

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

TOUCH (GoE) PLC

31 JANUARY 2003

Registered No. 2885607



TOUCH (GoE) PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2003

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TOUCH (GoE) PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The directors of the company who served during the year are listed below:

Vincent J Isaacs

Andrew D Stimpson ACA

Kevin M Beerling ACA

Paul M Ashley

Resigned 21 February 2003

SECRETARY

Peter D Katz FCA ATII

REGISTERED OFFICE

Cardinal Tower

12 Farringdon Road

London EC1M 3NN

BANKERS

HSBC

London

Barclays Bank

London

SOLICITORS

Olswang

London

AUDITORS

Deloitte & Touche

London

TOUCH (GoE) PLC

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 January 2003.

RESULTS AND DIVIDENDS

Consolidated financial statements have been prepared comprising the results of the company and its wholly owned subsidiary Touch (NW) Limited. The loss for the year after taxation amounted to £1,599,000 (2002 – loss £2,279,000) and has been deducted from reserves.

The directors do not recommend any dividend on the ordinary shares in respect of the year ended 31 January 2003 (2002 - £nil).

PRINCIPAL ACTIVITIES

The group's principal activity is the provision of marketing and web services.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

This year has seen Touch grow its internet services telesales operation, develop its own range of products, launch a Partnership Programme with franchised territories and complete a major business review and cost reduction programme.

Turnover for this company has increased to £2.4 million (year ended 31 January 2002: £1.5 million) with a significant contribution coming from Touch NW, its telesales division. The operating loss was £1.5 million (year ended 31 January 2002 loss: £2.3 million), reflecting new investment into the local portal and internet services business and the restructuring of certain loss making areas of the business. The operating loss includes a full provision for the cost reduction programme.

We have now completed the business review and cost reduction programme for Touch where in total we have removed £750,000 from the annual cost base and focused the company on generating profits in the immediate term while simultaneously building long-term value through the sales of more of its own proprietary products.

Touch has signed an innovative agreement with BT plc for the distribution of broadband and internet access solutions. The agreement provides for Touch via both Touch NW and its Touch partners to distribute BT broadband services. Touch now uses the terms "working with BT" and "BT e-business solutions provider" in its marketing material. In addition BT is promoting the higher value Touch portal solutions, particularly through its e-government clients, and it is anticipated that Touch will benefit from future joint marketing initiatives.

DIRECTORS AND THEIR INTERESTS

Details of share options in the company held by directors were as follows:

Name of Director	Date granted	Exercise price	Exercise period	Ordinary shares of 1p each	
				31 January 2003	31 January 2002
Paul M Ashley	01/03/01	1p	Note a	13,000,000	13,000,000
Paul M Ashley	31/01/02	1p	Note a	22,500,000	22,500,000
Paul M Ashley	31/01/02	1p	Note a, b	<u>10,650,000</u>	<u>21,300,000</u>

Note a - exercisable from the earlier of the third anniversary of the date of grant and the second anniversary of the earliest to occur of the date of a listing, sale or change of control and expire ten years from the date of grant.

Note b - options conditional on the group meeting certain financial targets for the two years ending 31 January 2004.

Details of the directors' interests in the shares of Ambient plc are given in that company's financial statements.

TOUCH (GoE) PLC

DIRECTORS' REPORT (CONTINUED)

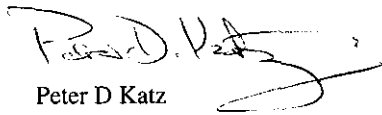
SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing terms for each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 January 2003 were equivalent to 22 days (2002: 19 days) purchases based on an average daily amount invoiced by suppliers during the period.

AUDITORS

During the year the auditors Arthur Andersen resigned and Deloitte & Touche were appointed to fill the casual vacancy arising. Deloitte & Touche has expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting. Deloitte & Touche has informed the directors that they are intending to transfer their business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be known as Deloitte & Touche LLP. It is the current intention of the directors to use the Company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time.

Approved by order of the Board of Directors
and signed on behalf of the Board



Peter D Katz
Secretary
9 July 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 group as at the end of the financial year and of the profit or loss of the group for that period.

After making enquiries, the directors have a reasonable expectation that the company and the group 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 financial statements.

In preparing the 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; and state whether applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

To the members of Touch (GoE) plc:

We have audited the financial statements of Ambient plc for the year ended 31 January 2003 which comprise the consolidated profit and loss account, balance sheets, combined statement of movements in equity shareholders' funds and statement of movements on reserves, the statement of accounting policies and the related notes numbered 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the Directors' report contained in the annual report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 the group at 31 January 2003 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors
London
9 July 2003

TOUCH (GoE) PLC**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 January 2003

	Notes	Year ended 31 January 2003 £'000	Restated Year ended 31 January 2002 £'000
TURNOVER	1	2,434	1,458
Cost of sales		(676)	(657)
GROSS PROFIT		<u>1,758</u>	<u>801</u>
Administrative expenses		(3,350)	(3,069)
OPERATING LOSS	2	<u>(1,592)</u>	<u>(2,268)</u>
Interest payable	5	(7)	(11)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,599)</u>	<u>(2,279)</u>
Tax on loss on ordinary activities	6	-	-
RETAINED LOSS AFTER TAXATION FOR THE FINANCIAL YEAR		<u>(1,599)</u>	<u>(2,279)</u>

The accompanying notes are an integral part of this consolidated profit and loss account.

All results derive from continuing operations.

There are no other gains or losses other than the loss for the year of £1,599,000 (2002 – loss £2,279,000).

TOUCH (GoE) PLC

CONSOLIDATED BALANCE SHEET

As at 31 January 2003

		31 January 2003	31 January 2002
	Notes	£'000	£'000
FIXED ASSETS			
Intangible assets			
- goodwill	8	599	627
- other	8	30	83
		<u>629</u>	<u>710</u>
Tangible assets	9	223	351
Investments	10	20	20
		<u>872</u>	<u>1,081</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	113	61
Cash at bank and in hand		197	1,865
		<u>310</u>	<u>1,926</u>
CREDITORS: amounts falling due within one year	12	(1,979)	(2,187)
NET CURRENT LIABILITIES		<u>(1,669)</u>	<u>(261)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(797)</u>	<u>820</u>
CREDITORS: amounts falling due after more than one year	13	(16)	(34)
NET (LIABILITIES)/ASSETS		<u>(813)</u>	<u>786</u>
CAPITAL AND RESERVES			
Called-up share capital	14	14,200	14,200
Share premium account		1,071	1,071
Profit and loss account		(16,084)	(14,485)
EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS		<u>(813)</u>	<u>786</u>

The accompanying notes are an integral part of this consolidated balance sheet.

TOUCH (GoE) PLC

COMPANY BALANCE SHEET

As at 31 January 2003

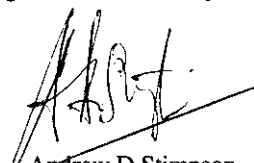
		31 January 2003	31 January 2002
	Notes	£'000	£'000
FIXED ASSETS			
Intangible assets			
- goodwill	8	92	97
- other	8	30	83
		<u>122</u>	<u>180</u>
Tangible assets	9	173	311
Investments	10	20	20
		<u>315</u>	<u>511</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	53	532
Debtors: amounts falling due after more than one year	11	553	-
Cash at bank and in hand		11	1,815
		<u>617</u>	<u>2,347</u>
CREDITORS: amounts falling due within one year	12	(1,496)	(1,890)
NET CURRENT (LIABILITIES)/ASSETS		<u>(879)</u>	<u>457</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(564)	968
CREDITORS: amounts falling due after more than one year	13	(16)	(34)
NET (LIABILITIES)/ASSETS		<u>(580)</u>	<u>934</u>
CAPITAL AND RESERVES			
Called-up share capital	14	14,200	14,200
Share premium account		1,071	1,071
Profit and loss account		(15,851)	(14,337)
EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS		<u>(580)</u>	<u>934</u>

The accompanying notes are an integral part of this balance sheet.

Approved by the board on 9 July 2003 and signed on its behalf by



Kevin M Beerling
Director



Andrew D Stimpson
Director

TOUCH (GoE) PLC

**COMBINED STATEMENT OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS AND
STATEMENT OF MOVEMENTS ON RESERVES**

For the year ended 31 January 2003

GROUP

	Issued share capital £'000	Share premium account £'000	Profit and loss account £'000	Year ended 31 January 2003 £'000	Year ended 31 January 2002 £'000
At beginning of year	14,200	1,071	(14,485)	786	(5,935)
Retained loss for the year	-	-	(1,599)	(1,599)	(2,279)
Issue of share capital	-	-	-	-	9,000
At end of year	<u>14,200</u>	<u>1,071</u>	<u>(16,084)</u>	<u>(813)</u>	<u>786</u>

COMPANY

	Issued share capital £'000	Share premium account £'000	Profit and loss account £'000	Year ended 31 January 2003 £'000	Year ended 31 January 2002 £'000
At beginning of year	14,200	1,071	(14,337)	934	(5,935)
Retained loss for the year	-	-	(1,514)	(1,514)	(2,131)
Issue of share capital	-	-	-	-	9,000
At end of year	<u>14,200</u>	<u>1,071</u>	<u>(15,851)</u>	<u>(580)</u>	<u>934</u>

TOUCH (GoE) PLC

STATEMENT OF ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year except as stated below.

Basis of preparation

The financial statements have been prepared under the historical cost convention. The parent company, Ambient plc undertakes to support Touch (GoE) plc, in the event that it becomes necessary. The Directors consider that this will enable the company to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

The company has taken advantage of the exemption under the Financial Reporting Standard No.1 (revised) 'Cash flow Statements' not to present a cash flow statement as it is a wholly owned subsidiary of an EC parent company, which publishes a consolidated cash flow statement.

Restatement of prior year profit and loss account comparatives

As required under FRS 18, the prior year comparative for cost of sales, gross profit and administrative expenses have been restated to reflect a change in accounting policy in respect of cost categorisation which occurred in the year ended 31 January 2003. The impact of the cost re-categorisation to more accurately reflect the nature of the costs was to reclassify £884,000 of costs in the year ended 31 January 2002 from cost of sales to administrative expenses. This restatement had no impact on the operating loss for the year ended 31 January 2002 or the net assets as at 31 January 2002.

Basis of consolidation

The financial statements consolidate the accounts of Touch (GoE) plc and its subsidiary undertakings drawn up to 31 January each year. The results of businesses acquired are consolidated for the periods from which control passed. Acquisitions are accounted for under the acquisition method.

Intangible assets – goodwill

Goodwill, representing the excess of fair value of consideration given over the fair value of identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is a maximum of 20 years. Provision is made for any impairment.

Intangible assets – licences

The fair value of acquired licences are amortised over their estimated useful lives or twenty years, whichever is the shorter. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Leasehold improvements	- lease term
Plant, vehicles and equipment	- 3 to 4 years

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

TOUCH (GoE) PLC

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised at the fair value of the asset with an equivalent liability categorised as appropriate under creditors within or after one year. The assets are depreciated over the shorter of the lease term or their useful lives. The interest element of rental obligations is apportioned over the term of the lease.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Operating lease rentals receivable

Rentals receivable from assets leased to customers under operating leases are credited to the profit and loss account when they become receivable.

NOTES TO THE FINANCIAL STATEMENTS

1 TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

2 OPERATING LOSS

This is stated after charging/(crediting):	Year ended 31 January 2003 £'000	Year ended 31 January 2002 £'000
Auditors' remuneration -audit services	11	10
Amortisation of intangible assets	97	77
Depreciation of owned assets	151	270
Depreciation of assets held under finance leases and hire purchase contracts	54	37
Operating lease rentals paid - land and buildings	36	65
- other	5	20
Rentals received under operating leases	-	(8)

In addition, the auditors were paid non-audit fees of £4,000 (2002 - £4,000).

3 DIRECTORS' REMUNERATION

Directors' emoluments	Year ended 31 January 2003 £'000	Year ended 31 January 2002 £'000
Remuneration	93	93

Kevin M Beerling, Vincent J Isaacs and Andrew D Stimpson are remunerated for services to the group as a whole and their emoluments are disclosed in the financial statements of Ambient plc.

TOUCH (GoE) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 STAFF COSTS

	Year ended 31 January 2003 £'000	Year ended 31 January 2002 £'000
Staff costs during the period (including directors)		
Wages and salaries	1,763	1,718
Social security costs	168	136
	<u>1,931</u>	<u>1,854</u>
Average number of persons employed (including directors)	Number	Number
Total	<u>88</u>	<u>103</u>

5 INTEREST PAYABLE

	Year ended 31 January 2003 £'000	Year ended 31 January 2002 £'000
Finance charges payable under finance leases and hire purchase contracts	<u>7</u>	<u>11</u>

6 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no current UK tax charge for the year (2002- £nil) due to losses made in the year. At the current tax rate of 30%, the accumulated tax losses give rise to a potential deferred tax asset of £4,418,000 (2002 - £3,948,000) which, for prudence, has not been recognised. The directors expect that the tax losses will be available to be utilised against future taxable profits when they arise.

7 LOSS ATTRIBUTABLE TO TOUCH (GoE) PLC

The loss for the financial year dealt with in the financial statements of the parent company, Touch (GoE) plc was £1,514,000 (2002 – loss £2,131,000). As provided by Section 230 of the Companies Act 1985, no profit and loss account is presented in respect of the parent company.

8 INTANGIBLE FIXED ASSETS

GROUP	Goodwill £'000	Licences £'000	Total £'000
Cost			
At 1 February 2002	653	144	797
Additions	<u>5</u>	<u>11</u>	<u>16</u>
At 31 January 2003	<u>658</u>	<u>155</u>	<u>813</u>
Amortisation			
At 1 February 2002	26	61	87
Provided during the year	<u>33</u>	<u>64</u>	<u>97</u>
At 31 January 2003	<u>59</u>	<u>125</u>	<u>184</u>
Net book value			
At 31 January 2003	<u>599</u>	<u>30</u>	<u>629</u>
At 31 January 2002	<u>627</u>	<u>83</u>	<u>710</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 INTANGIBLE FIXED ASSETS (CONTINUED)

COMPANY	Goodwill £'000	Licences	Total £'000
Cost			
At 1 February 2002	102	144	246
Additions	-	11	11
At 31 January 2003	<u>102</u>	<u>155</u>	<u>257</u>
Amortisation			
At 1 February 2002	5	61	66
Provided during the year	5	64	69
At 31 January 2003	<u>10</u>	<u>125</u>	<u>135</u>
Net book value			
At 31 January 2003	<u>92</u>	<u>30</u>	<u>122</u>
At 31 January 2002	<u>97</u>	<u>83</u>	<u>180</u>

9 TANGIBLE FIXED ASSETS

GROUP	Leasehold improvements £'000	Plant, vehicles and equipment £'000	Total £'000
Cost			
At 1 February 2002	33	1,222	1,255
Additions	-	76	76
Transfers	-	4	4
Disposals	-	(21)	(21)
At 31 January 2003	<u>33</u>	<u>1,281</u>	<u>1,314</u>
Depreciation			
At 1 February 2002	6	898	904
Provided during the year	7	198	205
Transfers	-	2	2
Disposals	-	(20)	(20)
At 31 January 2003	<u>13</u>	<u>1,078</u>	<u>1,091</u>
Net book value			
At 31 January 2003	<u>20</u>	<u>203</u>	<u>223</u>
At 31 January 2002	<u>27</u>	<u>324</u>	<u>351</u>

Leased assets included above:

Net book value			
At 31 January 2003	<u>-</u>	<u>37</u>	<u>37</u>
At 31 January 2002	<u>-</u>	<u>51</u>	<u>51</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY	Leasehold improvements £'000	Plant, vehicles and equipment £'000	Total £'000
Cost			
At 1 February 2002	33	1,176	1,209
Additions	-	52	52
Disposals	-	(21)	(21)
At 31 January 2003	<u>33</u>	<u>1,207</u>	<u>1,240</u>
Depreciation			
At 1 February 2002	6	892	898
Provided during the year	7	182	189
Disposals	-	(20)	(20)
At 31 January 2003	<u>13</u>	<u>1,054</u>	<u>1,067</u>
Net book value			
At 31 January 2003	<u>20</u>	<u>153</u>	<u>173</u>
At 31 January 2002	<u>27</u>	<u>284</u>	<u>311</u>

Leased assets included above:

Net book value			
At 31 January 2003	<u>-</u>	<u>37</u>	<u>37</u>
At 31 January 2002	<u>-</u>	<u>51</u>	<u>51</u>

10 INVESTMENTS

Company and Group	Parent company shares £'000
At 31 January 2002 and 31 January 2003	<u>20</u>

The investment in parent company shares arises because The Guild of Excellence Employee Benefit Trustees Limited holds shares in Ambient plc for distribution to employees of Touch (GoE) plc at the discretion of the Trustees.

None of the shares held by The Guild of Excellence Employee Benefit Trustees Limited at 31 January 2003 had been unconditionally offered to employees and so, in accordance with UITF Abstract 13, the assets and liabilities of the trust company relating to these shares have been included within the accounts of The Guild of Excellence Employee Benefit Trustees Limited.

The investment is held at historic cost. The market value of this investment was £5,208 at 31 January 2003 (31 January 2002 - £5,875).

	Investment in subsidiary undertakings £'000
At 1 February 2002 and 31 January 2003	<u>-</u>

TOUCH (GoE) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INVESTMENTS (CONTINUED)

The subsidiaries of Touch (GoE) plc, which are all incorporated in Great Britain and registered in England and Wales are as follows:

Name of company	% holding	Nature of business
Touch (NW) Limited	100%	Marketing and web services
The Guild of Excellence Employee Benefit Trustees Limited	100%	Non-trading
Touchjobs Limited	100%	Non-trading

11 DEBTORS: amounts falling due within one year

	Group		Company	
	31 January 2003 £'000	31 January 2002 £'000	31 January 2003 £'000	31 January 2002 £'000
Amounts falling due within one year				
Trade debtors	45	27	28	10
Amounts owed by group undertakings	1	3	1	504
VAT	3	4	3	4
Other debtors	25	10	-	1
Prepayments and accrued income	39	17	21	13
	<u>113</u>	<u>61</u>	<u>53</u>	<u>532</u>
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	553	-

12 CREDITORS: amounts falling due within one year

	Group		Company	
	31 January 2003 £'000	31 January 2002 £'000	31 January 2003 £'000	31 January 2002 £'000
Obligations under finance leases and hire purchase contracts	36	30	36	30
Trade creditors	118	97	27	38
Amounts owed to group undertakings	1,359	1,789	1,157	1,741
Other creditors	1	18	-	-
Taxes and social security	87	62	23	15
Accruals and deferred income	378	191	253	66
	<u>1,979</u>	<u>2,187</u>	<u>1,496</u>	<u>1,890</u>

The amounts owed to group undertakings and interest free, unsecured and have no fixed repayment term.

TOUCH (GoE) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 CREDITORS: amounts falling due after more than one year

	Group		Company	
	31 January 2003 £'000	31 January 2002 £'000	31 January 2003 £'000	31 January 2002 £'000
Obligations under finance leases and hire purchase contracts falling due between				
- one to two years	4	31	4	31
- two to five years	12	3	12	3
	<u>16</u>	<u>34</u>	<u>16</u>	<u>34</u>

14 CALLED-UP SHARE CAPITAL

	31 January 2003 £'000	31 January 2002 £'000
<i>Authorised:</i>		
1,600,000,000 ordinary shares of 1p each	<u>16,000</u>	<u>16,000</u>
<i>Allotted, called up and fully paid</i>		
1,420,000,000 ordinary shares of 1p each	<u>14,200</u>	<u>14,200</u>

Options have been granted under the Touch (GoE) plc unapproved share option scheme to subscribe for ordinary shares of the company as follows:

Date of grant	Number of shares under option		Exercise price	Exercise period
	31 January 2003	31 January 2002		
1 March 2001	14,600,000	15,560,000	1p	note a
31 January 2002	<u>68,892,500</u>	<u>120,410,000</u>	1p	note a
	<u>83,492,500</u>	<u>135,970,000</u>		

note a - exercisable from the earlier of the third anniversary of the date of grant and the second anniversary of the earliest to occur of the date of a listing, sale or change of control and expire ten years from the date of grant.

15 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	31 January 2003		31 January 2002	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire				
- within one year	6	-	1	10
- within two to five years	<u>13</u>	<u>-</u>	<u>36</u>	<u>-</u>
	<u>19</u>	<u>-</u>	<u>37</u>	<u>10</u>

TOUCH (GoE) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 PENSION SCHEME

No contributions were made during the period to the Guild of Excellence plc Directors Pension Scheme. This is a money purchase scheme with one eligible member, being Vincent J Isaacs.

17 RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption in Financial Reporting Standard Number 8 from disclosure in respect of intragroup related party transactions.

18 CONTINGENT LIABILITIES

The company, together with other material subsidiaries, has entered into a security debenture in respect of a bank loan drawn down by the ultimate parent company, Ambient plc. At 31 January 2003 the total loan drawn down by Ambient plc was £5,500,000 (31 January 2002 - £3,000,000).

19 ULTIMATE PARENT COMPANY

The smallest and largest group in which the results of Touch (GoE) plc are consolidated is that headed by Ambient plc. The company's immediate and ultimate parent and controlling company is Ambient plc which is incorporated in Great Britain. The financial statements of Ambient plc can be obtained from that company's registered office, which is Cardinal Tower, 12 Farringdon Road, London EC1M 3NN.