

Zoom.Co.UK Limited
Annual report
for the year ended 27 August 2005

Registered Number 2029103



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for the year ended 27 August 2005

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Zoom.Co.UK Limited

Directors and advisors

Directors

DN Brown
JSH Crossland
CP Duckels
GA Hague
MA Healey

Secretary

MH Ball

Independent auditors

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP

Registered office

Colegrave House
70 Berners Street
London
W1T 3NL

Registered number

2029103

Zoom.Co.UK Limited

Directors' report for the year ended 27 August 2005

The directors present their report together with the audited financial statements of the Company for the year ended 27 August 2005.

Developments during the year, principal activities and results

During the year, the Arcadia Group acquired Associated Newspapers Limited's shares in the Company. Consequently the joint venture agreement between the two parties was terminated and the Company is now a wholly-owned subsidiary of the Arcadia Group.

The Company's principal activity is the provision of internet design and production services to companies within the Arcadia Group. In addition, the Company acts as an intermediary for a number of companies, providing web based promotion and distribution of their products.

The Company's results for the financial year are set out in the profit and loss account on page 5 and include an exceptional credit of £3,493,000 from the waiver of amounts due to Associated Newspapers Limited.

The directors are unable to recommend the payment of a dividend and hence the retained profit for the year of £3,063,000 (2004: £340,000) has been transferred to reserves.

Directors and directors' interests

The following served as directors during the year:

DN Brown	(appointed 25 July 2005)
CP Duckels	(appointed 25 July 2005)
GA Hague	(appointed 25 July 2005)
MA Healey	(appointed 25 July 2005)
IM Grabiner	(resigned 25 July 2005)
AA Goldman	(appointed 25 July 2005 and resigned 17 February 2006)
M MacLennan	(resigned 31 August 2004)
PW Lehmann	(resigned 4 July 2005)
PA Magowan	(resigned 25 July 2005)
S Dyson - alternate director	(resigned 4 July 2005)

JSH Crossland was appointed a director of the Company on 17 February 2006.

None of the directors had an interest in the share capital of the Company during the year, or received any remuneration in respect of his or her services to the Company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 27 August 2005 and that applicable accounting standards have been followed.

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

Zoom.Co.UK Limited

Directors' report for the year ended 27 August 2005 (continued)

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



MA Healey
Director
21 April 2006

Zoom.Co.UK Limited

Independent auditors' report to the members of Zoom.Co.UK Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

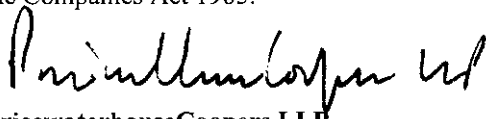
Basis of audit opinion

We conducted our audit in accordance with 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.

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 the Company's affairs at 27 August 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
21 April 2006

Zoom.Co.UK Limited

Profit and loss account for the year ended 27 August 2005

	Note	2005 £'000	2004 £'000
Turnover	1	5,397	4,260
Cost of sales		(3,329)	(2,907)
Gross profit		2,068	1,353
Administrative expenses		(1,367)	(1,265)
Exceptional administrative income	2	3,493	-
		2,126	(1,265)
Operating profit	2	4,194	88
Interest receivable on bank deposits		155	99
Profit before taxation		4,349	187
Taxation	3	(1,286)	153
Retained profit for the year	9	3,063	340

All items dealt with in arriving at the operating profit relate to continuing operations.

The only recognised gains and losses are those dealt with in the profit and loss account above.


There is no difference between the results disclosed above and the results on an unmodified historical cost basis.

Zoom.Co.UK Limited

Balance sheet as at 27 August 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	4	63	122
Current assets			
Debtors (due within one year)	5	390	2,388
Cash at bank		156	85
		546	2,473
Creditors (amounts falling due within one year)	6	(4,360)	(2,608)
Net current liabilities		(3,814)	(135)
Total assets less current liabilities		(3,751)	(13)
Creditors (amounts falling due after one year)	7	-	(6,801)
Net liabilities		(3,751)	(6,814)
Capital and reserves			
Called up share capital	8	400	400
Profit and loss account - deficit	9	(4,151)	(7,214)
Equity shareholders' deficit	9	(3,751)	(6,814)

The financial statements on pages 5 to 11 were approved by the board of directors on 21 April 2006 and were signed on its behalf by:


MA Healey
Director

Zoom.Co.UK Limited

Notes to the financial statements for the year ended 27 August 2005

1 Accounting policies

Accounting convention

The financial statements are drawn up under the historical cost convention and in accordance with applicable accounting standards, which have been consistently applied.

Going concern

In the opinion of the directors it is appropriate to prepare the financial statements on the going concern basis as Arcadia Group Limited has given an undertaking to provide the Company with continuing financial support for a period of at least twelve months from the date on which the accounts were signed.

Cash flow statement

At the balance sheet date the Company was a wholly-owned subsidiary of Taveta Investments Limited and has therefore taken advantage of the exemption allowed by Financial Reporting Standard 1 (revised) from preparing a cash flow statement. The Company's cash flows from the period it became a wholly owned subsidiary of Taveta Investments Limited are included within the consolidated cash flow statement of that company.

Turnover

Turnover comprises the value of net revenues (after commission and value added tax) from Internet advertising and sponsorship, sales commission from goods ordered via the Zoom website and revenues from Internet design and production services.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets over their estimated useful lives. Tangible fixed assets are depreciated at the following annual rate on a straight line basis from the date on which they are brought into use:

Fixtures and equipment	50%
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Deferred taxation

Deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are 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 tax differences can be deducted. Deferred tax assets and liabilities are not discounted.

2 Operating profit

	2005 £'000	2004 £'000
This is stated after charging / (crediting):		
Depreciation of owned assets	100	104
Auditors' remuneration (refer below)	-	15
Exceptional administrative income (refer below)	(3,493)	-

Auditors' remuneration for the current year has been borne by Arcadia Group Limited.

Pursuant to the agreement whereby the Arcadia Group acquired Associated Newspapers Limited's shares in the Company, the latter agreed to waive amounts due from the Company. The tax charge on the exceptional item above is £1,048,000.

None of the directors received any emoluments in respect of his or her services to the Company (2004: £nil). The Company does not have any employees (2004: none).

Zoom.Co.UK Limited

Notes to the financial statements for the year ended 27 August 2005 (continued)

3 Taxation charge / (credit)

	2005 £'000	2004 £'000
a. Analysis of the tax charge / (credit) for the year		
Based on the profit for the year:		
UK corporation tax charge / (credit) at 30% (2004: 19%):		
- Current year	1,311	9
- Prior years	-	(275)
Total current tax (note 3b)	1,311	(266)
Deferred tax – current year	(6)	26
Deferred tax – prior years	(19)	87
Total deferred tax – origination and reversal of timing differences	(25)	113
Total taxation	1,286	(153)

The corporation tax charge for the year is higher than the standard rate of corporation tax in the United Kingdom (30%). The differences are explained below:

	2005 £'000	2004 £'000
b. Factors affecting the tax charge / (credit) for the year		
Profit before taxation	4,349	187
Profit before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2004: 19%)	1,305	35
Effects of:		
Adjustment in respect of prior years	-	(275)
Capital allowances in excess of depreciation	6	(26)
Current tax charge / (credit) for the year (note 3a)	1,311	(266)

The Company has entered into a group payment arrangement whereby Arcadia Group Limited undertakes to make corporation tax payments on behalf of all companies within the Arcadia group. Accordingly, at the year end the Company's corporation tax creditor has been added to amounts due to group undertakings (note 6).

c. Factors that may affect future tax charges

The directors are not aware of any factors that will significantly affect the Company's future tax charges.

Zoom.Co.UK Limited

Notes to the financial statements for the year ended 27 August 2005 (continued)

4 Tangible fixed assets

	Fixtures & equipment £'000
Cost	
At 29 August 2004	1,387
Additions	43
Disposals	(1,322)
At 27 August 2005	108
Accumulated depreciation	
At 29 August 2004	1,265
Charge for the year	100
Disposals	(1,320)
At 27 August 2005	45
Net book value at 27 August 2005	63
Net book value at 28 August 2004	122

5 Debtors

	2005 £'000	2004 £'000
Trade debtors	60	91
Amounts due from Arcadia Group companies	-	1,906
Corporation tax	-	128
Prepayments	330	263
	390	2,388

Prepayments include a deferred tax asset of £56,000 (2004: £31,000) in respect of accelerated capital allowances. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods when timing differences reverse, based on tax rates at the balance sheet date. There is no unrecognised deferred tax.

Zoom.Co.UK Limited

Notes to the financial statements for the year ended 27 August 2005 (continued)

6 Creditors (amounts falling due within one year)

	2005 £'000	2004 £'000
Trade creditors	109	354
Amounts due to group undertakings	2,874	1,276
Other taxation and social security	98	73
Accruals	1,279	905
	4,360	2,608

7 Creditors (amounts falling due after one year)

	2005 £'000	2004 £'000
Amounts due to joint venture partners:		
ANL	-	3,493
Arcadia	-	3,308
	-	6,801

The above amount due to ANL was waived during the year (refer note 2).

8 Called up share capital

	Authorised £'000	Allotted and fully paid £'000
"A" Ordinary shares of £1 each	200	200
"B" Ordinary shares of £1 each	200	200
At 28 August 2004 and 27 August 2005	400	400

The "A" and "B" ordinary shares entitle the respective holders to 50% of the rights to dividends and distributions of income and capital, together with 50% of the voting rights and Board representation.

Zoom.Co.UK Limited

Notes to the financial statements for the year ended 27 August 2005 (continued)

9 Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	Total 2005 £'000	Total 2004 £'000
Retained profit for the year	-	3,063	3,063	340
Net change in the year	-	3,063	3,063	340
Opening shareholders' funds – deficit	400	(7,214)	(6,814)	(7,154)
Closing shareholders' funds – deficit	400	(4,151)	(3,751)	(6,814)

10 Parent undertaking, controlling party and related party disclosures

At the year end the Company's ultimate parent company was Taveta Investments Limited ('Taveta'), a company incorporated in England. Taveta is also the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Taveta's consolidated financial statements can be obtained by writing to the Secretary at Marylebone House, 129 – 137 Marylebone Road, London, NW1 5QD.

The Company hosts and maintains web-sites relating to Arcadia Group's stores and brands as well as providing catalogue design and production services. During the period prior to becoming a wholly-owned subsidiary, the Company made sales to the Arcadia Group covering these services of £1,256,000 (2004: £1,513,000). The Company also receives commission from Arcadia Group, based on sales made through its web-sites, which during the same period totalled £2,567,000 (2004: £2,376,000).

Arcadia Group provides management, administrative, advertising and operational support, including the secondment of staff, to the Company. Prior to becoming a subsidiary of Arcadia Group the Company made purchases of £2,653,000 (2004: £2,908,000) covering these goods and services.

During the period it was a wholly-owned subsidiary of Arcadia Group, the Company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Taveta group or investees of Taveta.

The Company's ultimate controlling party is CS Green and her immediate family.