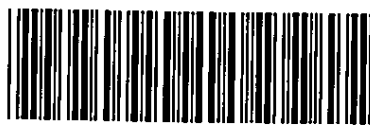


**CKS GROUP PLC**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2007**

**Company no 5436113**

**TUESDAY**



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COMPANIES HOUSE

**CKS GROUP PLC**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2007**

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**DIRECTORS:**

H B Houghton-Jones  
D J Mancey  
C K Stephens  
S P Stephens

**SECRETARY:**

K G Kearney

**REGISTERED OFFICE:**

Highview House  
Charles Square  
Bracknell  
Berkshire  
RG12 1DF

**AUDITORS:**

Menzies Chartered Accountants  
Heathrow Business Centre  
65 High Street  
Egham  
Surrey  
TW20 9EY

## **CKS GROUP PLC GROUP CHIEF EXECUTIVE'S STATEMENT**

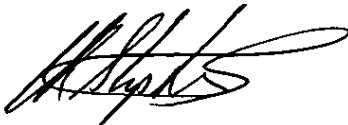
A huge amount has been achieved in the last year. It was a year of incredible investment in people, effort and finance. The financial statements show the investment made and we look forward to the benefits as the business expands from this new base. The Waste Electrical and Electronic Equipment ('WEEE') directive was passed into UK legislation and it formalises the framework for a whole new era for recycling. We believe that we have built the first WEEE recycling plant in the UK to receive a waste licence under the new legislation and which complies fully with the new legislation. Everyone in the company can feel proud of that achievement. We strive to implement energy efficient policies throughout all our operations from the choice of plant, transport, to the printing of documents.

Solving customers' problems with high quality service has been the cornerstone of the business. Quality service helps to build and maintain trust. C K Stephens & Co Limited is an ISO9001 registered company and more recently achieved ISO14001 accreditation. With everyone helping we know shortly we will be the first fully approved WEEE recycling facility with List X accreditation to enable the top level Government work to be undertaken. Since we have expanded our team so rapidly we thought it useful to set out our goals which will lead to CKS being a global brand.

### **Our Goals**

- To be recognised globally as a responsible and trusted provider of service solutions in the IT and Telecoms Market
- To be renowned as THE implementer of regulatory, compliance and risk management solutions
- To continue to listen to our customers in devising appropriate solutions
- To be seen as a group where employees are recognised, developed and want to work
- To sustain profitability for all our stakeholders

The Directors are grateful for the support of its customers and staff and wish to welcome all new staff.



**C K Stephens  
Group Chief Executive**

**2 July 2007**

## **CKS GROUP PLC DIRECTORS' REPORT**

The directors present their report and the financial statements for the year ended 31 March 2007

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the Group and of the profit or loss of the Group for that period company and of the profit or loss of the company for that period In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the Group, and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### **Principal activities**

The principal activity of the company is that of a general commercial company The principal activities (and other details) of the subsidiary companies are disclosed in note 21 of the financial statements

The results for the year and financial position of the Group are as shown in the annexed financial statements

### **Review of the business and future developments**

A general review of the Group's activities and future prospects is included in the Group Chief Executive's Statement on page 2 of the report The directors do not propose the payment of a dividend

### **Financial risk management objectives and policies**

There are no matters concerning financial risk which are material for the assessment of the assets, liabilities, financial position and profit or loss of the Group

### **Directors**

The current directors are as follows

H B Houghton-Jones

D J Mancey

C K Stephens

S P Stephens

The directors' interests in the share capital of the company and its subsidiary companies are disclosed in note 20 of the financial statements There were no other directors in the period under review

### **Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by section 243ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**CKS GROUP PLC**  
**DIRECTORS' REPORT (CONTINUED)**

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement in accordance with generally accepted accounting principles or practice

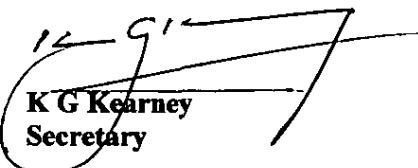
**Policy and practice on payment of trade creditors**

The Group's policy on payment of trade creditors is settlement within 30 to 45 days of receipt of suppliers' invoices or payment requests. At 31 March 2007, the Group had an average of 47 days' (2006 – 41 days') purchases in trade creditors

**Auditors**

The auditors, Menzies, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985

**On behalf of the Board**

  
**K G Kearney**  
**Secretary**

**2 July 2007**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CKS GROUP PLC**

We have audited the financial statements of CKS Group PLC for the period year ended 31 March 2007 on pages 6 to 20. These financial statements have been prepared in accordance with the accounting policies set out on pages 10 and 11

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 that 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, or the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations which 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 financial statements. The other information comprises the directors' report and the Group Chief Executive's report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company and the Group's affairs as at 31 March 2007 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*Menzies*

**Menzies**

**Chartered Accountants and Registered Auditor**

13 July 2007

**CKS GROUP PLC**  
**CONSOLIDATED PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2007**

	Note	Discontinued operations £	Continuing operations £	2007 Total £	2006 £
	25				
<b>Turnover</b>	13, 2	-	1,970,843	1,970,843	2,570,485
Cost of sales		(2,589)	(1,120,274)	(1,122,863)	(1,238,920)
<b>Gross profit</b>		(2,589)	850,569	847,980	1,331,565
Administrative expenses		55,275	(1,402,544)	(1,347,269)	(1,441,271)
<b>Operating (loss)/profit</b>	3	<u>52,686</u>	<u>(551,975)</u>	(499,289)	(109,706)
Amounts written off in respect of connected company debt				-	(9,914)
Interest receivable				13,778	13,717
Interest payable	6			<u>(300)</u>	<u>(9,001)</u>
<b>Loss on ordinary activities before taxation</b>				(485,811)	(114,904)
Taxation	7			<u>1,480</u>	<u>(4,897)</u>
<b>Loss for the year after taxation</b>				(484,331)	(119,801)
Minority interest				<u>(2,817)</u>	<u>9,408</u>
<b>Loss for the year</b>				<u>(487,148)</u>	<u>(110,393)</u>
<b>Earnings per share</b>	8	<u>0 01</u>	<u>(0 08)</u>	<u>(0 07)</u>	<u>(0 02)</u>
<b>Diluted earnings per share</b>	8	<u>0 01</u>	<u>(0 08)</u>	<u>(0 07)</u>	<u>(0 02)</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

Loss for the year	(484,331)	(119,801)
Prior year adjustment	-	(33,000)
(Decrease)/increase in minority interest	(2,817)	9,408
<b>Total recognised loss for the year</b>	<u>(487,148)</u>	<u>(143,393)</u>

**Continuing operations**

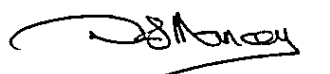
With the exception of the costs of finalising the operation of CKS (Rental) Limited, a subsidiary company whose activity was discontinued in the previous year, none of the Group's activities were acquired or discontinued during the year

The annexed notes form part of these financial statements

**CKS GROUP PLC**  
**CONSOLIDATED BALANCE SHEET**  
**AT 31 MARCH 2007**

	Note	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		53,129		106,852
Goodwill on consolidation	10		(13,212)		(14,903)
<b>Current assets</b>					
Stocks	12	244,661		146,353	
Debtors due after more than one year	13	100,000		-	
Debtors due within one year	13	732,977		475,120	
Cash at bank and in hand		<u>37,110</u>		<u>455,867</u>	
		1,114,748		1,077,340	
<b>Creditors</b>					
Amounts falling due within one year	14	<u>(312,323)</u>		<u>(261,307)</u>	
			<u>802,425</u>		<u>816,033</u>
<b>Net current assets</b>			<u>842,342</u>		<u>907,982</u>
<b>Capital and reserves</b>					
Called up share capital	15		69,779		64,219
Share premium	16		1,341,761		930,321
Profit and loss account	16		<u>(569,198)</u>		<u>(82,050)</u>
			842,342		912,490
<b>Equity minority interest</b>			<u>-</u>		<u>(4,508)</u>
<b>Equity shareholders' funds</b>			<u>842,342</u>		<u>907,982</u>

Approved by the Board

  
**D J Mancey**  
 Director

2 July 2007


The annexed notes form part of these financial statements



**CKS GROUP PLC**  
**BALANCE SHEET OF THE PARENT COMPANY**  
**AT 31 MARCH 2007**

	Note	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9	35,152		44,103	
Investments	11	<u>51,374</u>		<u>56,474</u>	
			86,526		100,577
<b>Current assets</b>					
Debtors due after more than one year	13	100,000		-	
Debtors due within one year	13	429,701		262,552	
Cash at bank and in hand		<u>15,385</u>		<u>314,913</u>	
		545,086		577,465	
<b>Creditors</b>					
Amounts falling due within one year	14	<u>(243,143)</u>		<u>(34,628)</u>	
<b>Net current assets</b>			<u>301,943</u>		<u>542,837</u>
<b>Net assets</b>			<u><u>388,469</u></u>		<u><u>643,414</u></u>
<b>Capital and reserves</b>					
Called up share capital	15		69,779		64,219
Share premium	16		1,316,899		905,459
Profit and loss account	16		<u>(998,209)</u>		<u>(326,264)</u>
<b>Shareholders' funds</b>			<u><u>388,469</u></u>		<u><u>643,414</u></u>

Approved by the Board

  
**D J Mancey**  
 Director

2 July 2007

The annexed notes form part of these financial statements

**CKS GROUP PLC**  
**GROUP CASH FLOW STATEMENT**  
**AT 31 MARCH 2007**

	Note	2007		2006	
		£	£	£	£
<b>Cash flow from operating activities</b>					
Operating (loss)/profit before taxation		(499,289)		(109,706)	
Loss on connected company debt		-		(9,914)	
Depreciation		46,049		104,475	
Loss/(profit) on asset disposal		(15,282)		(16,500)	
(Increase)/decrease in stock		(98,308)		58,428	
(Increase)/decrease in debtors		(357,857)		72,370	
Increase/(decrease) in creditors		54,616		(355,098)	
<b>Net cash (outflow)/inflow from operating activities</b>			(870,071)		(255,944)
<b>Returns on investment and servicing of finance</b>					
Interest received		13,778		13,717	
Interest paid		(300)		(9,001)	
<b>Net cash (outflow)/inflow from returns on investment and servicing of finance</b>			13,478		4,716
<b>Taxation</b>			(2,120)		(81,899)
<b>Capital expenditure</b>					
Purchase of tangible fixed assets		(22,115)		(129,390)	
Sale of tangible fixed assets		45,072		84,508	
			22,957		(44,882)
<b>Dividends</b>			-		(33,000)
<b>Cash flow before financing</b>			(835,756)		(411,009)
<b>Financing</b>					
Issue of ordinary share capital		417,000		1,053,855	
Expenses of share issue		-		(109,296)	
		417,000		944,559	
Repayment of loans		-		(80,000)	
			417,000		864,559
Preacquisition profit/goodwill		(1,691)		14,903	
Acquisition of minority interest		1,691		-	
			-		14,903
<b>Increase/(decrease) in cash</b>			(418,756)		468,453
<b>Net funds at 1 April 2006</b>			455,866		(12,587)
<b>Net funds at 31 March 2007</b>	25		37,110		455,866

**CKS GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**1. Accounting policies**

**1.1 Accounting convention**

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

**1.2 Basis of consolidation**

The Group financial statements consolidate the financial statements of the company and all of its subsidiaries for the period ended 31 March 2007

CKS Group PLC has taken advantage of legal dispensation and has not published a separate profit and loss account

The principles of acquisition accounting have been applied, except when the shareholders of the combining entities have come together in a partnership for the mutual sharing of the risks and benefits of the combined entity, in which case the principle of merger accounting has been applied

**1.3 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	25% straight line
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**1.5 Stock and work-in-progress**

Stock and work-in-progress consist of electrical items acquired for recycling after refurbishment and finished goods. All electrical items are valued by the directors at the same average cost per unit. This average cost is calculated on the basis of the total direct costs for the year - including costs of the base product, collection, refurbishment, storage and scrapping - divided by the number of units processed during the year. Cost does not include any allowance for attributable overheads as the directors consider that the calculated average cost represents the minimum net realisable value. Items considered to have no attributable value are excluded as scrap. Stocks of finished goods are valued at the lower of cost or net realisable value after making provision for slow-moving or obsolete stocks.

**1.6 Operating leases**

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

**1.7 Deferred taxation**

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates which would apply when the timing differences are expected to reverse, based on tax rates and laws which have been enacted by the balance sheet date.

**CKS GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**1. Accounting policies(continued)**

**1.8 Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of each transaction. Exchange differences are taken into account in arriving at the operating profit or loss.

**2. Turnover**

In the year to 31 March 2007, 21.1% (2006 - 20.2%) of the group's turnover was derived from markets outside the United Kingdom.

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

The operating (loss)/profit is stated after charging

	2007	2006
	£	£
Directors' emoluments	464,315	430,143
Auditors' remuneration	15,250	13,196
Auditors' remuneration for non-audit work		
Depreciation of tangible fixed assets owned by the company	46,049	127,521
Operating lease rentals		
- hire of plant and machinery	26,782	18,641
- other	83,968	104,825
Loss/(profit) on asset disposal	(15,282)	(16,500)
Costs of development of the Waste Electrical and Electronic Equipment (WEEE) compliance	299,953	-

**4. Staff costs**

Staff costs, including directors' remuneration, were as follows

	2007	2006
	£	£
Wages and salaries	1,040,436	965,663
Social security costs	111,110	100,140
	<u>1,151,546</u>	<u>1,065,802</u>

The average monthly number of employees, including directors, during the year was as follows

	2007	2006
	No	No
Office and administration	10	13
Sales and marketing	2	3
Warehouse and production	17	21
	<u>29</u>	<u>37</u>

**CKS GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**5. Directors' emoluments**

	2007	2006
	£	£
Emoluments	464,315	430,143
Highest paid director	87,869	87,036

**6. Interest payable**

	2007	2006
	£	£
On bank loans and overdrafts	300	335
On other	-	8,666
	300	9,001

**7. Taxation**

	2007	2006
	£	£
UK corporation tax - Group	-	1,317
Underprovision in respect of previous year	-	3,580
	-	4,897

**Factors affecting the tax charge for the year**

Loss on ordinary activities before taxation	(485,811)	(114,904)
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Tax on (loss)/profit at standard rate of UK corporation  
tax of 19% (2006 - 19%)

Disallowable expenses	(93,273)	(21,832)
Deductions	17,074	1,548
Depreciation	(48)	-
Capital allowances	7,108	-
Group losses utilised	(1,007)	-
Losses carried forward	(21,290)	2,601
	91,436	19,000

	-	1,317
--	---	-------

(Overprovision)/underprovision in respect of previous year	(1,480)	3,580
--	---------	-------

	(1,480)	4,897
--	---------	-------

**8. Earnings per share**

Basic earnings per share of £(0.07) have been calculated by dividing the loss for the financial year of £487,148 (2006 - loss £110,393) by 6,662,579 ordinary 1p shares (2006 - 5,977,324 ordinary 1p shares), being the weighted average number of shares in issue during the year. The fully diluted earnings per share is also £(0.07) (2006 - £(0.02)) as there are no shares available for disposal to employees under employee incentive schemes. Total share options and warrants granted but not exercised at 31 March 2007 were 349,000 (31 March 2006 - 349,000).

**CKS GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**9. Tangible assets**

	<b>Group</b> Plant & machinery £	<b>Parent</b> company Plant & machinery £
<b>Cost or valuation</b>		
At 01 04 06	210,125	49,330
Additions	22,115	3,534
Disposals	(67,698)	-
At 31 03 07	<u>164,542</u>	<u>52,864</u>
<b>Depreciation</b>		
At 01 04 06	103,273	5,227
Charge for the year	46,049	12,485
On disposals	(37,909)	-
At 31 03 07	<u>111,413</u>	<u>17,712</u>
<b>Net book value</b>		
At 31 03 07	<u>53,129</u>	<u>35,152</u>
At 31 03 06	<u>106,852</u>	<u>44,103</u>

**10. Goodwill on consolidation**

	£
<b>Cost</b>	
At 01 04 06	(14,903)
On acquisition of subsidiaries	<u>1,691</u>
At 31 03 07	<u>(13,212)</u>

The goodwill arose on acquisitions during the year and previous period and no amounts have been written back to profit

**CKS GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**11. Investments**

	£
Shares in group undertakings at cost At 01 04 06	106,474
Additions at cost	-
Cost of investments written off during the year	<u>(5,100)</u>
At 31 03 07	101,374
Provision against investments At 01 04 06 and 31 03 07	<u>(50,000)</u>
Net book value at 31 03 07	<u>51,374</u>
Net book value at 31 03 06	<u>56,474</u>

Details of subsidiary companies are set out in note 21 below

**12. Stock and work-in-progress**

	<b>Group</b>	
	2007	2006
	£	£
Refurbished electrical items at directors' valuation	244,661	136,101
Finished goods at lower of cost or net realisable value	<u>-</u>	<u>10,252</u>
	<u>244,661</u>	<u>146,353</u>

No stocks were held by the parent company

**13. Debtors**

	<b>Group</b>		<b>Parent</b>	
	2007	2006	2007	2006
	£	£	£	£
<b>Due after more than one year</b>				
Other debtors	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
<b>Due within one year</b>				
Trade debtors	345,410	403,905	-	-
Amount due by group undertakings	-	-	77,936	255,696
Other debtors	<u>387,567</u>	<u>71,215</u>	<u>351,765</u>	<u>6,856</u>
	<u>732,977</u>	<u>475,120</u>	<u>429,701</u>	<u>262,552</u>

**CKS GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

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

	<b>Group</b>		<b>Parent</b>	
	2007	2006	2007	2006
	£	£	£	£
Trade creditors	205,012	123,030	84,077	18,138
Amount due to group undertakings	-	-	116,440	1,422
Corporation tax	-	3,600	-	-
Social security and other taxes	34,850	30,125	17,529	10,450
Amount due to the directors (note 25)	9,896	6,696	9,129	618
Other creditors	22,516	56,226	-	-
Accruals	40,049	41,630	15,968	4,000
	<u>312,323</u>	<u>261,307</u>	<u>243,143</u>	<u>34,628</u>

**15. Share capital**

	2007	2006
		£
<b>Authorised</b>		
10,000,000 Ordinary shares of 1p each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
6,977,900 Ordinary shares of 1p each	<u>69,779</u>	<u>64,219</u>

On 19 October 2006, 556,000 ordinary shares of 1p each were issued and fully paid for 75p per share

**16. Reconciliation of movement in shareholders funds**

	Share capital	Share premium	Profit & loss account	Total
	£	£	£	£
<b>Group</b>				
Loss for the year	-	-	(487,148)	(487,148)
Issue of share capital	5,560	-	-	5,560
Premium on issue of share capital	-	411,440	-	411,440
Opening shareholders' funds at 1 April 2006	<u>64,219</u>	<u>930,321</u>	<u>(82,050)</u>	<u>912,490</u>
Closing shareholders' funds at 31 March 2007	<u>69,779</u>	<u>1,341,761</u>	<u>(569,198)</u>	<u>842,342</u>



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**16. Reconciliation of movement in shareholders funds (continued)**

	Share capital £	Share premium £	Profit & loss account £	Total £
<b>Parent company</b>				
Loss for the year	-	-	(671,945)	(671,945)
Issue of share capital	5,560	-	-	5,560
Premium on issue of share capital	-	411,440	-	411,440
Opening shareholders' funds at 1 April 2006	64,219	905,459	(326,264)	643,414
Closing shareholders' funds at 31 March 2007	69,779	1,316,899	(998,209)	388,469

**17. Loss attributable to members of the parent company**

	£
Dealt with in the accounts of the parent company	<u>671,945</u>

**18. Dividends**

	2007 £	2006 £
Dividends	<u>-</u>	<u>33,000</u>

The directors do not propose to pay a dividend in respect of the result for the year under review

**19. Group leasing commitments**

At 31 March 2007, the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2007 £	2006 £	2007 £	2006 £
Expiry date				
Within one year	179,580	65,760	41,127	24,449
Between two and five years	-	85,000	33,953	69,913
In more than five years	-	-	-	-

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**20. Directors' interests**

Directors' interests in the share capital of the holding company and fellow subsidiaries, where applicable, were as follows

	<u>CKS Group PLC</u> <u>Ordinary 1p shares</u>	
	<u>At 31.03.07</u>	<u>At 31.03.06</u>
H Houghton-Jones	13,000	13,000
D Mancey	495,000	495,000
C K Stephens	3,878,210	3,852,210
S P Stephens	693,000	693,000

No director was materially interested during the year in any contract which was significant in relation to the business of the Group and would have been required to be disclosed under the Companies Act 1985 or Financial Reporting Standard 8

**21. Subsidiary companies**

The Group subsidiary companies, all of which are registered in England and Wales, are

Name	Principal activities	Shareholdings	
		Class	Percentage held
C K Stephens & Co Limited	Recycling and sale of electronic equipment	Ordinary 1p	100%
Green PC (UK) Limited	Sale of new and refurbished electronic equipment	Ordinary £1	100%
CKS (Rental) Limited	Hire and sale of audio visual equipment	Ordinary £1	100%
CKS Electronics Recycling Limited	Dormant	Ordinary £1	100%
R A Team Limited	Specialist consultants for business transformation, corporate compliance and programme/project services	Ordinary £1	100%

Whilst R A Team Limited ceased trading as a corporate entity on 31 March 2007, its activity was absorbed and continued by the holding company with effect from 1 April 2007. During the year under review, the company acquired the remaining 49% of the shares in R A Team Limited taking its total shareholding to 100%.

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**22. Related parties**

The amounts due to the directors at the end of the period in respect of business expenses were as follows

	<b>Group</b>		<b>Parent</b>	
	2007	2006	2007	2006
	£	£	£	£
H Houghton-Jones	996	-	996	-
C K Stephens	7,810	5,277	7,810	-
S P Stephens	323	618	323	618
K A Frampton (as director of C K Stephens & Co Limited)	93	81	-	-
S T Hoare (as director of C K Stephens & Co Limited)	674	720	-	-
<b>Total included in creditors (note 14)</b>	<b>9,896</b>	<b>6,696</b>	<b>9,129</b>	<b>618</b>

As the Group holding company, the company is exempt under FRS 8 from the requirement to disclose transactions with other group companies and investees of the group qualifying as related parties

**23. Segmental report**

	<b>Classes of business</b>					
	<b>Recycling &amp; refurbishment</b>		<b>Hire and sale of audio visual equipment (discontinued)</b>		<b>Group</b>	
	2007	2006	2007	2006	2007	2006
	£	£	£	£	£	£
<b>Turnover</b>						
Total	2,570,777	2,737,943	-	225,621	2,570,777	2,963,564
Inter-segment	(599,934)	(387,852)	-	(5,227)	(599,934)	(393,079)
Third parties	1,970,843	2,350,091	-	220,394	1,970,843	2,570,485
<b>Profit before before taxation</b>						
Operating profit/ (loss)	(551,975)	68,721	52,686	(178,427)	(499,289)	(109,706)
Debt written off					-	(9,914)
Net interest					13,478	4,716
<b>Group (loss)/profit before taxation</b>					<b>(485,811)</b>	<b>(114,904)</b>
<b>Total net assets</b>	<b>829,862</b>	<b>1,140,835</b>	<b>12,480</b>	<b>(232,853)</b>	<b>842,342</b>	<b>907,982</b>

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**23. Segmental report (continued)**

	United Kingdom		Geographical segments Europe		Group	
	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £
<b>Turnover</b>						
Total by destination	1,545,300	1,997,267	425,543	573,218	1,970,843	2,570,485
Total by origin	1,970,843	2,570,485	-	-	1,970,843	2,570,485
<b>Profit before before taxation</b>						
Operating profit/ (loss)	(392,441)	(85,241)	(106,848)	(24,464)	(499,289)	(109,706)
Debt written off					-	(9,914)
Net interest					13,478	4,716
<b>Group (loss)/profit before taxation</b>					(485,811)	(114,904)
<b>Total net assets</b>	842,342	907,982	-	-	842,342	907,982

**24. Capital commitments**

At the year end, the Group had contracted capital commitments for which no provision has been made in the financial statements of £500,000 (2006 - £Nil)

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**25. Discontinued operations**

R A Team Limited, a subsidiary company, ceased trading in March 2007. Another subsidiary, C K S (Rental) Limited, ceased trading in April 2006. In accordance with FRS 3, the consolidated accounts are re-stated as follows to show separately the results of the discontinued operations in the current and preceding period.

	<b>2007</b>		
	<b>Discontinued</b>	<b>Continuing</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	-	1,970,843	1,970,843
<b>Cost of sales</b>	2,589	1,120,274	1,122,863
<b>Gross profit</b>	(2,589)	850,569	847,980
<b>Administrative expenses</b>	55,275	(1,402,544)	(1,347,269)
<b>Operating (loss)/profit</b>	52,686	(551,975)	(499,289)

The actual net profit for the year in the accounts of R A Team Limited was £9,199, which included net interest payable of £1,215 and intergroup transactions eliminated on consolidation of £1,560 net. The actual net profit for the year in the accounts of CKS (Rental) Limited was £194,137, which included no interest payable and intergroup transactions eliminated on consolidation of £179,142 net.

	<b>2006</b>		
	<b>Discontinued</b>	<b>Continuing</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	220,394	2,350,091	2,570,485
<b>Cost of sales</b>	(83,289)	(1,155,631)	(1,238,920)
<b>Gross profit</b>	137,105	1,194,460	1,331,565
<b>Administrative expenses</b>	(263,067)	(1,178,204)	(1,441,271)
<b>Operating (loss)/profit</b>	(125,962)	16,256	(109,706)

**26. Analysis of changes in net cash/debt**

	<b>31.03.06</b>	<b>Cashflows</b>	<b>31.03.07</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	455,866	(418,756)	37,110
Bank overdrafts	-	-	-
	455,866	(418,756)	37,110
Loans	-	-	-
Net cash	455,866	(418,756)	37,110