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Zoom.Co.UK Limited
Annual report
for the year ended 2 September 2006

Registered Number 2029103



Zoom.Co.UK Limited
Annual report
for the year ended 2 September 2006

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Zoom.Co.UK Limited

Directors and advisors

Directors

RL Burchill
JSH Crossland
CP Duckels
GA Hague
MA Healey

Secretary

MH Cox

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 2 September 2006

The directors present their report together with the audited financial statements of the Company for the year ended 2 September 2006

Principal activities, business review and dividend

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.

The directors are unable to recommend the payment of a dividend and hence the retained profit for the year of £248,000 (2005 £3,063,000) has been transferred to reserves.

Management and reporting of risks and Key Performance Indicators (KPIs)

The directors of Taveta Investments Limited manage the Company's risks and those of its fellow subsidiaries at a group level. Furthermore, they monitor the group's performance on a brand basis rather than at statutory company level.

For these reasons the Company's directors do not believe that a discussion of the principal risks facing the Company or of the KPIs used to analyse its performance is appropriate for an understanding of its development, performance or financial position.

The KPIs used by the group and the principal business risks it faces, are discussed on page 1 of Taveta Investments Limited's annual report which does not form part of this report.

Directors and directors' interests

The following served as directors during the year:

DN Brown	(resigned 16 August 2006)
RL Burchill	(appointed 16 August 2006)
JSH Crossland	(appointed 17 February 2006)
CP Duckels	
GA Hague	
MA Healey	
AA Goldman	(resigned 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 2 September 2006 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.

The Directors confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

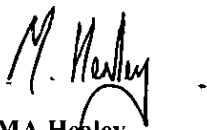
Zoom.Co.UK Limited

Directors' report for the year ended 2 September 2006 (continued)

Independent auditors

The Company has passed an elective resolution to dispense with the annual appointment of auditors PricewaterhouseCoopers LLP will therefore continue as auditors in accordance with and subject to Section 386 of the Companies Act 1985

By order of the Board

A handwritten signature in black ink, appearing to read 'M. Healey', with a stylized flourish at the end.

MA Healey
Director
5 February 2007

Zoom.Co.UK Limited

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

We have audited the financial statements of Zoom Co Uk Limited for the year ended 2 September 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under 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 law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) 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 International Auditing Standards (UK and Ireland). 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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 2 September 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

5 February 2007

Zoom.Co.UK Limited

Profit and loss account for the year ended 2 September 2006

	Note	2006 £'000	2005 £'000
Turnover	1	7,097	5,397
Cost of sales		(5,020)	(3,329)
Gross profit		2,077	2,068
Administrative expenses		(1,707)	(1,367)
Exceptional administrative income	2	-	3,493
		(1,707)	2,126
Operating profit	2	370	4,194
Interest receivable on bank deposits		-	155
Profit before taxation		370	4,349
Taxation	3	(122)	(1,286)
Retained profit for the year	8	248	3,063

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 2 September 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	4	1,493	63
Current assets			
Debtors (due within one year)	5	401	390
Cash at bank		1,369	156
		1,770	546
Creditors (amounts falling due within one year)	6	(6,766)	(4,360)
Net current liabilities		(4,996)	(3,814)
Net liabilities		(3,503)	(3,751)
Capital and reserves			
Called up share capital	7	400	400
Profit and loss account - deficit	8	(3,903)	(4,151)
Equity shareholders' deficit	8	(3,503)	(3,751)

The financial statements on pages 5 to 11 were approved by the board of directors on 5 February 2007 and were signed on its behalf by


MA Henley
Director

Zoom.Co.UK Limited

Notes to the financial statements for the year ended 2 September 2006

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

The Company is 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 are included within the consolidated cash flow statement of Taveta Investments Limited.

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

	2006 £'000	2005 £'000
This is stated after charging / (crediting):		
Depreciation of owned assets	305	100
Exceptional administrative income (refer below)	-	(3,493)

Auditors' remuneration has been borne by Arcadia Group Limited.

Pursuant to an agreement in 2005 whereby the Arcadia Group acquired Associated Newspapers Limited's shares in the Company, the latter agreed to waive amounts due to it from the Company of £3,493,000. The tax charge on this exceptional item was £1,048,000.

None of the directors received any emoluments in respect of his or her services to the Company (2005 £nil).
The Company does not have any employees (2005 none).

Zoom.Co.UK Limited

Notes to the financial statements for the year ended 2 September 2006 (continued)

3 Taxation

	2006 £'000	2005 £'000
a. Analysis of the tax charge for the year		
Based on the profit for the year		
UK corporation tax charge at 30% (2005 30%)		
- Current year	85	1,311
Deferred tax – current year	37	(6)
Deferred tax – prior years	-	(19)
Total deferred tax – origination and reversal of timing differences	37	(25)
Total taxation	122	1,286

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

	2006 £'000	2005 £'000
b Factors affecting the tax charge for the year		
Profit before taxation	370	4,349
Profit before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2005 30%)	111	1,305
Effects of		
Expenditure not deductible for tax purposes	11	-
Capital allowances in excess of depreciation	(37)	6
Current tax charge for the year (note 3a)	85	1,311

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 2 September 2006 (continued)

4 Tangible fixed assets

	Fixtures & equipment £'000
Cost	
At 28 August 2005	108
Additions	1,735
At 2 September 2006	1,843
Accumulated depreciation	
At 28 August 2005	45
Charge for the year	305
At 2 September 2006	350
Net book value at 2 September 2006	1,493
Net book value at 27 August 2005	63

5 Debtors

	2006 £'000	2005 £'000
Trade debtors	313	60
Prepayments	88	330
	401	390

Prepayments include a deferred tax asset of £19,000 (2005 £56,000) 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 2 September 2006 (continued)

6 Creditors (amounts falling due within one year)

	2006 £'000	2005 £'000
Trade creditors	121	109
Amounts due to group undertakings	4,816	2,874
Other taxation and social security	83	98
Accruals	1,746	1,279
	6,766	4,360

7 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 27 August 2005 and 2 September 2006	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

8 Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	Total 2006 £'000	Total 2005 £'000
Retained profit for the year	-	248	248	3,063
Net change in the year	-	248	248	3,063
Opening shareholders' funds – deficit	400	(4,151)	(3,751)	(6,814)
Closing shareholders' funds – deficit	400	(3,903)	(3,503)	(3,751)

Zoom.Co.UK Limited

Notes to the financial statements for the year ended 2 September 2006 (continued)

9 Parent undertaking, controlling party and related party disclosures

The Company's ultimate parent company is 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 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.