodwill £212,000.

4. Operating profit

		31 March 2002 £'000	31 March 2001 £'000
Operating profit is stated after charging			
Depreciation on owned assets		85	217
Depreciation of assets held under finance lease contracts		20	-
Amortisation of goodwill		220	-
Loss on sale of tangible fixed assets		7	7
Payments under operating leases	land and buildings	142	263
	other	102	201
Auditors' remuneration	audit services	42	26
	non-audit services	16	33

In addition to the auditors remuneration shown above, Bright Grahame Murray were paid £46,000 in connection with the acquisition of Ten Alps Broadcasting Limited and Dr. Party Limited in July 2001.

5. Net interest receivable/(payable)

	31 March 2002 £'000	31 March 2001 £'000
Bank interest receivable	56	6
Less interest payable		
On bank loans and overdrafts and other borrowings		
repayable within five years	(1)	(109)
On finance leases and hire purchase contracts	(3)	-
On Directors' loans	-	8
	(4)	(101)
	52	(95)

6. Employee costs (including directors)

	31 March 2002 £'000	31 March 2001 £'000
Wages and salaries	1,961	1,893
Social security costs	190	193
Other pension costs	14	22
	2,165	2,108

Average number of employees	No.	No.
Management	17	14
Administration	10	13
Media	32	33
	59	60

7. Directors' emoluments

	31 March 2002 £'000	31 March 2001 £'000
Management remuneration	188	163
Payments to third parties for services of directors	107	2
	295	165

	31 March 2002 Fees £'000	Basic salaries £'000	Benefits in kind £'000	Termination payments £'000	Total £'000	31 March 2001 Total £'000
Executive Directors						
*A.M. Connock	-	80	4	-	84	-
N. Patel	-	41	-	-	41	-
J. Rubins	-	13	10	40	63	40
C.A.R. Still	-	-	-	-	-	54
L.W.D. Corney	-	-	-	-	-	45
Non-Executive Directors						
A.B. Walden *(Chairman)*	7	-	-	-	7	-
R.F.Z. Geldof KBE	50	-	2	-	52	-
P.J.G. Caldwell	7	-	-	-	7	-
S. Barclay	6	-	-	15	21	2
M.A. Samji	5	-	-	15	20	8
R.A. Hammond - Chambers	-	-	-	-	-	16
	75	134	16	70	295	165

The benefits in kind relate principally to the provision of motor vehicles and private health care insurance.

*Highest paid director.

Ten Alps Communications Plc notes to the accounts

8. Tax charge on profit on ordinary activities

	31 March 2002 £'000	31 March 2001 £'000
Analysis of charge in year		
Current tax		
UK corporation tax	150	-
Deferred tax		
Deferred tax credit	117	-
Tax on profit on ordinary activities	33	-
Tax charge reconciliation		
Profit/(loss) on ordinary activities before taxation	477	(129)
Profit on ordinary activities multiplied by the standard rate of corporation tax 30% (2001: 30%)	143	(39)
Effects of:		
Expenses not deductible - including goodwill amortisation	86	53
Capital allowances in excess of depreciation	(18)	(2)
Utilisation of losses	(41)	(12)
Marginal rate relief	(20)	-
Current tax charge for year	150	-

9. Parent company's profit

The parent company's profit for the year amounted to £165,000 (31 March 2001 loss of £558,000). No profit and loss account is presented for Ten Alps Communications plc as permitted by Section 230 of the Companies Act 1985.

The profit for the period includes £Nil (31 March 2001: £75,000) as a provision against amounts owed by subsidiary undertakings.

10. Earnings/(loss) per ordinary share

The calculation of the basic earnings/(loss) per share is based on the earnings/(losses) attributable to ordinary shareholders of £444,000 (2001 - loss of £129,000) and on 32,676,703 shares (2001 - restated to 4,991,026 shares) being the weighted average number of ordinary shares in issue during the year.

The adjusted earnings/(loss) per share have been provided in order that the effects of goodwill amortisation, restatement of goodwill on businesses sold and profit on disposal of businesses on reported earnings/(losses) can be fully appreciated. This is based on earnings calculated as follows:-

	31 March 2002 £'000	31 March 2001 £'000
Retained profit/(loss) for the year attributable to shareholders	444	(129)
Goodwill amortisation/previously written off to reserves now written back on disposal of business	220	807
Profit on disposal of businesses	(41)	(1,239)
Profit/(loss) before goodwill amortisation, restatement of goodwill on businesses sold and profit on disposal of businesses	623	(561)

The calculation is also based on 32,676,703 shares (2001 - restated to 4,991,026 shares) being the weighted average number of ordinary shares in issue during the year.

The warrants and options granted over ordinary shares are considered to be non-dilutive.

11. Intangible fixed assets

	Goodwill £'000
Group	
At 1 April 2001	80
Additions (Note 14)	3,728
At 31 March 2002	3,808
Accumulated amortisation	
At 1 April 2001	-
Charge for the year	220
At 31 March 2002	220
Net book value	
At 31 March 2002	3,588
At 31 March 2001	80

TEN ALPS COMMUNICATIONS PLC

12. Tangible fixed assets

Group	Short leasehold land and buildings £'000	Motor vehicles £'000	Office and computer equipment £'000	Total £'000
Cost				
At 1 April 2001	35	4	439	478
Additions	2	99	140	241
Acquisitions	-	49	128	177
Disposals	-	-	(10)	(10)
At 31 March 2002	37	152	697	886
Depreciation				
At 1 April 2001	5	3	330	338
Charge for the year	4	28	73	105
Acquisitions	-	10	78	88
Disposals	-	-	(3)	(3)
At 31 March 2002	9	41	478	528
Net book value				
At 31 March 2002	28	111	219	358
At 31 March 2001	30	1	109	140

Company	Office and computer equipment £'000	Total £'000
Cost		
At 1 April 2001	10	10
Disposals	(10)	(10)
At 31 March 2002	-	-
Depreciation		
At 1 April 2001	2	2
Charge for the year	1	1
Disposals	(3)	(3)
At 31 March 2002	-	-
Net book value		
At 31 March 2002	-	-
At 31 March 2001	8	8

Included in the above figures for the Group is equipment held under finance lease contracts with a net book value of £94,000 (2001: £Nil).
The equivalent figure for the Company is £Nil (2001: £Nil).

13. Investments and subsidiaries

	£'000
Company	
Total cost of acquisitions (Note 14)	3,918
Merger reserve recognised on consolidation under S131 Companies Act 1985	(2,930)
Investment in subsidiaries at 31 March 2002	988

The principal subsidiaries of the Group during the year were:

	Country of incorporation, registration and operation	Class of capital	% held	Description of activity
Osprey Group Limited	England & Wales	Ordinary	100% Direct	Holding company
*Ten Alps RMA Limited (formerly Osprey RMA Limited)	England & Wales	Ordinary	100% Indirect	Advertising, marketing and public relations services
*Ten Alps MTD Limited (formerly Osprey Advertising Scotland Limited)	Scotland	Ordinary prefered	100% 100% Indirect	Advertising and marketing services
Ten Alps Broadcasting Limited	England & Wales	Ordinary	100% Direct	Radio and television production
Dr. Party Limited	England & Wales	Ordinary	100% Direct	Corporate events and branding
+Know Comment Limited	England & Wales	Ordinary	75% Indirect	Agency and media training
Ten Alps Events Limited (formerly Pacesetter Holdings Limited)	England & Wales	Ordinary	100% Direct	Holding company
^Pacesetter Associates Limited	England & Wales	Ordinary	100% Direct	Event organisers
Ten Alps Digital Limited	England & Wales	Ordinary	100% Direct	Dormant

*Subsidiary of Osprey Group Limited
^Subsidiary of Ten Alps Events Limited
+Subsidiary of Ten Alps Broadcasting Limited

TEN ALPS COMMUNICATIONS PLC

14. Acquisitions

On 30 July 2001 the company acquired the whole of the issued share capital of Ten Alps Broadcasting Limited and Dr. Party Limited for consideration (including expenses) of £2,169,000 and £419,000 respectively. On 19 October 2001 the company acquired the whole of the issued share capital of Ten Alps Events Limited (formerly Pacesetter Holdings Limited) for consideration (including expenses) of £1,330,000 with performance related deferred consideration amounting to a total of £750,000. The deferred consideration payable to the vendors is dependent on the performance of Ten Alps Events Limited and its subsidiary company, Pacesetter Associates Limited, in the financial year to 31 May 2002. At the date of approval of these accounts, based on information available, the directors were of the opinion that no further consideration will be payable.

The goodwill arising on these acquisitions has been capitalised. These acquisitions have been accounted for by the acquisition method of accounting.

The details of the acquisitions are as follows:-

	Fair Value			
	Ten Alps Broadcasting £'000	Dr. Party £'000	Ten Alps Events £'000	Total £'000
Tangible fixed assets	59	3	27	89
Work in progress	-	-	20	20
Debtors	133	173	416	722
Cash at bank and in hand	343	11	173	527
Creditors	(428)	(130)	(609)	(1,167)
Minority interest	(1)	-	-	(1)
Net assets acquired	106	57	27	190
Goodwill capitalised	2,063	362	1,303	3,728
Consideration given	2,169	419	1,330	3,918
Satisfied by				
Cash	75	-	596	671
Shares issued	2,094	419	734	3,247
	2,169	419	1,330	3,918

There were no fair value adjustments made to book value.
Cash consideration includes £186,000 relating to acquisition costs.

14. Acquisitions (continued)

The results of Ten Alps Broadcasting Limited for the period 1 April 2001 to the date of acquisition, and for the year ended 31 March 2001 are summarised below:-

	Period to 30 July 2001 £'000	Year ended 31 March 2001 £'000
Turnover	427	1,681
Operating profit/(loss)	(67)	120
Profit/(loss) before taxation	(66)	125
Taxation	-	38
Profit/(loss) after taxation	(66)	87

There were no recognised gains or losses other than stated above.

The results of Dr. Party Limited for the period from 1 April 2001 to the date of acquisition, and for the year ended 31 March 2001 are summarised below:

	Period to 30 July 2001 £'000	Year ended 31 March 2001 £'000
Turnover	434	642
Operating profit/(loss)	15	(284)
Profit/(loss) before taxation	15	(280)
Taxation	-	-
Profit/(loss) after taxation	15	(280)

There were no recognised gains or losses other than stated above.

The results of Ten Alps Events Limited and its wholly owned subsidiary Pacesetter Associates Limited from 1 June 2001 to the date of acquisition and for the year ended 31 May 2001 are summarised below:-

	Period to 19 October 2001 £'000	Year ended 31 May 2001 £'000
Turnover	836	3,169
Operating profit	31	256
Profit before taxation	30	269
Taxation	(10)	(68)
Profit before taxation	20	201

There were no recognised gains or losses other than stated above.

Ten Alps Communications Plc notes to the accounts

15. Debtors

	31 March 2002 Group £'000	31 March 2002 Company £'000	31 March 2001 Group £'000	31 March 2001 Company £'000
Trade debtors	1,704	-	1,109	-
Amounts owed by subsidiary undertakings	-	2,598	-	1,727
Other debtors	252	92	118	52
Prepayments and accrued income	148	25	109	6
	2,104	2,715	1,336	1,785

Other debtors includes deferred taxation asset of £117,000 (2001: £Nil) for the Group and £48,000 *(2001: £Nil) for the Company which are due after more than one year.*

16. Creditors

Amounts falling due within one year

	31 March 2002 Group £'000	31 March 2002 Company £'000	31 March 2001 Group £'000	31 March 2001 Company £'000
Trade creditors	1,160	-	914	6
Amounts due to subsidiary undertakings	-	679	-	898
Corporation tax	150	10	-	-
Other taxes and social security undertakings	282	-	441	291
Obligations under finance lease contracts	23	-	-	-
Other creditors	81	53	27	26
Deferred consideration	-	-	80	-
Accruals and deferred income	345	65	172	88
	2,041	807	1,634	1,309

Obligations under finance lease contracts are secured over the relevant assets.

17. Creditors: amounts falling due after more than one year

	31 March 2002 Group £'000	31 March 2002 Company £'000	31 March 2001 Group £'000	31 March 2001 Company £'000
Obligations under finance leases due between two and five years	64	-	-	-

18. Financial instruments

The Group's financial instruments at 31 March 2002 comprise bank overdraft facilities of £300,000 which are repayable on demand. At 31 March 2002 these facilities were undrawn. These facilities are used from time to time to enable the Group to meet its ongoing working capital requirements and to enable the settlement of ongoing liabilities. The Group has various other financial instruments such as short term trade debtors and trade creditors and finance lease agreements for the purchase of certain fixed assets. The Group does not trade in financial instruments and neither uses, nor trades in, derivative financial instruments.

The Group has no exposure to currency risk. All monetary assets and liabilities are denominated in sterling. The Group had no borrowings at the beginning and end of the period.

The carrying value of short term borrowings approximate to their fair value because of the short term maturity of these instruments.

19. Deferred taxation

The deferred taxation asset included in the financial statements is set out below

	31 March 2002 £'000	31 March 2001 £'000
Accelerated capital allowances	80	-
Losses carried forward	37	-
	117	-

The Group has further trading losses carried forward of £2,160,000 which are available against future trading profits of certain subsidiary undertakings. Whilst the directors expect that future trading profits will be available, they have only provided a deferred tax asset to the extent that profits are anticipated to arise in those subsidiary undertakings in the year to 31 March 2003.

Ten Alps Communications Plc notes to the accounts

20. Share capital

	31 March 2002 £'000	31 March 2001 £'000
Authorised:		
2,250,000,000 Ordinary shares of 0.1p each	-	2,250
112,500,000 Ordinary shares of 2p each	2,250	-
Allotted and fully paid		
267,088,537 Ordinary shares of 0.1p each	-	267
44,172,080 Ordinary shares of 2p each	883	-

At 31 March 2002 the following options had been granted and were still outstanding under the Company's Share Option Schemes:

Number of shares	Exercise price	Dates normally exercisable
1,000,000	23p	2002 - 2010
200,000	20p	2004 - 2010
1,112,500	25p	2004 - 2011

At 31 March 2002 warrants had been granted on 250,000 shares at an exercise price of 20p per share. They are exercisable between 2002 and 2006.

During the year the mid-market price of the shares ranged from 13p (ordinary shares of 2p each) to 23p (ordinary shares of 2p each). At 31 March 2002 the mid-market price of the share was 15.75p.

In July 2001, the Company reorganised its share capital. The 0.1p ordinary shares were consolidated into 2p shares. At the same time the Company issued 15,000,000 ordinary shares at 23p each for the raising of additional working capital, issued 9,105,291 ordinary shares for the purchase of Ten Alps Broadcasting Limited and issued 1,821,058 ordinary shares for the purchase of Dr. Party Limited at 23p each. In October 2001 a further 4,891,304 ordinary shares were issued for the purchase of Ten Alps Events Limited (formerly Pacesetter Holdings Limited) at 15p each.

21. Reserves

Group	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
Balance at 1 April 2001	527	-	(723)
Shares issued	3,150	2,930	-
Costs on issue of shares	(678)	-	-
Profit for the year	-	-	444
	2,999	2,930	(279)

Company	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000
Balance at 1 April 2001	685	111	(558)
Shares issued	3,150	-	-
Costs on issue of shares	(678)	-	-
Profit for the year	-	-	165
	3,157	111	(393)

Cumulative goodwill relating to acquisitions made prior to 1998, which has been eliminated against reserves, amounts to £1,028,000.

22. Reconciliation of movements in shareholders' funds

	31 March 2002 £'000	31 March 2001 £'000
Opening shareholders' funds/(deficit)	71	(2,425)
Net profit/(loss) for the year	444	(129)
Goodwill previously written off to reserves now written back on disposal of businesses	-	807
Shares issued	6,018	1,818
Closing shareholders' funds	6,533	71

23. Analysis of cash flows for headings netted in cash flow statement

	31 March 2002 £'000	31 March 2001 £'000
Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss)	384	(466)
Depreciation	105	217
Amortisation of goodwill	220	-
Loss on sale of fixed assets	7	7
Decrease in work in progress	10	213
Decrease in debtors	71	467
(Decrease) in creditors	(741)	(1,417)
Net cash inflow/(outflow) from operating activities	56	(979)
Return on investments and servicing of finance		
Net interest received/(paid)	55	(95)
Interest element of finance lease payments	(3)	-
Net cash inflow/(outflow) from return on investments and servicing of finance	52	(95)
Taxation		
Corporation tax paid	(113)	-
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(127)	(49)
Acquisitions and disposals		
Purchase of subsidiaries	(751)	-
Bank and cash acquired with subsidiaries	527	-
Disposal of businesses	41	941
Net overdraft disposed with businesses	-	194
	(183)	1,135

Non cash transactions

During the year the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of these agreements of £114,000.

Cash flow movements arising from subsidiaries acquired during the year

The subsidiary undertakings acquired during the year contributed £556,00 to the group's net operating cash flows, received £9,000 in respect of net returns on investments and servicing of finance, paid £113,000 in respect of taxation and utilised £98,000 for capital expenditure.

24. Analysis of net funds

		As at 1 April 2001 £'000	Cashflow £'000	As at 31 March 2002 £'000
Bank balances		115	2,430	2,545
Finance leases	due within one year	-	(23)	(23)
	due after one year	-	(64)	(64)
		-	(87)	(87)
Total		115	2,343	2,458

Included in bank balances is £231,000 (2001: £97,000) held in trust accounts in connection with specific ongoing projects. These monies are available for these projects without restriction.

25. Obligations under operating leases

At 31 March 2002 the Group had commitments under operating leases to make payments in the next year as follows:

	31 March 2002		31 March 2001	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	38	2	57	26
Between one and two years	-	-	-	14
Between two and five years	92	52	-	18
After five years	32	-	32	-
	162	54	89	58

The company had no operating lease obligations as at 31 March 2002. As at 31 March 2001 the company had a one year lease of £11,000.

26. Contingent liabilities

During the year Ten Alps Broadcasting Limited entered into a contract with a third party in connection with an application to operate a radio broadcasting licence. Under the contract, Ten Alps Broadcasting Limited is committed to pay the sum of £525,000 but only if the application is successful. At the time of approving the accounts the result of the application was not known.

Ten Alps Communications Plc notes to the accounts

27. Controlling related parties

The directors believe there are no controlling related parties.

Details of investments in principal subsidiary undertakings are included in note 13. In accordance with FRS8, disclosure is not required of transactions and balances between Group companies where such transactions are eliminated on consolidation.

Five year history

	Year ended 30 September 1997 £'000	1998 £'000	18 months ended 31 March 2000 £'000	Year ended 31 March 2001 £'000	2002 £'000
Turnover	31,914	24,313	25,374	8,968	10,446
Cost of sales	(22,578)	(16,333)	(16,231)	(5,581)	(6,763)
Gross profit	9,336	7,980	9,143	3,387	3,683
Administrative expenses	(8,593)	(8,216)	(10,356)	(3,853)	(3,299)
Operating (loss)/profit	743	(236)	(1,213)	(466)	384
Profit on disposal of businesses	-	-	-	1,239	41
Goodwill previously written off to reserves now written back on disposal of business	-	-	-	(807)	-
Net interest (payable)/receivable	(224)	(113)	(176)	(95)	52
Profit/(loss) on ordinary activities before taxation	519	(349)	(1,389)	(129)	477
Taxation	117	(67)	(1)	-	(33)
Profit/(loss) on ordinary activities after taxation	636	(416)	(1,390)	(129)	444
Minority interests	59	-	-	-	-
Profit/(loss) for period	577	(416)	(1,390)	(129)	444

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ten Alps Communications plc will be held at 124-130 Seymour Place, London W1H 1BG on 16 July 2002 at 10.00am for the following purposes:

ORDINARY BUSINESS

1. To receive the Company's audited financial statements for the year to 31st March 2002, and the Directors' report and the auditors' report on those financial statements.
2. To reappoint Bright Grahame Murray as auditors of the Company and to authorise the Directors to fix their remuneration.
3. To reappoint Philip Caldwell as a Non Executive Director.

SPECIAL BUSINESS

4. In substitution for the Directors' existing authorities, the Directors be and are hereby generally and unconditionally:
   (a) authorised, pursuant to section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £441,720; and
   (b) empowered, pursuant to section 95(1) of the Act, to allot equity securites (as defined in section 94(2) of the Act) for cash up to an aggregate nominal amount of £220,860 pursuant to the authority set out in paragraph (a) above as if section 89(1) of the Act did not apply to such allotment
   provided always that such authority and power is granted for the period commencing on the date of adoption of this resolution and ending on the earlier of the date which is one year from the date of adoption of this resolution and the date of the 2003 Annual General Meeting of the Company.

By order of the Board

Nitil Patel Secretary 10 June 2002

Registered office: 100 Union Street, Aberdeen AB10 1QR

Notes:
1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his or her behalf. The proxy need not be a member of the Company.
2. To be effective, the instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be lodged with the Company's Registrars (Capita IRG plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ) not less than 48 hours before the time for holding the meeting. A form of proxy is enclosed with this notice. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.
3. Pursuant to regulation 34 of the Uncertificated Securities Regulations 1995, the Company specifies that only those shareholders registered in the Register of Members of the Company as at 10.00am on 14 July 2002 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their names at the time. Changes to entries on the Register of Members of the Company after 10.00am on 14 July 2002 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Key contact information

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