

THE ZOO GROUP LIMITED
REPORT AND ACCOUNTS

30 SEPTEMBER 2003

Company Registration Number 3808091



THE ZOO GROUP LIMITED
ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2003

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THE ZOO GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Board of directors	N C Bacon I W Noble K E Rowland C O'Connell
Company secretary	K E Rowland
Registered office	The Blue House Clifton Down Clifton Bristol BS8 3HT
Auditors	Baker Tilly Chartered Accountants Registered Auditors 1 Georges Square Bristol BS1 6BP
Solicitors	Burges Salmon Narrow Quay House Prince Street Bristol BS1 4AG

THE ZOO GROUP LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2003

The directors present their report and the consolidated accounts for the year ended 30 September 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Group companies are active in five key areas of marketing communications: advertising, design, direct marketing, media buying and public relations.

The directors are pleased with the performance of the business during the year. The figures show another year of significant growth and leave the company in a strong position to exploit the growing market for integrated marketing communications services in the UK.

The group has continued to make significant progress during the year with all the key indicators of performance moving in the right direction. Group sales were up by 15.6% whilst operating profit grew for the seventh year in succession showing a 20% increase on 2002.

Whilst many in the sector have been battling with recession our constant focus on new business development and cost control has borne fruit yet again.

At the same time the group has continued its policy of building cash and net assets on the balance sheet to provide a secure foundation for the business and to fund future investment and acquisition.

RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached accounts.

The directors have not recommended a dividend this year.

	2003	2002
	£	£
Dividends proposed on ordinary shares	-	139,200

DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	At 30 September 2003		At 1 October 2002	
	Deferred 1p shares	Founder 10p shares	Deferred 1p shares	Founder 10p shares
N C Bacon	-	351,600	-	351,600
I W Noble	100	-	100	-
C O'Connell	-	50,220	-	50,220
K E Rowland	-	50,220	-	50,220

The rights attached to the different classes of shares are shown in note 18 to the accounts.

During October 2001 Ian Noble was granted an option over 50,220 founder shares at an exercise price of 10p each. Roberta Fuke and Richard Kramer, directors of a subsidiary company, were granted options over 5,287 ordinary shares each at an exercise price of £1 per share. Further details are contained in note 18 to the accounts.

THE ZOO GROUP LIMITED
DIRECTORS' REPORT (continued)
YEAR ENDED 30 SEPTEMBER 2003

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group at the end of the year and of the profit or loss of the group for the year then ended.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on pages 10 to 11, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group and to enable them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

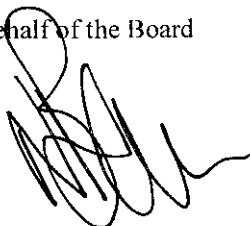
DONATIONS

During the year, the group donated £220 to charitable causes (2002 - £1,100).

AUDITORS

Baker Tilly were appointed as auditors during the year.

Signed on behalf of the Board



N C Bacon
Director

Approved by the directors on 23/12/04

THE ZOO GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 30 SEPTEMBER 2003

We have audited the accounts on pages 5 to 18.

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 THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the group's and the company's affairs as at 30 September 2003 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

BAKER TILLY
Chartered Accountants
Registered Auditors
Bristol

23 December 2004

THE ZOO GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2003

	Note	2003 £	2002 £
TURNOVER	2	5,541,142	4,794,239
Cost of sales		(3,081,474)	(2,569,311)
GROSS PROFIT		<u>2,459,668</u>	<u>2,224,928</u>
Administrative expenses		(2,016,812)	(1,865,668)
Other operating income		-	8,969
OPERATING PROFIT	3	<u>442,856</u>	<u>368,229</u>
Interest receivable and similar income		24,145	20,303
Interest payable and similar charges		-	(562)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>467,001</u>	<u>387,970</u>
Tax on profit on ordinary activities	6	(60,842)	(89,519)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>406,159</u>	<u>298,451</u>
Dividends (including non-equity)	7	-	(139,200)
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u><u>406,159</u></u>	<u><u>159,251</u></u>

The group has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the group are classed as continuing.

The notes on pages 10 to 18 form part of these accounts.

THE ZOO GROUP LIMITED
CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	177,126	213,765
		<u>177,126</u>	<u>213,765</u>
CURRENT ASSETS			
Stocks	11	57,909	138,272
Debtors	12	765,190	1,064,745
Investments	13	9,580	5,000
Cash at bank and in hand		923,758	738,642
		<u>1,756,437</u>	<u>1,946,659</u>
CREDITORS: Amounts falling due within one year	14	<u>(1,027,319)</u>	<u>(1,660,339)</u>
NET CURRENT ASSETS		729,118	286,320
NET ASSETS		<u>906,244</u>	<u>500,085</u>
CAPITAL AND RESERVES			
Called-up share capital	18	45,205	45,205
Profit and loss account	19	861,039	454,880
SHAREHOLDERS' FUNDS (including non-equity interests)	20	<u>906,244</u>	<u>500,085</u>

These accounts were approved by the directors on the 23/12/04 and are signed on their behalf by:

.....
N C Bacon

.....
C O'Connell

The notes on pages 9 to 18 form part of these accounts.

THE ZOO GROUP LIMITED
COMPANY BALANCE SHEET
30 SEPTEMBER 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Investments	10	45,204	45,204
CURRENT ASSETS			
Debtors	12	161,682	252,930
Investments	13	9,580	5,000
		<u>171,262</u>	<u>257,930</u>
CREDITORS: Amounts falling due within one year	14	<u>(26,270)</u>	<u>(199,541)</u>
NET CURRENT ASSETS		144,992	58,389
NET ASSETS		<u>190,196</u>	<u>103,593</u>
CAPITAL AND RESERVES			
Called-up share capital	18	45,205	45,205
Profit and loss account	19	<u>144,991</u>	<u>58,388</u>
SHAREHOLDERS' FUNDS (including non-equity interests)	20	<u>190,196</u>	<u>103,593</u>

These accounts were approved by the directors on the 23/12/04 and are signed on their behalf by


 N C Bacon


 C O'Connell

The notes on pages 9 to 18 form part of these accounts.

THE ZOO GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2003

	2003	2002
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	447,387	218,741
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	24,193	20,303
Interest paid	-	(562)
Non-equity dividend paid	(13,920)	(9,600)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	10,273	10,141
TAXATION		
Corporation tax paid	(90,992)	(76,197)
CAPITAL EXPENDITURE & FINANCIAL INVESTMENT		
Payments to acquire tangible assets	(77,900)	(95,998)
Receipts from sale of tangible assets	22,800	12,395
Payments to acquire fixed asset investments	-	(9,996)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE & FINANCIAL INVESTMENT	(55,100)	(93,599)
EQUITY DIVIDENDS		
Equity dividends paid	(125,280)	(86,400)
INCREASE/(DECREASE) IN CASH	186,288	(27,314)

The notes on pages 9 to 18 form part of these accounts.

THE ZOO GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 2003

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	442,856	368,229
Amortisation of goodwill	-	(37,132)
Depreciation	93,731	89,945
Movements in investment market value	(4,580)	4,996
(Profit)/Loss on disposal of fixed assets	(1,992)	747
Decrease in work in progress	80,363	31,716
Decrease/(Increase) in debtors	299,507	(224,676)
Decrease in creditors	(462,498)	(15,084)
Net cash inflow from operating activities	447,387	218,741

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003 £	2002 £
Increase/(Decrease) in cash in the period	186,288	(27,314)
Change in net funds	186,288	(27,314)
Net funds at 1 October	737,470	764,784
Net funds at 30 September	923,758	737,470

ANALYSIS OF CHANGES IN NET FUNDS

	At 30 Sept 2003 £	Cash flows £	At 1 Oct 2002 £
Net cash:			
Cash in hand and at bank	923,758	185,116	738,642
Overdrafts	-	1,172	(1,172)
NET FUNDS	923,758	186,288	737,470

THE ZOO GROUP LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by revaluation of the listed investment, and in accordance with applicable accounting standards.

Consolidation

The consolidated accounts incorporate the accounts of the company and each of its subsidiaries for the year ended 30 September 2003 and exclude all intra-group transactions. No profit and loss account is presented by the parent company as allowed by the Companies Act 1985. The acquisition method of accounting is used.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Investments

Unlisted investments held as fixed assets are stated at cost less any provision for impairment in value.

Listed investments are held at market value. Movements in market value are taken through the Profit and Loss account to the extent that they do not represent an increase over historic cost. As these investments are not held for continuing use within the business and it remains the intention of the investors to sell in the foreseeable future, these have been re-classified as current in nature.

Goodwill

Purchased goodwill representing the difference between the fair values of the consideration and the underlying assets and liabilities acquired is capitalised and depreciated on a straight line basis over its useful economic life, not exceeding 20 years. The economic life is reviewed annually. Goodwill which is generated by the activities of the group is not recognised as an asset in the balance sheet and the associated costs are written off to the profit and loss account when they are incurred.

Positive goodwill relating to purchased goodwill is amortised over a period of 20 years. Negative goodwill arising on consolidation is written off over a period of three years.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Furniture and Fittings	- 20% straight line
Motor Vehicles	- 20% straight line
Office Equipment	- 25% to 50% straight line

Work in progress

Work in progress is stated at the lower of cost and net realisable value. No profit on work in progress is taken until the contract is invoiced. Provisions for losses on contracts are recognised immediately.

THE ZOO GROUP LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2003

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pensions

The group has set up a stakeholder pension scheme. No contributions were made by the group during the period.

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred taxation balance has not been discounted.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	5,540,404	4,756,079
Overseas	738	38,160
	<u>5,541,142</u>	<u>4,794,239</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Amortisation	-	(37,132)
Depreciation	93,731	89,945
Movements in listed investment market value	(4,580)	4,996
(Profit)/Loss on disposal of fixed assets	(1,992)	747
Auditors' remuneration		
- as auditors	5,250	5,650
Operating lease costs:		
- Land and buildings	83,508	80,600
- Plant and equipment	10,297	14,029
Net loss on foreign currency translation	22	963

Other operating income in 2002 of £8,969 represents amounts received from insurance claims.

THE ZOO GROUP LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2003

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2003	2002
	No.	No.
Number of management staff	34	23
Number of creative staff	9	12
	<u>43</u>	<u>35</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	1,335,954	1,236,822
Social security costs	144,109	132,629
	<u>1,480,063</u>	<u>1,369,451</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	<u>546,489</u>	<u>228,403</u>

Emoluments of highest paid director:

	2003	2002
	£	£
Total emoluments	<u>105,088</u>	<u>91,932</u>

No directors were accruing benefits under company pension schemes (2002 – nil).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 20%)	50,933	83,424
Under provision in prior year	9,909	6,095
Total current tax	<u>60,842</u>	<u>89,519</u>
Tax on profit on ordinary activities	<u>60,842</u>	<u>89,519</u>

THE ZOO GROUP LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2002 - 20%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>467,001</u>	<u>425,280</u>
Profit on ordinary activities by rate of tax	88,730	85,056
Expenses not deductible/ income not taxable for tax purposes	(580)	295
Depreciation for the year in excess of capital allowances	4,097	(755)
Other timing differences	(3,534)	(1,172)
Losses carried back	(37,780)	-
Adjustment in respect of previous years	<u>9,909</u>	<u>6,095</u>
Total current tax (note 6(a))	<u>60,842</u>	<u>89,519</u>

7. DIVIDENDS

	2003 £	2002 £
Dividends proposed on equity shares	-	125,280
Dividends proposed on non-equity shares	-	13,920
	<u>-</u>	<u>139,200</u>

8. INTANGIBLE FIXED ASSETS - GROUP

	Total £
COST	
At 1 October 2002 and 30 September 2003	<u>(140,712)</u>
AMORTISATION	
At 1 October 2002 and 30 September 2003	<u>(140,712)</u>
NET BOOK VALUE	
At 31 October 2002 and 30 September 2003	<u>-</u>

THE ZOO GROUP LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2003

9. TANGIBLE FIXED ASSETS - GROUP

	Furniture & Fittings £	Motor Vehicles £	Office Equipment £	Total £
COST				
At 1 October 2002	102,225	224,998	221,287	548,510
Additions	1,327	53,870	22,703	77,900
Disposals	-	(61,702)	(320)	(62,022)
At 30 September 2003	<u>103,552</u>	<u>217,166</u>	<u>243,670</u>	<u>564,388</u>
DEPRECIATION				
At 1 October 2002	72,796	81,097	180,852	334,745
Charge for the year	10,237	47,045	36,449	93,731
On disposals	-	(40,894)	(320)	(41,214)
At 30 September 2003	<u>83,033</u>	<u>87,248</u>	<u>216,981</u>	<u>387,262</u>
NET BOOK VALUE				
At 30 September 2003	<u>20,519</u>	<u>129,918</u>	<u>26,689</u>	<u>177,126</u>
At 1 October 2002	<u>29,429</u>	<u>143,901</u>	<u>40,435</u>	<u>213,765</u>

10. INVESTMENTS - COMPANY

	Shares in Group Undertakings £
COST	
At 1 October 2002 and 30 September 2003	<u>45,204</u>

The company's investments in the ordinary share capital of unlisted companies at the balance sheet date include the following:

<u>Company</u>	<u>Country of incorporation</u>	<u>%age holding</u>	<u>Nature of business</u>
BCLO Limited	England	100	Advertising & media sales

At the balance sheet date, BCLO Limited owned 100% of the share capital of BCLO Public Relations Limited, a company incorporated in England, in the business of public relations consultancy.

11. STOCKS - GROUP

	2003 £	2002 £
Work in progress	57,909	138,272

THE ZOO GROUP LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2003

12. DEBTORS

Amounts receivable within one year:

	Group 2003	Company 2003	Group 2002	Company 2002
	£	£	£	£
Trade debtors	707,711	-	1,031,355	-
Amounts owed by group undertakings	-	161,682	-	252,930
Prepayments and accrued income	57,479	-	33,390	-
	<u>765,190</u>	<u>161,682</u>	<u>1,064,745</u>	<u>252,930</u>

13. INVESTMENTS

	Group 2003	Company 2003	Group 2002	Company 2002
	£	£	£	£
Listed Investments	<u>9,580</u>	<u>5,000</u>	<u>9,580</u>	<u>5,000</u>

Listed investments represent a holding of 41,650 (2002 41,650) ordinary shares in the Ultimate Finance Group. These investments are carried at their open market value at the year end date.

14. CREDITORS: Amounts falling due within one year

	Group 2003	Company 2003	Group 2002	Company 2002
	£	£	£	£
Bank overdraft	-	-	1,172	-
Trade creditors	612,927	-	686,145	-
Corporation tax	50,933	18,853	81,082	49,708
Taxation and social security	134,139	7,417	164,958	8,633
Other creditors	12,052	-	37,359	-
Accruals and deferred income	217,268	-	550,423	2,000
Proposed dividend	-	-	139,200	139,200
	<u>1,027,319</u>	<u>26,270</u>	<u>1,660,339</u>	<u>199,541</u>

The bank overdraft is secured by a fixed charge over the book debts of the company and a floating charge over all other assets dated 6 January 1995.

THE ZOO GROUP LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2003

15. DEFERRED TAXATION

No provision has been made in the accounts and the amounts of deferred tax assets unprovided at the end of the year are as follows:

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Excess of taxation allowances over depreciation on fixed assets	8,259	-	(3,086)	-
Other timing differences	-	-	6,771	-
	<u>8,259</u>	<u>-</u>	<u>3,685</u>	<u>-</u>

16. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2003 the group had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	-	-	-
Within 1 to 2 years	-	10,629	-	-
Within 2 to 5 years	-	7,504	79,201	18,133
	<u>-</u>	<u>18,133</u>	<u>79,201</u>	<u>18,133</u>

17. CONTINGENCIES

The group companies have given an unlimited multilateral guarantee dated 4 July 2000 in respect of all group members.

18. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
502,260 founder shares of 10p each	50,226	50,226
497,730 ordinary shares of 10p each	49,773	49,773
100 deferred shares of 1p each	1	1
	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2003 £	2002 £
452,040 founder shares of 10p each	45,204	45,204
100 deferred shares of 1p each	1	1
	<u>45,205</u>	<u>45,205</u>

THE ZOO GROUP LIMITED**NOTES TO THE CONSOLIDATED ACCOUNTS****YEAR ENDED 30 SEPTEMBER 2003****18. SHARE CAPITAL (continued)**

The founder shares carry one vote per share whereas the ordinary and the deferred shares have no voting rights. In all other respects the founder and ordinary shares rank pari passu. The deferred shares only have a right to a dividend as the directors from time to time determine.

During October 2001 the company set up an Enterprise Management Incentive Scheme. Options have been granted over 10,574 ordinary shares at an exercise price of £1 each and 50,220 founder shares at an exercise price of 10p each. The options may be exercised when the first of the following events occur:

- Permission being given for the shares of The Zoo Group Limited to be admitted for trading on the Alternative Investment Market
- The listing of shares in the company on the London Stock Exchange
- The business of the company being sold
- Another company, which is not associated with any of the existing shareholders, acquiring control of the company (other than pursuant to a reconstruction of the company).

19. PROFIT AND LOSS ACCOUNT

	Group 2003	Company 2003	Group 2002	Company 2002
	£	£	£	£
At 1 October	454,880	58,388	295,629	71,755
Profit after tax for the year	406,159	86,603	298,451	125,833
Dividends	-	-	(139,200)	(139,200)
At 30 September 2003	<u>861,039</u>	<u>144,991</u>	<u>454,880</u>	<u>58,388</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**EQUITY SHAREHOLDERS' FUNDS**

	Group 2003	Company 2003	Group 2002	Company 2002
	£	£	£	£
Profit for the financial year	406,159	86,603	298,451	125,833
Dividends	-	-	(139,200)	(139,200)
Net additions to funds	<u>406,159</u>	<u>86,603</u>	<u>159,251</u>	<u>(13,367)</u>
Opening shareholders' funds	500,084	103,592	340,833	116,959
Closing shareholders' funds	<u>906,243</u>	<u>190,195</u>	<u>500,084</u>	<u>103,592</u>

NON-EQUITY SHAREHOLDERS' FUNDS

Opening shareholders' funds	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Closing shareholders' funds	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
TOTAL SHAREHOLDERS' FUNDS	<u>906,244</u>	<u>190,196</u>	<u>500,085</u>	<u>103,593</u>

THE ZOO GROUP LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2003

21. ULTIMATE CONTROLLING PARTY

The company is controlled by its main shareholder and director, N C Bacon.

22. RELATED PARTY TRANSACTIONS

No related party transaction occurred in the year for which disclosure is required by Financial Reporting Standard 8, "Related Party Transactions".