

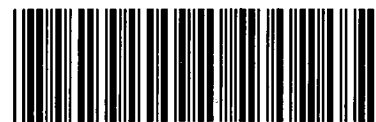
Registered number: 2029103

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**Zoom.co.uk Limited**

**Annual report and financial statements**  
**for the 53 weeks ended 1 September 2018**

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COMPANIES HOUSE

**Zoom.co.uk Limited**

**Company Information**

**Directors**

R Burchill  
G Hague  
S Wightman

**Company secretary**

R Flaherty

**Registered number**

2029103

**Registered office**

Colegrave House  
70 Berners Street  
London  
England  
W1T 3NL

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Central Square  
29 Wellington Street  
Leeds  
England  
LS1 4DL

**Zoom.co.uk Limited**

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**Zoom.co.uk Limited**

**Strategic report  
for the 53 weeks ended 1 September 2018**

**Introduction**

The directors present their Strategic report of Zoom.co.uk Limited ("the Company") for the 53 weeks ended 1 September 2018.

The financial statements have been prepared for the 53 weeks ended 1 September 2018 (2017: 52 weeks ended 26 August 2017)

**Principal activities**

The principal activity of the Company is the provision of internet design and production services to companies within the Arcadia Group. It also acts as an intermediary for these companies, providing web based promotion and a sales and distribution channel for their products.

**Results for the period**

The loss for the financial period amounted to £343,000 (2017: loss £169,000).

As at 1 September 2018 the Company had net liabilities of £4,126,000 (2017: £3,783,000).

**Business review**

During the period, the Company was a wholly-owned subsidiary of Taveta Investments Limited ("Taveta") and a review of the Taveta Investments and its subsidiaries (the "Group") business during the period, its future outlook and its position at 1 September 2018 is given on pages 1 to 6 of the financial statements of that company.

**Group restructure**

The Company is part of a Group which launched 7 individual entity Company Voluntary Arrangement ("CVA") proposals on 22 May 2019 relating to 5 property companies, Arcadia Group Limited and Top Shop/Top Man Limited.

These CVAs and parallel agreements with the Group's pension trustees have allowed the Group to reduce future cash outgoings, and will enable the Group to implement its 3 year Business and Recovery Plan.

As part of the restructure the Group will receive £50.0 million of equity financing from its ultimate shareholder, £10.0 million of which was received on 25 June 2019 and the balance (which will be held by the supervisor of the CVA to fund a Creditors Compensation Fund required to ensure that no compromised creditors are worse off as a result of the CVA than they would have been in an insolvency) was received on 2 September 2019. In addition, the Group has received a £50.0 million interest-free loan from the ultimate shareholder, which is secured on the new distribution centre in Daventry. The majority shareholder will continue to provide support in the form of a rent subsidy up to £9.1 million per annum for the 3 years following the agreement of the CVAs.

**Future developments**

Following the launch of the CVAs referred to above, the Company is now expected to remain in its current form.

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

Due to the close intra-group relationships between the active companies of the Taveta Investments Limited Group the risks disclosed within Taveta Investments Limited in pages 6 to 8 apply across the group due to the interdependency of these companies.

The directors of the Company manage the Company's risks at a group level. The risks of Taveta Investments Limited and all of its group companies are managed centrally as the risks this Company faces are dependent on the group as a whole. Key business risks are monitored on an ongoing basis by the directors, and strategies are developed to mitigate such risks and minimise their impact.

**Zoom.co.uk Limited**

**Strategic report  
for the 53 weeks ended 1 September 2018**

This report was approved by the board and authorised for issue and was signed on its behalf on 22 November 2019:

A handwritten signature in black ink, consisting of a series of loops and a final horizontal stroke.

**S Wightman  
Director**

Date: 22 November 2019

**Zoom.co.uk Limited**

**Directors' report  
for the 53 weeks ended 1 September 2018**

The directors present their report and the audited financial statements of the Company for the 53 weeks ended 1 September 2018.

**Directors' responsibilities statement**

The directors are responsible for preparing the Annual report and the audited financial statements of the Company in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements of the Company for each financial period. Under that law the directors have elected to prepare the audited financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the audited financial statements unless they are satisfied that they 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 audited financial statements of the Company, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the audited financial statements of the Company on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the audited financial statements of the Company comply with the Companies Act 2006.

The directors 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.

**Directors**

The directors who served during the period and up to the date of approval of the financial statements were:

R Burchill  
R de Dombal (resigned 25 February 2019)  
G Hague  
S Wightman

**Dividends**

The directors do not recommend the payment of a dividend in respect of the financial year (2017: £nil).

**Zoom.co.uk Limited**

**Directors' report (continued)**  
**for the 53 weeks ended 1 September 2018**

#### **Employees and equal opportunities**

All staff are informed about matters concerning their interests as employees and the financial position of the Company through a number of communication channels including face-to-face briefings, an intranet site supplemented by e-mail announcements. The company encourages two way communication through these channels, whereby the views of the employees are taken into account.

The Board recognises the importance of a highly motivated and well trained workforce. It encourages employees' involvement in the Company's performance through their participation in a variety of incentive bonus schemes linked to the achievement of operational or financial targets in the part of the business for which they work, and it invests in training programs aimed at achieving the highest standards of personal development and customer service.

The Company is an equal opportunities employer, recruiting and promoting employees on their suitability for the job and on no other grounds. Proper consideration is given to employment applications from disabled persons whose aptitude and skills can be utilised within the business and to their training and career progression. Wherever possible, this includes the retraining and retention of staff that have become disabled during their employment.

#### **Qualifying third party indemnity provisions**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company's ultimate parent company (Taveta Investments Limited) also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

#### **Matters covered in the strategic report**

The principle activities, the business review, financial risk management, KPI's and future developments are discussed in the strategic reports on pages 1 and 2.

#### **Disclosure of information to auditors**

In accordance with section 418 of the companies Act 2006, each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as they have is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have has taken all the steps that ought to have been taken as a director in order to be 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 (continued)**  
**for the 53 weeks ended 1 September 2018**

**Independent auditors**

The Company has passed an elective resolution to dispense with the annual appointment of independent auditors. PricewaterhouseCoopers LLP will therefore continue as auditors in accordance with and subject to section 489 of the Companies Act 2006.

**Going concern**

In the opinion of the directors, whilst the Company has net current liabilities, it is still appropriate to prepare the financial statements on the going concern basis as its parent company, Arcadia Group Limited ("AGL"), has confirmed its intention to provide it with continued financial support for a period of at least 12 months from the date on which the financial statements were signed.

The financial statements of AGL for the period ended 1 September 2018 note that AGL and the wider Arcadia Group entered into a number of Company Voluntary Arrangements in June 2019. They also make reference to material uncertainties which could impact the going concern position of the group and therefore AGL's ability to provide continued financial support to the Company.

The directors of the Company have reviewed the basis on which the AGL directors have concluded it is appropriate to prepare the AGL accounts on a going concern basis, and are satisfied with this conclusion.

The factors referred to above indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

This report was approved by the board and authorised for issue and were signed on its behalf on 22 November 2019



**S Wightman**  
**Director**  
Date: 22 November 2019



**Zoom.co.uk Limited**

**Independent auditors' report to the members of Zoom.co.uk Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Zoom.co.uk Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 1 September 2018 and of its loss for the 53 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 1 September 2018; the profit and loss account for the period then ended, the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Material uncertainty relating to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3.2 to the financial statements concerning the Company and the Company's ability to continue as a going concern.

As the Company has net current liabilities, it has been given an undertaking from Arcadia Group Limited (AGL) its parent company to provide it with continued financial support for a period of at least 12 months from the date on which the financial statements are signed. The financial statements of AGL for the year end 1 September 2018 note that AGL and the wider Arcadia Group entered into a number of Company Voluntary Agreements in June 2019. They also make reference to a number of material uncertainties including ongoing trading and the availability of financing which could impact the going concern position of the group and therefore AGL's ability to provide continued financial support to the Company.

These conditions, together with other matters explained in note 3.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent

**Zoom.co.uk Limited**

**Independent auditors' report to the members of Zoom.co.uk Limited**

material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

~~With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.~~

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Strategic report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 1 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Zoom.co.uk Limited

Independent auditors' report to the members of Zoom.co.uk Limited

**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Charlotte Marnham (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
22 November 2019

**Zoom.co.uk Limited**

**Profit and loss account  
for the 53 weeks ended 1 September 2018**

	<b>Note</b>	<b>2018 £000</b>	<b>2017 £000</b>
Turnover	5	74,329	- 63,321
Cost of sales		(27,340)	(24,335)
<b>Gross profit</b>		<b>46,989</b>	<b>38,986</b>
Distribution costs		(46,992)	(38,958)
<b>Operating (loss)/profit</b>	6	<b>(3)</b>	<b>28</b>
Tax on (loss)/profit		(340)	(197)
<b>Loss for the financial period</b>		<b>(343)</b>	<b>(169)</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

The notes on pages 12 to 25 form part of these financial statements.

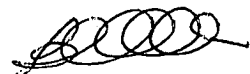
All amounts relate to continuing operations.

Zoom.co.uk Limited  
Registered number:2029103

**Balance sheet  
as at 1 September 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	9	7,869	4,667
Tangible assets	10	705	1,351
		<u>8,574</u>	<u>6,018</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	2,077	1,815
Cash at bank and in hand		2,869	703
		<u>4,946</u>	<u>2,518</u>
Creditors: amounts falling due within one year	12	(17,646)	(12,319)
<b>Net current liabilities</b>		<u>(12,700)</u>	<u>(9,801)</u>
<b>Total assets less current liabilities</b>		<u>(4,126)</u>	<u>(3,783)</u>
<b>Net liabilities</b>		<u>(4,126)</u>	<u>(3,783)</u>
<b>Capital and reserves</b>			
Called up share capital	14	400	400
Accumulated losses		(4,526)	(4,183)
		<u>(4,126)</u>	<u>(3,783)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 November 2019.



**S Wightman**  
Director

**Zoom.co.uk Limited**

**Statement of changes in equity  
for the 53 weeks ended 1 September 2018**

	<b>Called up share capital</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 28 August 2016	400	(4,014)	(3,614)
Loss for the financial period	-	(169)	(169)
At 27 August 2017	400	(4,183)	(3,783)
Loss for the financial period	-	(343)	(343)
At 1 September 2018	400	(4,526)	(4,126)

The notes on pages 12 to 25 form part of these financial statements.

## **Zoom.co.uk Limited**

### **Notes to the financial statements for the 53 weeks ended 1 September 2018**

#### **1. General information**

Zoom.co.uk Limited ("the Company") provides internet design and production services to companies within the Arcadia Group. The Company is a wholly owned subsidiary of Taveta Investments Limited.

The Company is a private company limited by shares and is domiciled and incorporated in the United Kingdom. The address of its registered office is Colegrave House, 70 Berners Street, London, England, W1T 3NL.

#### **2. Statement of compliance**

The financial statements of Zoom.co.uk Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

#### **3. Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **3.1 Basis of preparation of financial statements**

The financial statements have been prepared for the 53 weeks ended 1 September 2018 (2017: 52 weeks ended 26 August 2017).

The Company's financial statements are prepared on a going concern basis, under the historical cost convention.

The Company's functional and presentational currency is the pound sterling. The financial statements are rounded to thousands.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The Company is a wholly-owned subsidiary of Arcadia Group Limited ("the Group") and of its ultimate parent. It is included in the consolidated financial statements of both Arcadia Group and Taveta publicly available.

##### **3.2 Going concern**

In the opinion of the directors, whilst the Company has net current liabilities, it is still appropriate to prepare the financial statements on the going concern basis as its parent company, Arcadia Group Limited ("AGL"), has confirmed its intention to provide it with continued financial support for a period of at least 12 months from the date on which the financial statements were signed.

The directors of the Company have reviewed the basis on which the AGL directors have concluded it is appropriate to prepare the AGL accounts on a going concern basis, and are satisfied with this conclusion.

The financial statements of AGL for the period ended 1 September 2018 note that AGL and the wider Arcadia Group entered into a number of Company Voluntary Arrangements in June 2019. They also make reference to material uncertainties which could impact the going concern position of the group and therefore AGL's ability to provide continued financial support to the Company. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

**Notes to the financial statements  
for the 53 weeks ended 1 September 2018**

**3. Accounting policies (continued)**

**3.3 Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been applied with, including notification of, and no objection to, the use of the exemptions by the Company's shareholders.

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statements of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Taveta Investments Limited ("Taveta"), includes the Company's cash flows in its own consolidated financial statements.

The Company has also taken advantage of the exemption from the financial instrument disclosures required under FRS 102 paragraph 11.39 to 11.48A and paragraph 12.26 to 12.29, as the information is provided in the consolidated financial statements disclosures of Taveta.

The Company has also taken advantage of the exemption from disclosing key management personnel compensation in total, on the basis that it is a qualifying entity and the key management personnel compensation is disclosed in the consolidated financial statements of Taveta, the Company's ultimate parent company.

The Company has taken advantage of the exemption under FRS 102 from disclosing related party transactions with entities that are part of the Taveta Group.

The Company discloses transactions with related parties which are not wholly-owned within the Taveta Group.

**3.4 Turnover**

Turnover is measured at fair value of the consideration received or receivable and comprises postage and packaging income levied on external customers on the despatch of their goods. It also includes recharges to Arcadia group companies of the costs associated with hosting their websites, and is stated net of discounts and value added tax.

The Company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing investment or control over the goods or services; (c) the amount of revenue can be measured reliably; and (d) it is probable that future economic benefits will flow to the entity. Postage and packaging income is recognised at the point of despatch. Recharges to group companies are recognised as costs are incurred.



**Notes to the financial statements  
for the 53 weeks ended 1 September 2018**

**3. Accounting policies (continued)**

**3.5 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of assets to their residual values over their estimated useful lives (ranging from 1 year to 10 years).

Amortisation is charged to administrative expenses in the profit and loss account.

The assets are reviewed for impairment where there are indicators that they may be impaired.

Costs that are associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

**3.6 Tangible assets and depreciation**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	- 2 to 4 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

**Notes to the financial statements  
for the 53 weeks ended 1 September 2018**

**3. Accounting policies (continued)**

**3.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**3.8 Financial instruments**

**(i) Financial assets**

Basic financial assets are, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at market rate of interest. Such assets are subsequently measured at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

**(ii) Financial liabilities**

Basic financial instruments, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**(iii) Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable.

**3.9 Pensions**

The Company's employees participate in two defined benefit schemes operated by the Group to which the Company contributes in order to provide pension and other benefits expressed in terms of a percentage of pensionable salary. Although these pension schemes are defined benefit in nature the Company accounts for its contributions as though they were defined contribution schemes as the Company is unable to identify its share of the underlying assets and liabilities of the schemes.

The above schemes are now closed and eligible employees are offered the opportunity to join the group's defined contribution scheme. For this scheme, the amounts charged to the profit and loss account are the contributions payable during the year.

**Notes to the financial statements  
for the 53 weeks ended 1 September 2018**

**3. Accounting policies (continued)**

**3.10 Taxation**

The tax expense for the 53 weeks comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**4. Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Company doesn't believe there have been any estimates, judgements or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**5. Turnover**

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Postage and Packaging Income	60,648	51,060
Group Recharges	13,681	12,261
	<u>74,329</u>	<u>63,321</u>

All turnover arose within the United Kingdom.

**Zoom.co.uk Limited**

**Notes to the financial statements  
for the 53 weeks ended 1 September 2018**

**6. Operating (loss)/ profit**

The operating (loss)/ profit is stated after charging:

	<b>2018</b>	2017
	<b>£000</b>	£000
Depreciation of tangible fixed assets	<b>654</b>	647
Amortisation of intangible assets	<b>1,589</b>	1,303

Auditors' remuneration of £5,000 (2017: £5,000) has been borne by Arcadia Group Limited, the parent undertaking.

There were no non-audit services provided by the auditors to the Company during the year (2017: none).

**7. Tax on profit**

	<b>2018</b>	2017
	<b>£000</b>	£000
<b>Corporation tax</b>		
UK corporation tax charge/(credit) on (loss)/ profit for the financial year	<b>10</b>	(33)
<b>Total current tax</b>	<b>10</b>	(33)
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>418</b>	38
Adjustments in respect of previous years	<b>(44)</b>	176
Effects of changes in tax rates	<b>(44)</b>	16
<b>Total deferred tax</b>	<b>330</b>	230
<b>Taxation on profit on ordinary activities</b>	<b>340</b>	197

**Notes to the financial statements  
for the 53 weeks ended 1 September 2018**

**7. Tax on profit (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19.0% (2017: 19.6%). The differences are explained below:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
(Loss)/ profit on ordinary activities before tax	<b>(3)</b>	<b>28</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2017: 19.6%)	<b>(1)</b>	<b>5</b>
<b>Effects of:</b>		
Adjustments in respect of previous years	<b>(44)</b>	<b>176</b>
Deferred tax not recognised	<b>429</b>	<b>-</b>
Effects of changes in tax rates	<b>(44)</b>	<b>16</b>
<b>Total tax charge for the period</b>	<b>340</b>	<b>197</b>

**Factors that may affect future tax charges**

The Finance Act 2016 reduced the main rate of corporation tax to 17% from 1 April 2020. Closing deferred tax balances have therefore been valued at 17.0% or 19.0% (2017: 17.0% or 18.0%) depending on the date they were expected to fully unwind.

**Zoom.co.uk Limited**

**Notes to the financial statements  
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**8. Staff costs**

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	8,517	4,551
Social security costs	172	458
Other pension costs (note 15)	40	107
	<u>8,729</u>	<u>5,116</u>

The staff costs disclosed above relate to employees whose service contracts are held by Arcadia Group Limited. Arcadia Group Limited recharges the proportion of the employees costs which are associated with time spent on digital specific projects.

The Directors of the Company were paid for their services to the Company by a fellow group undertaking, Arcadia Group Limited, which makes no specific director recharge to the Company. Their services as directors of the Company are incidental to their other services within the Group and it is not possible to make an accurate apportionment of their emoluments in respect of their services to the Company.

The key management personnel are considered to be the directors of the Company.

**Zoom.co.uk Limited**

**Notes to the financial statements  
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**9. Intangible assets**

	<b>Software £000</b>
<b>Cost</b>	
At 27 August 2017 (as previously stated)	13,865
Prior Year Adjustment	(2,071)
	<hr/>
At 27 August 2017 (as restated)	11,794
Additions	4,791
Disposals	(1,647)
	<hr/>
At 1 September 2018	14,938
	<hr/>
<b>Amortisation</b>	
At 27 August 2017 (as previously stated)	9,198
Prior Year Adjustment	(2,071)
	<hr/>
At 27 August 2017 (as restated)	7,127
Charge for the year	1,589
On disposals	(1,647)
	<hr/>
At 1 September 2018	7,069
	<hr/>
<b>Net book value</b>	
At 1 September 2018	7,869
	<hr/>
At 26 August 2017	4,667
	<hr/>

During the period, the Company reviewed its fixed asset register and identified a misstatement in the prior period. The impact of the correction was to decrease intangible assets brought forward by £2,071,000 and decrease intangible assets amortisation brought forward by £2,071,000. The fixtures and fittings had been incorrectly classified as intangibles. The transfer is a presentational adjustment only and therefore has no impact on NBV on the balance sheet.

**Zoom.co.uk Limited**

**Notes to the financial statements  
for the 53 weeks ended 1 September 2018**

**10. Tangible fixed assets**

	<b>Fixtures and fittings £000</b>
<b>Cost</b>	
At 27 August 2017 (as previously stated)	1,859
Prior Year Adjustment	2,071
	<hr/>
At 27 August 2017 (as restated)	3,930
Additions	8
Disposals	(332)
	<hr/>
At 1 September 2018	3,606
	<hr/>
<b>Depreciation</b>	
At 27 August 2017 (as previously stated)	508
Prior Year Adjustment	2,071
	<hr/>
At 27 August 2017 (as restated)	2,579
Charge for the 53 weeks on owned assets	654
Disposals	(332)
	<hr/>
At 1 September 2018	2,901
	<hr/>
<b>Net book value</b>	
At 1 September 2018	705
	<hr/> <hr/>
At 26 August 2017	1,351
	<hr/> <hr/>

During the period, the Company reviewed its fixed asset register and identified a misstatement in the prior period. The impact of the correction was to increase tangible assets brought forward by £2,071,000 and increase tangible assets amortisation brought forward by £2,071,000. The fixtures and fittings had been incorrectly classified as intangibles. The transfer is a presentational adjustment only and therefore has no impact on NBV on the balance sheet.



**Zoom.co.uk Limited**

**Notes to the financial statements  
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**11. Debtors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Other debtors	<b>1,472</b>	<b>1,069</b>
Prepayments and accrued income	<b>605</b>	<b>416</b>
Deferred taxation (note 13)	<b>-</b>	<b>330</b>
	<b>2,077</b>	<b>1,815</b>

**12. Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>6,416</b>	<b>5,252</b>
Amounts owed to group undertakings	<b>9,562</b>	<b>2,901</b>
Taxation and social security	<b>49</b>	<b>143</b>
Other creditors	<b>1</b>	<b>9</b>
Accruals and deferred income	<b>1,618</b>	<b>4,014</b>
	<b>17,646</b>	<b>12,319</b>

Amounts owed to group undertakings are interest-free, unsecured and repayable on demand.

**13. Deferred taxation**

	<b>2018</b>
	<b>£000</b>
At 27 August 2017	<b>330</b>
Credited to profit or loss	<b>(330)</b>
At 1 September 2018	<b>-</b>

**Zoom.co.uk Limited**

**Notes to the financial statements  
for the 53 weeks ended 1 September 2018**

**13. Deferred taxation (continued)**

The deferred tax asset is made up as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Fixed asset timing differences	-	330

The Company has an unprovided deferred tax asset of £383,000 (2017: £ nil) relating to UK trading losses and surplus capital allowances which may be used to offset profits in future periods. It is likely that a substantial proportion of the unprovided asset would be recognised within 12 months upon the completion of a successful challenge-free Company Voluntary Arrangement.

**Notes to the financial statements  
for the 53 weeks ended 1 September 2018**

**14. Called up share capital**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted and fully paid</b>		
200,000 (2017: 200,000) Ordinary A shares of £1.00 each	<b>200</b>	<b>200</b>
200,000 (2017: 200,000) Ordinary B shares of £1.00 each	<b>200</b>	<b>200</b>
	<hr/> <b>400</b> <hr/>	<hr/> <b>400</b> <hr/>

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

**15. Pension commitments**

The Company's eligible employees participate in two defined benefit schemes operated by Arcadia Group Limited to which the Company contributes in order to provide pension and other benefits expressed in terms of a percentage of pensionable salary. These schemes are financed through separate trustee administered funds. Contributions to the schemes are based on actuarial advice following the most recent valuations of the funds.

During the year, the Company contributed £nil (2017: £nil) to the above schemes.

An actuarial valuation of the defined benefit schemes referred to above, and carried out as at 1 September 2018 for the purposes of FRS 102 Section 28, identified that the present value of their liabilities exceeded the market value of the schemes' assets by £138,384,000 (2017: £300,009,000). The detailed disclosures required by FRS 102 are provided for the Group as a whole in the consolidated financial statements of the Company's ultimate parent undertaking, Taveta Investments Limited.

The defined benefit schemes above closed to future accrual during the prior year and eligible employees were offered the opportunity to join the Group's defined contribution scheme, to which the Company contributed £40,000 (2017: £107,000) in the financial year.

**16. Contingent liabilities**

The Company considers the potential obligations which may arise as a result of past events and the uncertainty of the impact on the Company. Where the Company identifies an obligation for which payment is probable and the amount can be reliably estimated a provision is recognised. As at 1 September 2018 no contingent liabilities were identified that required a provision (2017: none).

**Notes to the financial statements  
for the 53 weeks ended 1 September 2018**

**17. Post balance sheet events**

The Company is part of a Group who on 12 June 2019 announced the approval of 7 Company Voluntary Arrangements (CVAs) aimed at addressing the over-rented position of the UK estate and right-sizing the UK store portfolio in order to allow the business to implement a 3 year Business and Recovery Plan. The CVAs have been approved for the following companies:

Top Shop/Top Man Limited  
Arcadia Group Limited  
Burton/Dorothy Perkins Properties Limited  
Outfit Retail Properties Limited  
Redcastle Limited  
Top Shop/Top Man Properties Limited  
Wallis Retail Properties Limited

An in-depth review of the property portfolio was performed with the assistance of a number of advisors, including property, legal and financial specialists. The CVAs are effective for a period of 3 years. As a result the Group is expected to benefit by around £47.1 million per annum through a combination of earlier closure of loss-making stores and reduced rents and will also benefit from savings in business rates of £23 million through to April 2020.

The CVAs have been achieved with on-going financial support from the majority shareholder both for the Company and the Group, and for the UK pension schemes.

The CVA rent savings have been achieved with the assistance of a rent subsidy which has been provided by the majority shareholder, which in the first 12 months will be to the value of £9.1 million. In the subsequent 24 months the majority shareholder will continue to provide support in the form of a rent subsidy, to a maximum value of around £9.1 million per annum.

The majority shareholder has provided a £50.0 million interest-free loan secured on the new distribution centre (DC) in Daventry and has also committed £50.0 million of equity funding to provide £10.0 million of working capital for the business and to fund the £40.0 million Creditors Compensation Fund required to carry out the CVAs. £10.0 million of this equity was received on 25 June 2019, with the balance being received on 2 September 2019.

On 15 July the CVA challenge periods ended with the Group receiving challenges from 3 legal entities representing 2 USA landlords. These Challenges were subsequently withdrawn meaning that the CVAs are now challenge free.

**18. Ultimate parent undertaking and controlling party**

The Company's parent company is Arcadia Group Limited, a company incorporated in England.

The Company's ultimate parent company is Taveta Investments Limited, a company incorporated in England. The largest group to consolidate these financial statements is Taveta Investments Limited. The smallest group is Arcadia Group Limited. Copies of both Arcadia Group Limited and Taveta consolidated financial statements can be obtained by writing to the Secretary at Colegrave House, 70 Berners Street, London, England, W1T 3NL.

The Company's ultimate beneficial owner and ultimate controlling party is Lady Cristina Green.