CSS • Stellar plc

2009 Report and Financial Statements

09

CSS STELLAR PLC

REPORT AND FINANCIAL STATEMENTS 2009

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2009 HIGHLIGHTS

- Operating loss prior to impairment of goodwill of £0.2 million (2008: loss of £1.3 million)
- Continued reduction in corporate overheads
- Group continues to be debt free

CHAIRMAN'S STATEMENT

Overview

As we highlighted in our interim statement, the Group is now operating in a much more stable environment, being focused on our core operating activities within Motorsports and Golf. Following the disposals made in 2008, the Group has enjoyed a solid year.

Financial results

Revenue from continuing operations for the Group of £1.4 million was 61% lower than the prior year (2008: £3.6 million) due to the change in the nature of a contract from project management where revenue was recognised on a gross basis to a net fixed fee. Group operating loss, prior to impairment of goodwill of £0.3 million, was £0.2 million, a significant reduction on 2008 (loss of £1.3 million prior to impairment of goodwill of £0.8 million).

Corporate overheads

As we highlighted in 2008, the level of corporate overheads has been reduced from that of two years ago and the Group continues to identify opportunities to further reduce these costs.

Board changes

We were sad to hear in December 2009 of the death of one of our non-executive directors, George Wardale, following a long illness. George played a valuable role in the restructuring of the Group and will be sorely missed.

Future strategy

The Board continues to focus its strategy on the core businesses of Motorsports and Golf. Both of these businesses have a strong portfolio of key clients. The Board continues to evaluate opportunities within the sports sector to enhance shareholder value and also identify areas where corporate overheads can be further reduced in the continuing challenging economic environment.

I should like to thank all of our employees for their efforts and support during the past year.

Julian Jakobi
Chairman
30 March 2010

OPERATING AND FINANCIAL REVIEW

Group Review of 2010

Revenue from continuing operations for the Group in the year ended 31 December 2009 was £1.4 million, a 61% reduction on 2008 (£3.6 million). The results for 2008 have been re-presented to show the results of discontinued operations separately. The reduction in revenue was due to the change in the nature of a US contract, from that of a project management role where revenue was recognised gross to a net fee based arrangement.

Group operating loss, adjusted for impairment of goodwill of £0.3 million, was £0.2 million, a significant reduction on 2008 (loss of £1.3 million prior to impairment of goodwill of £0.8 million). This was due to the significant reduction in central overheads from £1.1 million to £0.3 million.

Review of Continuing Operations

The Group's trading operations now consist of CSS Stellar Sports, Hambric Stellar Golf and CSS Presenters. Together these made an operating profit prior to impairment of goodwill of £0.1 million (2008: loss of £0.1 million) on revenue of £1.4 million (2008 £3.6 million), due largely to the reduction in costs during the year. The Group is now focused primarily in the core areas of Motorsports and Golf.

Our clients once again achieved numerous notable successes during the period. In March, Allan McNish won the Sebring 12 hour endurance race in his diesel powered Audi, becoming the most successful British driver in the history of the race by winning it for a third time. Allan also achieved a podium place in finishing third in the prestigious Le Mans 24 Hours race in June.

Dario Franchitti has made a hugely successful return to Indy Car by regaining the IndyCar series championship, coming from behind in the final race of the season to take the title for the second time in three years, winning five races during the season. Dan Wheldon returned to his former team, Panther Racing, in 2009, and finished second in the Indianapolis 500. He has also had eight other top ten finishes in the season and finished tenth in the championship.

In golf, Oliver Wilson continued to build on his successful 2008 season, finishing seventh in the European Tour Race to Dubai, and coming second in both the HSBC Champions and Alfred Dunhill Links tournaments. He has had a successful start to 2010 and is currently fifteenth in the European Tour Rankings, and ranked thirty-eighth in the world. Gonzalo Fernandez-Castano finished seventeenth in the Race to Dubai, and achieved four second place finishes in the season. Gonzalo is currently ranked eighty-third in Europe and seventy-seventh in the world. Francesco Molinari also had a successful season, having finished second at the UBS Hong Kong Open and Portugal Masters, and with a number of other top ten finishes in the season, including the US PGA championship. He also won the World Cup for Italy together with his brother. He finished fourteenth in the 2009 European Tour Race to Dubai, and is currently ranked thirtieth in Europe and forty-sixth in the world.

Discontinued Operations

In September 2009, the Board took the decision to close its New York based promotional marketing business, GEM New York. This was a low margin business which suffered considerably from late 2008 when major clients began to cut their media marketing budgets. The business was no longer central to the Group's strategy of focusing on core operating activities. As a consequence of this decision, revenue and expenses, gains and losses relating to GEM New York have been eliminated from the Group's continuing results and presented as a single line item on the face of the income statement (see "net loss from discontinued operations"). The comparative income statement has been represented to show the discontinued operations separately from continuing operations.

OPERATING AND FINANCIAL REVIEW (continued)

Central Costs

Central costs in 2009 were £0.3 million, a 71% reduction on 2009 (£1.1 million). As we highlighted in our Interim statement, costs have been significantly lowered compared with 2008, principally through large reductions in professional fees and property costs, with both the Board and the head office function reduced in size. Further reductions are being considered.

Interest Payable

The net interest payable by the Group in 2009 was £21,000 (2008: £208,000). All of the Group's borrowings were repaid in 2008, leading to the significant reduction in interest paid.

Goodwill

In accordance with IAS 36, the Board reviewed the carrying value of goodwill held in the Balance Sheet for impairment. As a result of the review, the Board concluded that a write down of £0.3 million is required relating to CSS Stellar Sports.

Taxation

The Group's tax credit was £24,000 (2008: charge of £50,000), arising from an adjustment in respect of prior periods relating to UK operations.

Loss per Share

Loss per share on continuing operations on a basic and fully diluted basis shows a loss of 1.81p per share (2008: loss of 7.83p). Basic unadjusted and fully diluted earnings per share on discontinued operations were a loss of 3.02p (2008: loss of 9.67p). The losses are due to the impact of the disposals and the impairment write down booked in the year.

Foreign Exchange

The Group's earnings are exposed to the Sterling / US Dollar exchange rate. The average US Dollar rate in 2009 was $1.57 to the Pound (2008: $1.86), with the rate at 31 December 2009 $1.59 to the Pound (2008: $1.45), as sterling continued its weakness against the dollar.

Net Assets

As a consequence of the impairment of goodwill and loss for the year, net assets at 31 December 2009 are £1.5 million (2008: £2.9 million). Net asset value per share at 31 December 2009 was 5p (2008: 10p).

Cash Flow

The cashflow statement shows a decrease in cash of 0.3 million (2008: increase of £1.2 million) as a consequence of the closure of GEM New York.

Julian Jakobi
Chairman
30 March 2010

BOARD OF DIRECTORS

Directors

The directors who served during the year are as follows:

J A R Jakobi	
J D Webber	
T A E W Wardale	(died 06 December 2009)
S H Rhodes	

Secretary

M R Ireland

Registered Office	First Floor Mermaid House 2 Puddle Dock London EC4V 3DS
Company Registration Number	3740688
Country of Incorporation	United Kingdom

INFORMATION ON THE BOARD OF DIRECTORS

J A R Jakobi, Chairman

Julian left IMG after 14 years in 1992, having held the position of Senior International Vice President in charge of the European Motorsport division. He subsequently founded the business which became Stellar. Julian has managed the careers of many top sportspeople, and famously guided multiple world champions and rivals Ayrton Senna and Alain Prost at the same time. Julian was appointed Chairman in July 2008 and was formerly CEO and Deputy Chairman.

J D Webber, Executive Director

John was re-appointed to the Board in July 2008. He has extensive experience in both the sports and entertainment sector, including 24 years at IMG, which he left in 1996 having held the position of International Group Vice President.

S H Rhodes, Non Executive

Simon was appointed to the Board as a non executive director in October 2008. Simon is EMEA Marketing and Business Development Director for CB Richard Eliis and has had a range of commercial and marketing experience operating at board level in a variety of sectors.

PROFESSIONAL ADVISERS

Nominated Adviser and Broker	Astaire Securities plc 30 Old Broad Street London EC2N 1HT
Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Bankers	Barclays Bank plc 27 Soho Square London W1A 4WA
Solicitors	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2009.

Principal Activities

CSS Stellar Plc is the holding company for a group of companies operating internationally in the marketing, entertainment and sports industries.

Group Results

The Group results are set out on page 15 and are stated in UK sterling. The Group made an operating loss on continuing operations of £528,000 (2008: loss of £2,041,000). The Directors do not recommend payment of a dividend (2008: £nil). The loss on continuing operations after taxation amounted to £525,000 (2008: loss of £2,272,000).

Review of the Business

A review of the business for the year is set out in the Chairman's Statement and the Operating and Financial Review.

Going Concern

Following the disposals effected in 2008, the Group has repaid all its borrowings and remains debt free. The Group had cash balances at 31 December 2009 of £0.2 million. The directors have prepared cashflow forecasts and budgets that show that, for a period of at least twelve months from the date of these financial statements, the group has sufficient resources to continue in business. Accordingly, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Directors

Details of Directors are set out on pages 5 and 6. Details of Directors' interests in share options and warrants are set out in note 21 to the Financial Statements.

Substantial Shareholding

As at 22 March 2010, the Company had been notified of the following substantial holdings in the ordinary share capital:

	5p Ordinary Shares	
	No.	%
Julian Jakobi	5,336,246	18.4
John Webber	3,018,168	10.4

Corporate Governance

Audit and Remuneration Committees have been established and in each case comprised Simon Rhodes.

The role of the Remuneration Committee is to review the performance of the executive Directors and to set the scale and structure of their remuneration, including bonus arrangements. The Remuneration Committee also administers and establishes performance targets for the Group's employee share schemes and executive incentive schemes for key management. In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code.

The Audit Committee is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, and receives and reviews reports from management and the Company's auditors on the internal control systems in use throughout the Group and its accounting policies.

Suppliers' Payment Policy

Our strategy is to have mutually beneficial long term relationships with our suppliers. The Group's policy is to agree the terms of payment with suppliers in advance and abide by those terms. The Company has no trade payables and at the year end, the Group's trade payables amounted to 61 days (2008: 67 days) of average supply during the year.

Charitable Contributions

During the year the Group made charitable donations amounting to £nil (2008: £2,000).

Directors' Indemnities

In accordance with the Companies (Audit Investigations and Community Enterprise) Act 2004, which came into force on 6 April 2005, the Company has indemnified the Directors against liability to third parties, and undertaken to pay Directors' legal costs as incurred, provided that they are reimbursed to the Company if the individual is convicted.

Key Performance Indicators

The Board monitor the progress of the Group against its strategic objectives on a regular basis. The performance of the Group is measured against strategy, budgets and forecasts using a variety of financial and non-financial indicators. The most significant Key Performance Indicators ("KPIs") used by the Group, and the basis of calculation are set out below:

Non Financial KPIs

Within continuing operations, the Group had an average of 19 employees during the year, compared with 25 employees in 2008. As a sports marketing and entertainment business, the Group's most important assets are its people, and one of the Board's major objectives is to ensure the retention and continued motivation of its key employees.

The Group seeks to reward and motivate staff through the Group Executive Share Option Scheme. 1.6 million options have been issued in prior years to employees as part of the Group's ongoing commitment to ensure key staff feel appropriately valued.

Financial KPIs

The Board uses the following KPI's to monitor and assess the performance of the Group and its individual businesses. As noted above, talent form a critical component of our business, and ratios focused on employees are therefore significant. With the exception of the current ratio, all KPI's are measured on continuing operations.

Measure	**2009**	**2008**	**Method of calculation**
Gross Profit Percentage	100%	35%	Gross profit expressed as a percentage of revenue
Gross Profit per employee	£74,632	£51,520	Gross profit generated per employee
EBITDA per employee	(£11,579)	(£39,320)	Earnings before Interest, Tax, Depreciation and Amortisation generated per employee
Salary per employee	£58,211	£56,640	Average total payroll cost per employee
Salary/Gross Profit	78%	110%	Salary costs as a proportion of gross profit
Current ratio	374%	178%	Current assets expressed as a proportion of current liabilities
Revenue Growth	-61%	-11%	Revenue growth on the prior year expressed as a percentage

Financial Risk Management Objectives and Policies

The Group uses financial instruments, comprising cash, short-term borrowings, trade receivables and trade payables, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group uses a mixture of shares, deferred loans, cash and deferred consideration for acquisitions to minimise risk and maximise returns.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks. These risks are discussed in more detail in note 19.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 489 of the Companies Act 2006.

Annual General Meeting

Notice of the forthcoming Annual General Meeting will be enclosed separately.

By order of the Board

M R Ireland
30 March 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements under IFRS as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group 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 departure disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We have audited the financial statements of CSS Stellar plc for the year ended 31 December 2009 which comprise the group statement of financial position and parent company balance sheet, the group statement of comprehensive income, the group statement of cash flows, the group statement of changes in equity, the parent company reconciliation of movements in shareholders' funds and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 explained more fully in the Directors' Responsibilities Statement set out on page 11 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Mark Henshaw
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London, 30 March 2010

CSS STELLAR PLC
CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2009

	Notes	2009 £000	2008 £000
Revenue	2	1,418	3,633
Cost of sales		-	(2,345)
Gross profit		1,418	1,288
Impairment of goodwill	12	(300)	(764)
Other administrative costs		(1,646)	(2,565)
Total administrative costs		(1,946)	(3,329)
Operating loss	2, 3	(528)	(2,041)
Finance income	6	1	5
Finance costs	7	(22)	(213)
Sale of investments	8	-	27
Loss before tax		(549)	(2,222)
Income tax credit/(expense)	9	24	(50)
Net loss from continuing operations	2	(525)	(2,272)
Net loss from discontinued operations	2, 14	(876)	(2,800)
Net loss for the year	2	(1,401)	(5,072)
Attributable to:			
Equity holders of the parent		(1,401)	(5,072)
Loss per share (pence)	10	**pence**	**pence**
Continuing operations			
Basic and diluted loss per share		(1.81)	(7.83)
Discontinued operations			
Basic and diluted loss per share		(3.02)	(9.67)
Total			
Basic and diluted loss per share		(4.83)	(17.50)

STATEMENT OF COMPREHENSIVE INCOME

	£000	£000
Loss for the year	(1,401)	(5,072)
Exchange differences on translation of foreign operations	(9)	(146)
Deferred tax on revaluation of freehold property	-	164
Total comprehensive income for the year	(1,410)	(5,054)
Attributable to:		
Equity holders of the parent	(1,410)	(5,054)

The notes on pages 18 - 43 form part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 £000	2009 £000	2008 £000	2008 £000
ASSETS					
Non-current assets					
Property, plant and equipment	13	12		33	
Goodwill	12	402		902	
Other receivables	15	-		394	
			414		1,329
Current assets					
Trade and other receivables	15	1,242		3,009	
Cash and cash equivalents	17	188		524	
			1,430		3,533
Total assets			1,844		4,862
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	21	14,488		14,488	
Share premium account		28,158		28,158	
Translation reserve		(120)		(111)	
Profit and loss account		(41,064)		(39,663)	
Total equity			1,462		2,872
LIABILITIES					
Current liabilities					
Trade and other payables	18	357		1,794	
Current tax payable	18	25		188	
Deferred tax liability	16	-		8	
Total liabilities			382		1,990
Total equity and liabilities			1,844		4,862

These Financial Statements were approved by the Board of Directors and authorised for issue on 30 March 2010

JAR Jakobi
Director

The notes on pages 18 - 43 form part of these Financial Statements.

Company Registration Number: 3740688

COMPANY BALANCE SHEET

As at 31 December 2009

	Note	2009 £000	2009 £000	2008 £000	2008 £000
FIXED ASSETS					
Investments in subsidiaries	28		400		928
			400		928
CURRENT ASSETS					
Debtors	29	297		2,010	
Cash at bank and in hand	30	22		186	
		319		2,196	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		(229)		-	
Net current assets			90		2,196
Total assets less current liabilities			490		3,124
CAPITAL AND RESERVES					
Called up share capital	31		14,488		14,488
Share premium account	32		28,158		28,158
Profit and loss account	32		(42,156)		(39,522)
Shareholders' funds			490		3,124

These Financial Statements were approved by the Board of Directors and authorised for issue on 30 March 2010

JAR Jakobi
Director

The notes on pages 18 - 43 form part of these Financial Statements.

Company Registration Number: 3740688

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2009

	Share capital £000	Share premium £000	Revaluation reserve £000	Translation reserve £000	Retained earnings £000	Total attributable to owners of parent £000
Balance at 1 January 2009	14,488	28,158	-	(111)	(39,663)	2,872
Loss for the year	-	-	-	-	(1,401)	(1,401)
Other comprehensive income:						
Exchange difference on translation of foreign operations	-	-	-	(9)	-	(9)
Total comprehensive income for the year	-	-	-	(9)	(1,401)	(1,410)
Balance at 31 December 2009	14,488	28,158	-	(120)	(41,064)	1,462

	Share capital £000	Share premium £000	Revaluation reserve £000	Translation reserve £000	Retained earnings £000	Total attributable to owners of parent £000
Balance at 1 January 2008	14,488	28,158	439	35	(35,194)	7,926
Loss for the year	-	-	-	-	(5,072)	(5,072)
Transfer of realised revaluation reserve	-	-	(439)	-	439	-
Other comprehensive income:						
Exchange difference on translation of foreign operations	-	-	-	(146)	-	(146)
Deferred tax on revaluation of freehold property	-	-	-	-	164	164
Total comprehensive income for the year	-	-	(439)	(146)	(4,469)	(5,054)
Balance at 31 December 2008	14,488	28,158	-	(111)	(39,663)	2,872

CSS STELLAR PLC
STATEMENT OF CASH FLOWS
Year ended 31 December 2009

	2009 £000	2009 £000	2008 £000	2008 £000
Cash flows from operating activities				
Loss after taxation		(1,401)		(5,072)
Adjustments for:				
Depreciation	8		294	
Impairment of goodwill	500		1,184	
Net interest expense	21		168	
Taxation (credit)/expense recognised in profit and loss	(24)		521	
Profit from sale of investments	-		(27)	
Loss on disposal of subsidiaries	-		3,235	
Change in trade and other receivables	1,196		229	
Change in inventories	-		(167)	
Change in trade and other payables	(925)		(3,435)	
Income taxes paid	(88)		503	
		688		2,505
Net cash used in operating activities		(713)		(2,567)
Cash flows from investing activities				
Purchase of property, plant and equipment	(4)		(171)	
Proceeds from sale of investments	12		20	
Proceeds from sale of subsidiaries	340		7,463	
Net cash disposed of with subsidiaries	-		(3,061)	
Proceeds from sale of property, plant and equipment	17		839	
Interest received	1		45	
Net cash generated by investing activities		366		5,135
Cash flows from financing activities				
Repayment of long-term borrowings	-		(1,018)	
Payment of finance lease liabilities	-		(56)	
Interest paid	(22)		(213)	
Net cash used in financing activities		(22)		(1,287)
Net change in cash and cash equivalents		(369)		1,281
Exchange loss/(gain) on cash and cash equivalents		33		(98)
Cash and cash equivalents at beginning of period		524		(659)
Cash and cash equivalents at end of period		188		524

1. Accounting Policies

Basis of preparation

CSS Stellar plc is a company incorporated in the United Kingdom.

The Group financial statements are for the year ended 31 December 2009 and have been prepared under the historical cost convention, except for revaluation of certain properties and financial instruments.

These consolidated financial statements (the financial statements) have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRS").

CSS Stellar plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 31 December 2006. The date of transition to IFRS was 1 January 2006.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

Presentation of financial statements in accordance with IAS 1 (Revised 2007)

The consolidated financial statements are presented in accordance with IAS 1: *Presentation of financial statements* (Revised 2007). In accordance with IAS 1 the Group is required to produce a third balance sheet relating to the year ended 31 December 2007. However, considering that the financial statements from prior year are readily available for financial analysis, and the balance sheet remains unchanged from previously published financial statements, the Board has not deemed it necessary to present this third statement.

Accounting standards not yet applied

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
IAS 39 (Amendment)	Amendment to IAS 39 'Financial Instruments: Recognition and Measurement: Eligible Hedged Items'
IFRS 3 (Revised)	Business Combinations
IAS 27 (Amendment)	Amendment to IAS 27 'Consolidated and Separate Financial Statements'

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements of the Group.

Sources of estimation and key judgements

The preparation of the financial statements requires the Group to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historic experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Directors believe that the most significant areas where estimates and judgements are used are in relation to the carrying value of goodwill. These judgements are explained in more detail in the accounting policies and note 12.

1. Accounting Policies (continued)

Basis of consolidation

The Group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 31 December 2009. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Goodwill written off to reserves prior to date of transition to IFRS remains in reserves. There is no reinstatement of goodwill that was amortised prior to transition to IFRS. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

Impairment testing of goodwill

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is determined as the higher of value in use less costs to sell.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the Group estimates expected future cash flows from each cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for the Group's impairment testing procedures are directly linked to the Group's latest approved budget. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management. Impairment losses are recognised in the income statement and are allocated to the assets included in the cash generating unit in question.

1. Accounting Policies (continued)

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer. Revenue is attributable to the following two operating segments, which represent the main services provided by the Group.

Motorsports and Golf

Revenue represents commission recognised from clients and is recognised in accordance with the terms of the underlying contract. Revenue is recognised net of any direct costs of sale.

Property, plant and equipment

Property, plant and equipment is stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all property, plant and equipment other than freehold land by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Freehold properties - 3.3% per annum
Motor vehicles - 25% per annum
Event equipment - 20% - 33% per annum
Office equipment - 33% per annum
Furniture and fittings - 15% - 25% per annum

Material residual value estimates are updated at least annually, whether or not the asset is revalued.

Finance income and costs

Finance income and costs are reported on an accruals basis.

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are split into a land and building element, in accordance with the relative fair values of the leasehold interests at the date the asset is initially recognised. All property leases held by the Group are short term and have been assessed as operating leases.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

1. Accounting Policies (continued)

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Financial assets

Financial assets are divided into the following categories: loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired, and are recognised when the group becomes party to contractual arrangements. Both loans and receivables and available for sale financial assets are initially recorded at fair value.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and most other receivables fall into this category of financial assets. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the group transfers substantially all the risks and rewards of ownership of the asset, or if the group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

1. Accounting Policies (continued)

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

All financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Discontinued operations

A discontinued operation is a cash-generating unit, or a group of cash-generating units, that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the balance sheet date for the latest period presented.

Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in general meeting prior to the balance sheet date.

Equity

Equity comprises the following:

- "Share capital" representing the nominal value of equity shares.
- "Share premium" representing the excess over nominal value of the fair value of consideration received for shares, net of expenses of the share issue.
- "Translation reserve" represents the differences arising from translation of investments in overseas subsidiaries.
- "Profit and loss reserve" representing retained profits.

1. Accounting Policies (continued)

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of recognised income and expenses to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of recognised income and expenses, otherwise such gains and losses are recognised in the income statement.

The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the actual rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to the Translation reserve in equity. On disposal of a foreign operation the cumulative translation differences are transferred to the income statement as part of the gain or loss on disposal.

Share-based payment - Equity settled share-based payment

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements. All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to the profit and loss reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Defined contribution pension scheme

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

2. Segment Reporting

The Group has adopted IFRS 8 Operating Segments during the year, which has led to a change in the way segments are disclosed in the financial statements. In previous years, segments were identified by reference to the division each business operated in. In the year under review, all continuing businesses fall under the division of Talent Management. At 31 December 2009, the Group is organised into two separate segments, being the primary reporting format: Motorsports and Golf. Both segments derive revenues largely through commissions earned through client representation. Revenues are from external customers only and there are no inter-segment transfers.

Central costs are not absorbed by each segment and are shown separately. In addition, one minor operating segment for which IFRS 8's quantitative thresholds have not been met is included within 'Other'.

31 December 2009	Motorsports £'000	Golf £'000	Other £'000	Central costs £'000	Total Continuing £'000	Discontinued activities £'000	Total £'000
Revenue							
From external customers	1,095	286	37	-	1,418	359	1,777
Cost of sales	-	-	-	-	-	-	-
Gross profit	1,095	286	37	-	1,418	359	1,777
Employee benefits expense	471	111	15	157	754	353	1,107
Depreciation, amortisation and impairment of non-financial assets	302	-	-	5	307	418	725
Other administrative costs	474	181	59	171	885	464	1,349
Total administrative costs	1,247	292	74	333	1,946	1,235	3,181
Operating loss	(152)	(6)	(37)	(333)	(528)	(876)	(1,404)
Finance income	-	-	-	1	1	-	1
Finance costs	-	-	-	(22)	(22)	-	(22)
Loss before tax	(152)	(6)	(37)	(354)	(549)	(876)	(1,425)
Income tax credit	-	-	-	24	24	-	24
	(152)	(6)	(37)	(330)	(525)	(876)	(1,401)
Loss on disposal	-	-	-	-	-	-	-
Loss for the year	(152)	(6)	(37)	(330)	(525)	(876)	(1,401)
Segment assets/(liabilities)							
- Continuing operations	1,212	263	488	(120)	1,843	1	1,844
Segment liabilities							
- Continuing operations	471	193	219	(757)	126	256	382
Segment impairment losses							
- Continuing operations	(300)	-	-	-	(300)	(200)	(500)

2. Segment Reporting (continued)

31 December 2008	Motorsports £'000	Golf £'000	Other £'000	Central costs £'000	Total Continuing £'000	Discontinued activities £'000	Total £'000
Revenue							
From external customers	3,193	282	158	-	3,633	13,149	16,782
Cost of sales	(2,345)	-	-	-	(2,345)	(7,045)	(9,390)
Gross profit	848	282	158	-	1,288	6,104	7,392
Employee benefits expense	634	108	92	443	1,277	3,284	4,561
Depreciation, amortisation and impairment of non-financial assets	769	-	1	61	831	646	1,477
Other administrative costs	398	117	71	635	1,221	1,308	2,529
Total administrative costs	1,801	225	164	1,139	3,329	5,238	8,567
Operating (loss)/profit	(953)	57	(6)	(1,139)	(2,041)	866	(1,175)
Finance income	4	-	-	1	5	40	45
Finance costs	(37)	-	-	(176)	(213)	-	(213)
Sale of investments	-	-	-	27	27	-	27
(Loss)/profit before tax	(986)	57	(6)	(1,287)	(2,222)	906	(1,316)
Income tax expense	-	-	-	(50)	(50)	(471)	(521)
	(986)	57	(6)	(1,337)	(2,272)	435	(1,837)
Loss on disposal	-	-	-	-	-	(3,235)	(3,235)
(Loss)/profit for the year	(986)	57	(6)	(1,337)	(2,272)	(2,800)	(5,072)
Segment assets/(liabilities)							
- Continuing operations	1,438	202	547	2,370	4,557	305	4,862
Segment liabilities							
- Continuing operations	356	126	226	879	1,587	403	1,990
Segment impairment losses							
- Continuing operations	(764)	-	-	-	(764)	(420)	(1,184)

3. Operating Activities and Auditors' Remuneration

	The Group	
	2009	**2008**
	£000	**£000**
Included within results from operating activities are the following:		
Depreciation of plant, property and equipment:		
- Owned assets	8	206
- Assets under hire purchase agreements and finance leases	-	88
Profit on disposal of plant, property and equipment	15	7
Operating lease rentals - land and buildings	143	502
Foreign exchange losses/(gains)	33	(98)
Auditors' remuneration:		
Audit services:		
- Parent company	3	4
- Group	10	15
- Taxation	4	6
Non-audit services:		
- Audit of subsidiaries	16	18
- Interim fee	5	13
- Taxation compliance	7	35

4. Information Regarding Directors and Employees

Employment costs, including Directors, during the year:		
Wages and salaries	898	1,285
Social security costs	199	90
Defined contribution pension costs	9	41
	1,106	1,416
Average number of persons, including Directors, employed:	**No.**	**No.**
Sales	15	18
Administration	4	7
	19	25
Directors' remuneration:	**£000**	**£000**
Emoluments	381	470
	No.	**No.**
Number of Directors in money purchase pension schemes	-	-

4. Information Regarding Directors and Employees (continued)

Emoluments of the individual Directors:

	Fees, salaries and taxable benefits £000	Pension contribution £000	Termination payments £000	Total £000
2009				
J A R Jakobi	223	-	-	223
J D Webber	121	-	-	121
S H Rhodes	15	-	-	15
T A E W Wardale	22	-	-	22
	381	-	-	381
2008				
J A R Jakobi	211	-	-	211
J D Webber	42	-	-	42
S H Rhodes	5	-	-	5
D J Buchler	28	-	-	28
Sir J J Hanley	17	-	-	17
T A E W Wardale	30	-	-	30
C J Michel	137	-	-	137
	470	-	-	470

5. Key Management Personnel

The key management personnel are considered to be the directors. Included in Directors' emoluments and employment costs are the following amounts charged by entities for the services of directors whilst directors of the Group:

	The Group 2009 £000	2008 £000
FJ Associates – J A R Jakobi is a partner	223	186
Wynne Associates Limited - T A E W Wardale was a director	22	30
	245	216

6. Finance Income

Bank interest	1	5

7. Finance Costs

Bank loans, overdrafts and other loans repayable within five years	22	213

8. Sale of Investments

	The Group 2009 £000	The Group 2008 £000
Sale of investments	-	27

In December 2008 the Group disposed of its investment in Michael Storrs Music Limited, realising a profit of £27,000 on disposal.

9. Income Tax (Credit)/Expense

The relationship between the expected tax (credit)/expense based on the effective tax rate of the Group at 28% (2008: 28%) and the tax (credit)/expense actually recognised in the income statement can be reconciled as follows:

	2009 £000	2008 £000
Loss for the year before tax	(549)	(2,222)
Tax rate	28%	28%
Expected tax credit	(154)	(622)
Differences between capital allowances and depreciation	(7)	-
Expenses not deductible for tax purposes	-	75
Losses in overseas subsidiaries	95	-
Tax losses (utilised)/arising in the year	(9)	329
Impairment of goodwill and loss on disposal of subsidiaries	84	217
Prior year deferred tax movement	8	-
Adjustments to tax in respect of prior periods	(32)	50
Other timing differences	(9)	1
Actual tax expense	(24)	50

10. Loss Per Share

2009	£000	Weighted average no. of shares	Basic per share amount pence
Continuing operations			
Loss after tax	(525)		
Earnings attributable to ordinary shareholders	(525)		
Weighted average number of shares		28,976,581	(1.81)
Discontinued operations			
Loss after tax	(876)		
Earnings attributable to ordinary shareholders	(876)		
Weighted average number of shares		28,976,581	(3.02)
Total basic and diluted loss per share			(4.83)
2008			
Continuing operations			
Loss after tax	(2,272)		
Earnings attributable to ordinary shareholders	(2,272)		
Weighted average number of shares		28,976,581	(7.83)
Discontinued operations			
Loss after tax	(2,800)		
Earnings attributable to ordinary shareholders	(2,800)		
Weighted average number of shares		28,976,581	(9.67)
Total basic and diluted loss per share			(17.50)

The diluted loss per share is equivalent to the basic loss per share as any dilutive effect would decrease the net loss per share.

11. Profit Attributable to Members of the Parent Company

As permitted by Section 406 of the Companies Act 2006, the parent company has not presented its own profit and loss account.

The Company's own loss for the year after taxation amounting to £2,634,000 (2008: loss of £3,936,000) has been transferred from reserves.

12. Goodwill

Following the annual impairment test for 2009, the carrying value of goodwill is allocated to the following cash-generating units:

	CSS Stellar Sports / CSS Presenters £000	Total Continuing operations	Discontinued operations £000	Total continuing and discontinued operations £000
Cost or valuation:				
1 January 2008	4,356	4,356	15,041	19,397
Additions	-	-	-	-
Disposals	(1,742)	(1,742)	(14,339)	(16,081)
At 31 December 2008	2,614	2,614	702	3,316
1 January 2009	2,614	2,614	702	3,316
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2009	2,614	2,614	702	3,316
Accumulated impairment:				
1 January 2008	1,148	1,148	10,009	11,157
Charge for the year	764	764	420	1,184
Disposals	-	-	(9,927)	(9,927)
At 31 December 2008	1,912	1,912	502	2,414
1 January 2009	1,912	1,912	502	2,414
Charge for the year	300	300	200	500
Disposals	-	-	-	-
At 31 December 2009	2,212	2,212	702	2,914
Net book value at 31 December 2009	402	402	-	402
Net book value at 31 December 2008	702	702	200	902
Net book value at 1 January 2008	3,208	3,208	5,032	8,240

The recoverable amounts for the following cash-generating units were determined based on value-in-use calculations, covering detailed forecasts prepared by management and approved by the board, followed by an extrapolation of expected cash flows for a period of ten years at the growth rates stated below. The growth rates reflect the long-term average growth rates for the cash-generating units within the sectors in which they operate. Growth rates beyond 2014 are not in excess of long term average GDP.

	CSS Stellar Sports / CSS Presenters
Growth rates	2%
Discount rates	14%

The valuation of each cash generating unit is considered in turn below:

12. Goodwill (continued)

CSS Stellar Sports/CSS Presenters

CSS Stellar Sports and CSS Presenters are deemed to represent one income generating unit: that of Talent Management. The loss of an additional number of staff during the period has led to a reduced expectation of future income streams, resulting in an impairment charge of £0.3 million. Associated costs have been applied to these income streams and a discount factor of 14% has been assumed. Growth of 2% on remaining income streams is felt by management to be appropriate on the basis of historic trends and is not considered to be in excess of market growth rates.

The consequent impairment loss of £0.3 million has been recognised in the Income Statement in 2009 and attributed to the relevant operating segments in Note 2.

Apart from the considerations described in determining the value in use of the cash generating units described above, the directors are not aware of any other factors that would necessitate changes in its key estimates.

13. Plant, Property and Equipment

	Freehold property £000	Motor vehicles £000	Event equipment £000	Office equipment, furniture and fittings £000	Total £000
The Group					
Cost or valuation:					
1 January 2008	985	457	578	3,518	5,538
Translation	-	-	-	206	206
Additions	-	69	48	54	171
Disposals	(985)	(507)	(626)	(2,952)	(5,070)
At 31 December 2008	-	19	-	826	845
1 January 2009	-	19	-	826	845
Translation	-	-	-	-	-
Additions	-	-	-	4	4
Disposals	-	-	-	(55)	(55)
At 31 December 2009	-	19	-	775	794
Accumulated depreciation:					
1 January 2008	128	240	574	2,883	3,825
Translation	-	-	-	195	195
Charge for the year	17	93	16	168	294
Disposals	(145)	(314)	(590)	(2,453)	(3,502)
At 31 December 2008	-	19	-	793	812
1 January 2009	-	19	-	793	812
Translation	-	-	-	-	-
Charge for the year	-	-	-	8	8
Disposals	-	-	-	(38)	(38)
At 31 December 2009	-	19	-	763	782
Net book value at 31 December 2009	-	-	-	12	12
Net book value at 31 December 2008	-	-	-	33	33
Net book value at 1 January 2008	857	217	4	635	1,713

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year Ended 31 December 2009

14. Net Loss from Discontinued Operations

In September 2009, the Board took the decision to close its New York based promotional marketing business ("GEM New York"). This was a low margin business which suffered considerably from late 2008 when major clients began to cut their media marketing budgets. The business was no longer central to the Group's strategy of focusing on core businesses. As a consequence of this decision, revenue and expenses, gains and losses relating to GEM New York have been eliminated from the Group's continuing results and presented as a single line item on the face of the income statement (see "net loss from discontinued operations"). The comparative income statement has been represented to show the discontinued operations separately from continuing operations. The operating results for this business are summarised below.

Prior year disposals

In 2008, a number of other businesses were disposed of by the Group. These results are described in detail in the 2008 Report and Financial Statements, and are shown below for comparative purposes.

Operating activities of discontinued operations

	GEM 2009 £000	PFD 2009 £000	Icon 2009 £000	Others 2009 £000	Total 2009 £000	GEM 2008 £000	PFD 2008 £000	Icon 2008 £000	Others 2008 £000	Total 2008 £000
Revenue	359	-	-	-	359	1,502	1,856	9,791	-	13,149
Cost of sales	-	-	-	-	-	(1,215)	(28)	(5,802)	-	(7,045)
Gross profit	359	-	-	-	359	287	1,828	3,989	-	6,104
Impairment of goodwill	(200)	-	-	-	(200)	(420)	-	-	-	(420)
Administrative costs	(1,035)	-	-	-	(1,035)	(286)	(1,885)	(2,647)	-	(4,818)
Operating (loss)/profit	(876)	-	-	-	(876)	(419)	(57)	1,342	-	866
Finance income	-	-	-	-	-	-	40	-	-	40
Finance costs	-	-	-	-	-	-	-	-	-	-
(Loss)/profit before tax	(876)	-	-	-	(876)	(419)	(17)	1,342	-	906
Income tax expense	-	-	-	-	-	-	-	(471)	-	(471)
(Loss)/profit for the year	(876)	-	-	-	(876)	(419)	(17)	871	-	435
(Loss)/profit on disposal	-	-	-	-	-	(474)	(703)	(2,099)	41	(3,235)
Net result from discontinued operations	(876)	-	-	-	(876)	(893)	(720)	(1,228)	41	(2,800)

Cashflows generated by each disposal for the reporting periods under review can be summarised as follows:

	GEM 2009 £000	PFD 2009 £000	Icon 2009 £000	Others 2009 £000	Total 2009 £000	GEM 2008 £000	PFD 2008 £000	Icon 2008 £000	Others 2008 £000	Total 2008 £000
Operating activities	(35)	-	-	-	(35)	46	(424)	153	-	(225)
Investing activities	-	-	-	-	-	-	40	(138)	-	(98)
Financing activities	-	-	-	-	-	-	-	(56)	-	(56)
	(35)	-	-	-	(35)	46	(384)	(41)	-	(379)

15. Trade and Other Receivables

Current assets	The Group 2009 £000	2008 £000
Trade receivables	809	1,209
Other receivables	182	1,305
Prepayments and accrued income	251	495
	1,242	3,009

All trade receivable amounts are short term. The carrying value of trade receivables is considered as a reasonable approximation of the fair value of the receivables.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of £26,000 (2008: £134,000) has been recorded accordingly. The impaired trade receivables mostly relate to amounts due from customers operating in areas of business that the Group no longer operates in.

Non-current assets

Other receivables	-	394

Other receivables in the prior year comprised deferred consideration on the disposal of GEM Minneapolis, Inc.

The age of financial assets past due but not considered impaired is as follows:

	2009 £000	2008 £000
Not more than 3 months	9	260
More than 3 months but less than 6 months	6	6
More than 6 months but less than 1 year	16	16
More than 1 year	19	42
	50	324

Movements on the group provision for impairment of trade receivables is as follows:

	2009 £000	2008 £000
Provision for receivables impairment at 1 January	211	203
Receivables written off during the year as uncollectible	(30)	(28)
Unused amounts reversed	(27)	(98)
New provision in the year	26	134
Provision for receivables impairment at 31 December	180	211

The creation and release of provision for impaired receivables have been included in the income statement. The other classes within trade and other receivables do not contain impaired assets.
The provision during the year relates to those receivables considered unlikely to be recovered once thorough attempts have been made to recover the amounts.
The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

16. Deferred Tax

Deferred taxation provided for in the financial statements is set out below:

	The Group	
	2009	**2008**
	£000	**£000**
Capital allowances	-	-
Land and building reserves	-	-
Losses in overseas subsidiaries	-	-
Other temporary differences	-	(8)
Deferred tax	-	(8)

Under IAS 12, deferred tax provisions are made for the tax that would potentially be payable on the realisation of assets at book value. Other temporary differences represent deferred tax assets arising from future tax relief available to the Group from capital allowances. The provision in respect of capital gains tax has been reduced by indexation.

17. Cash at Bank and Cash Equivalents

Current account	188	524

18. Trade and Other Payables

Current liabilities		
Trade payables	116	1,219
Other taxation and social security	-	19
Corporation tax	25	188
Accruals and deferred income	241	556
	382	1,982

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

19. Risk Management Objectives and Policies

Financial assets by category

The IAS 39 categories of financial asset included in the balance sheet and the headings in which they are included are as follows:

	2009	**2008**
	£000	**£000**
Non current assets		
- Loans and receivables	-	394
Current assets		
- Loans and receivables	991	2,514
- Cash	188	524
	1,179	3,038

Financial liabilities by category

The IAS 39 categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

	2009	**2008**
	£000	**£000**
Current liabilities		
- Financial liabilities measured at amortised cost	382	1,982

19. Risk Management Objectives and Policies (continued)

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The Group's risk management is coordinated at its headquarters, in close co-operation with the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

Interest rate sensitivity
The Group's policy is to manage exposure to interest rate fluctuations on its borrowings by the use of floating facilities and short term deposits.
The year end interest rate exposure of the Group arose on loans and overdrafts totalling £nil (2008:£nil).
The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1% and -1% (2008: +/-1%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at each balance sheet date. All other variables are held constant.

	2009 £000 +1%	2009 £000 -1%	2008 £000 +1%	2008 £000 -1%
Net result for the year	2	(2)	5	(5)
Equity	2	(2)	5	(5)

Credit risk analysis
The Group's exposure to credit risk is limited to the carrying amount of trade receivables. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by Group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Group's policy is to deal only with creditworthy counterparties. Group management considers that trade receivables that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See note 15 for further information on impairment of financial assets that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis
The Group manages its liquidity needs by carefully monitoring scheduled deferred consideration payments as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods.

Currency risk analysis

The Group's operations take place internationally. Sales are invoiced principally in sterling and US dollars. The Directors continually monitor currency exposure. At 31 December 2009 the Group held cash balances of US$1,000 (2008: US$54,000), receivables of $nil (2008: $0.4 million) and payables of $0.3 million (2008: $0.6 million).

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in exchange rates of +10% and -10% (2008: +/-10%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at each balance sheet date. All other variables are held constant.

	2009	**2009**	**2008**	**2008**
	£000	**£000**	**£000**	**£000**
	+10%	**-10%**	**+10%**	**-10%**
Net result for the year	72	(72)	18	(18)
Equity	243	(243)	157	(157)

20. Capital Management Policies

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents.
Capital for the reporting periods under review is summarised as follows:

	2009	**2008**
	£000	**£000**
Total equity	1,462	2,872
Cash and cash equivalents	(188)	(524)
Capital	1,274	2,348
Total equity	1,462	2,872
Borrowings	-	-
Overall financing	1,462	2,872
Capital to overall financing ratio	1.15	1.22

21. Called Up Share Capital

	2009 £000	2008 £000
Authorised:		
339,210,771 ordinary shares of 5p each (2008: 339,210,771 ordinary shares of 5p each)	16,961	16,961
28,976,581 deferred shares of 45p each (2008: 28,976,581 deferred shares of 45p each)	13,039	13,039
	30,000	30,000
Allotted, issued and fully paid:		
28,976,581 ordinary shares of 5p each (2008: 28,976,581 ordinary shares of 5p each)	1,449	1,449
28,976,581 deferred shares of 45p each (2008: 28,976,581 deferred shares of 45p each)	13,039	13,039
	14,488	14,488

The deferred shares do not carry voting rights.

Share-based payments

Details of share options and warrants granted over the ordinary shares are as follows:

	At 1 January 2009 No.	Granted (lapsed/exercised) during the year No.	At 1 December 2009 No.	Exercise price £	Date from which exercisable	Expiry date
Share options						
	528,832	-	528,832	0.50	27.10.03	27.10.10
	26,000	-	26,000	1.80	17.12.03	17.12.10
	3,763	(2,323)	1,440	0.50	02.01.06	02.01.13
	16,439	(6,439)	10,000	0.63	17.03.06	17.03.13
	73,737	(16,237)	57,500	0.50	17.03.07	17.03.14
	190,475	-	190,475	0.53	23.03.07	23.03.14
	35,000	(5,000)	30,000	0.50	08.12.07	08.12.14
	57,500	-	57,500	0.50	08.12.07	08.12.14
	10,000	-	10,000	0.50	09.11.08	09.11.15
	10,000	-	10,000	0.50	24.04.09	24.04.16
	580,000	-	580,000	0.26	07.06.09	07.06.16
	15,000	-	15,000	0.27	21.06.09	21.06.16
	60,000	-	60,000	0.28	01.11.09	01.11.16
	-	-	-	0.29	30.11.09	30.11.16
	1,606,746	(29,999)	1,576,747			
Warrants						
	580,000	-	580,000	1.62	09.05.03	09.05.10
	45,000	-	45,000	2.22	17.01.04	17.01.11
	15,000	-	15,000	2.51	06.03.04	06.03.11
	10,000	-	10,000	2.00	18.06.05	18.06.12
	5,000	-	5,000	1.10	13.12.05	13.12.12
	35,000	-	35,000	0.50	17.03.06	17.03.13

The share price range during the year was £0.0075 to £0.03 (2008: £0.03 to £0.225).

Directors' interests in the above share options are set out below. None of the directors has any interest in warrants.

JD Webber	433,832	-	433,832	0.50	27.10.03	27.10.10

21. Called Up Share Capital (continued)

The share based payment charge in the year was £nil (2008: £nil).

The weighted average values of options are as follows:	**2009**	**2008**
Weighted average exercise price of options granted	43p	43p
Weighted average exercise price of options exercisable at the end of the year	43p	54p
Weighted average option life remaining	4.02 years	5.01 years

22. Capital Commitments

There were no other capital commitments authorised and contracted for at 31 December 2009 (2008: £nil).

23. Financial Commitments

At 31 December 2009, the Group had commitments in respect of non-cancellable operating leases as follows:

	2009	**2008**
	£000	**£000**
	Land and buildings	
Leases which expire:		
Within one year	23	190
Between one and five years	-	23
After five years	-	-
	23	213

24. Contingent Liabilities

The Group operates bank accounts for each company under a Standard Composite Accounting System in which any credit balances are automatically set off against any debit balances on a daily basis. The Company guarantees all the individual bank borrowings of its UK subsidiaries. At 31 December 2009, prior to taking account of offsetting cash at bank, the overdrafts concerned were £nil (2008: £nil).

HMRC enquiries

HM Revenue & Customs have commenced routine enquiries into certain tax returns submitted by Group companies. The outcome of these enquiries is not yet known, but the Group has made provision within the financial statements for an estimate of the possible liability arising.

25. Additional Information on Subsidiary Undertakings

Trading Subsidiaries	Nature of business	Ownership	Incorporated In
CSS Stellar Sports Limited	Talent	100*	England and Wales
CSS Presenters Limited	Talent	100*	England and Wales
CSS International Limited	Corporate	100*	England and Wales
Hambric Stellar Golf Limited	Talent	50	England and Wales

At 31 December 2009 all other subsidiaries were dormant.
Entities marked with an asterisk (*) are directly owned by the Company.

26. Related Party Transactions

Company	Sales	Purchases	Balance at 31 December Owed (To)/From	Directors Involved
	£000	£000	£000	
2009				
FJ Associates Partnership	-	60	(1)	JAR Jakobi, Partner
J Webber Finance Limited	3	3	1	JD Webber, Chairman
2008				
FJ Associates Partnership	-	30	(1)	JAR Jakobi, Partner
J Webber Finance Limited	4	-	4	JD Webber, Chairman

The above trading transactions were all at arms' length and mainly related to expense recharges and overheads, and are in addition to those transactions set out in note 4.

27. Accounting Policies - Company

The Financial Statements are prepared in accordance with applicable United Kingdom accounting standards (UK GAAP). The principal accounting policies of the Company are set out below. The policies have remained unchanged from the previous year, and the Board consider them to be the most appropriate for the Company.

Basis of Preparation

The financial statements have been prepared under the historical cost convention.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those which are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Share Based Payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

27. Accounting Policies - Company (continued)

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to the profit and loss reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

28. Fixed Asset Investments

	The Company	
	2009	**2008**
	£000	**£000**
Subsidiary undertakings	400	928

	Subsidiary Undertakings
	£000
Cost	
At 1 January 2009	11,726
Disposals	-
At 31 December 2009	11,726
Provisions for impairment	
At 1 January 2009	10,798
Change in the year	528
Disposals	-
At 31 December 2009	11,326
Net book value	
At 31 December 2009	400
At 31 December 2008	928

Following a review of the Company's investments and a number of disposals during the year, an impairment provision of £0.5 million was made.

CSS Stellar Sports and CSS Presenters are deemed to represent one income generating unit. The loss of an additional number of staff during the period has led to a reduced expectation of future income streams, resulting in an impairment charge of £0.3 million. Associated costs have been applied to these income streams and a discount factor of 14% has been assumed. Growth of 2% on remaining income streams is felt by management to be appropriate on the basis of historic trends and is not considered to be in excess of market growth rates.

In addition, following the decision in September 2009 to close the Group's New York marketing operation, an impairment provision of £0.2 million was made.

29. Debtors

	The Company 2009 £000	2008 £000
Amount owed by group undertakings	-	882
Other debtors	297	1,128
	297	2,010

30. Creditors

	2009 £000	2008 £000
Amount owed by group undertakings	229	-

31. Called Up Share Capital

	2009 £000	2008 £000
Authorised:		
339,210,771 ordinary shares of 5p each (2008: 339,210,771 ordinary shares of 5p each)	16,961	16,961
28,976,581 deferred shares of 45p each (2008: 28,976,581 deferred shares of 45p each)	13,039	13,039
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	14,488	14,488

The deferred shares do not carry voting rights.

32. Reserves

	Share Premium Account	Revaluation Reserve	Translation Reserve	Profit and Loss Account	Total
The Company					
	£000	£000	£000	£000	£000
At 1 January 2009	28,158	-	-	(39,522)	(11,364)
Loss for the year	-	-	-	(2,634)	(2,634)
At 31 December 2009	28,158	-	-	(42,156)	(13,998)

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