

**THE NEXT DIRECTORY LIMITED**

**COMPANY NO. 2570808**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2005**



## THE NEXT DIRECTORY LIMITED

### REPORT OF THE DIRECTORS

The directors submit their report and financial statements for the year ended 31 January 2005.

1. Activities

The principal activity of the company is to act as an investment company.

2 Business review

The company earned interest on its bank deposit in the year.

A dividend of £2,349,994 was paid during the year. The retained loss for the year of £2,349,983 has been transferred to reserves.

3. Directors and their interests

The directors during the period were as follows:

D W Keens  
S A Wolfson

The directors are also directors of Next plc, and their own and their families' interests in the ordinary shares of Next plc are shown in that company's financial statements.

None of the directors has a beneficial interest in any contract to which the company was a party during the period.

4. Auditors

Ernst & Young LLP offer themselves for reappointment as auditors in accordance with Section 384 of the Companies Act 1985.

BY ORDER OF THE BOARD



A J R McKinlay  
Secretary

26 May 2005

## **THE NEXT DIRECTORY LIMITED**

### **STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the financial statements comply with the Companies Act. 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE NEXT  
DIRECTORY LIMITED**

We have audited the company's financial statements for the year ended 31 January 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, 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 members 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 members 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 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 company 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.

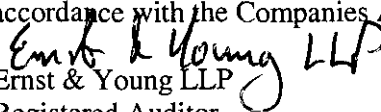
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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 as at 31 January 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young LLP  
Registered Auditor  
Birmingham

31 May 2005

**THE NEXT DIRECTORY LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2005**

	Notes	2005 £	2004 £
Interest receivable	3	10	4
		<hr/>	<hr/>
Profit on ordinary activities before taxation		10	4
Taxation credit/(charge)	4	1	(1)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		11	3
Dividend payable	5	(2,349,994)	-
		<hr/>	<hr/>
Retained (loss)/profit for year		(2,349,983)	3
Retained profit brought forward		2,350,194	2,350,191
		<hr/>	<hr/>
Retained profit carried forward		211	2,350,194
		<hr/> <hr/>	<hr/> <hr/>

There were no other gains or losses arising in the year.

The notes on pages 6 to 8 form part of these financial statements.

**THE NEXT DIRECTORY LIMITED**

**BALANCE SHEET AT 31 JANUARY 2005**

	Notes	2005 £	2004 £
<b><u>CURRENT ASSETS</u></b>			
Debtors	6	249,053	2,599,047
Cash at bank		1,258	1,248
		<hr/>	<hr/>
Total Current Assets		250,311	2,600,295
		<hr/>	<hr/>
<b><u>CURRENT LIABILITIES</u></b>			
CREDITORS DUE WITHIN ONE YEAR	7	-	(1)
		<hr/>	<hr/>
NET ASSETS		250,311	2,600,294
		<hr/>	<hr/>
<b><u>CAPITAL AND RESERVES</u></b>			
Share capital	8	250,100	250,100
Profit and loss account (page 5)		211	2,350,194
		<hr/>	<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS	9	250,311	2,600,294
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 26 May 2005.



D W Keens  
Director

The notes on pages 6 to 8 form part of these financial statements.

## THE NEXT DIRECTORY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS AT 31 JANUARY 2005

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related parties transactions

The company has taken advantage of the exemptions under FRS8(3) not to disclose those transactions with entities that are part of Next plc group on the basis that in excess of 90% of the voting rights are controlled within the group, and the consolidated accounts in which The Next Directory Limited is included, are publicly available.

Deferred tax

In accordance with Financial Reporting Standard (FRS) 19 Deferred Tax, full provision is made for deferred tax arising from timing differences between the differing treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised only to the extent that the directors consider there to be suitable taxable profits from which the underlying timing differences can be deducted.

2. Profit on ordinary activities before and after taxation

Auditors' remuneration was borne by other group companies.

The directors are also directors or officers of a number of the companies within the Next plc group, and their emoluments have been borne by Next Group plc. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 January 2004 and 2005.

3. Interest receivable

	2005	2004
	£	£
On bank deposit	10	4
	<hr/>	<hr/>

# THE NEXT DIRECTORY LIMITED

4.	<u>Taxation credit / (charge)</u>	2005 £	2004 £
	Taxation charge for the year at 30% (2004: 30%)	<u>1</u>	<u>(1)</u>

The company has capital losses in excess of £38 million which are to be carried forward to future years. No deferred asset has therefore been recognised, in accordance with the company's accounting policy

5.	<u>Dividend</u>	2005 £	2004 £
	Dividend paid	<u>2,349,994</u>	<u>-</u>

6.	<u>Debtors</u>	2005 £	2004 £
	Amounts due from group companies	<u>249,053</u>	<u>2,599,047</u>

7.	<u>Creditors</u>	2005 £	2004 £
	Corporation tax	<u>-</u>	<u>1</u>

8.	<u>Share capital</u>	2005 No.	2004 No.
	Authorised		
	Ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>

		2005 £	2004 £
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	<u>250,100</u>	<u>250,100</u>



## THE NEXT DIRECTORY LIMITED

### 9. Reconciliation of shareholders' funds

	2005	2004
	£	£
Total recognised gains and losses (page 4)	(2,349,983)	3
Opening shareholders' funds (page 5)	2,600,294	2,600,291
	<hr/>	<hr/>
Closing shareholders' funds (page 5)	250,311	2,600,294
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### 10. Ultimate parent undertaking

The ultimate parent undertaking is Next plc, a company registered in England. It has included the company in its group accounts, copies of which may be obtained from its Company Secretary at its registered office: Desford Road, Enderby, Leicester, LE19 4AT.