UC Group Limited

Directors' report and financial statements

Registered number 3762366

31 December 2011

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2011

Principal activities

The principal activity of UC Group is that of a global e-solutions company, offering Internet-enabled services The focus is on internet-enabled bespoke payment solutions, as well as transaction and payment management systems for our global markets

Results and dividends

The consolidated profit and loss account for the year is set out on page 6

The directors do not recommend the payment of a dividend *(2010 £nil)*

Directors

The following directors have held office since 1 January 2011 unless otherwise stated

J A Paulsen
Right Honorable D Blunkett
R J Robinson (resigned 14 09 11)
F S van Hove
D I Holden (appointed 14 09 11)

Description of principal risk and uncertainties

The turnover of the group consists of income from the provision of electronic payment services Sales are dependent on the group being able to continually offer its customers cost-effective, versatile and reliable products and complying with ever changing demands of the environment in which it operates, including changes in global government and regulatory policies around the world

The group as it adapts to global changes in its markets, needs to ensure that it can maintain strong internal controls and procedures

The group's principal financial instruments are comprised of cash in liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations

The main risk arising from the group's financial instrument is liquidity risk The group finances its operations through a mixture of share capital, retained profits and income from sales Liquidity risk is managed by maintaining a balance between continuity of funding and flexibility through the use of short-term deposits when surplus funds are available

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to purchasing authorities and the regular monitoring of amounts outstanding for both time and credit limits

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due

Foreign currency risk is the risk that the group will sustain losses through adverse movements in currency exchange rates The group's business is impacted through its exposure to some of its fee income being in US dollars and Euros

The group is exposed to changes in relationships with its customers and suppliers It is a key task for the operational management in each business to maintain and develop relationships with customers and suppliers

Directors' report *(continued)*

Donations

During the year the group made the following payments

	2011 £	2010 £
Political donations to EU parties and organisations	-	30,000
Charitable donations	740	1,925

In 2010, the recipients and amounts of the political donations made by its subsidiary company, Securetrading Group Limited, are as follows

Labour Party - £30,000

Employee involvement

The group's policy is to consult and discuss directly with employees any matters likely to affect employees' interests

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill All necessary assistance with initial training courses is given Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities

Auditors

The auditors, KPMG LLP, are deemed to be appointed under section 487(2) of the Companies Act 2006

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information

By order of the board

J A Paulsen
Director

Sundridge Park Manor
Willoughby Lane
Bromley
Kent
BR1 3FZ

23 May 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group 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 accounting estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 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

KPMG LLP
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Independent auditor's report to the members of UC Group Limited

We have audited the group and parent company financial statements (the "financial statements") of UC Group Limited for the year ended 31 December 2011 set out on pages 6 to 23 The financial reporting framework that has been applied in their preparation 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 3, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards required us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

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's and the group's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- 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

Independent Auditor's report to the members of the UC Group Limited
(continued)

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 disclosure of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

S Muncey

S Muncey (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

23 May 2012

Consolidated Profit and Loss Account

for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	**10,494,223**	10,971,545
Cost of sales		**(3,697,315)**	(3,565,950)
Gross profit		**6,796,908**	7,405,595
Other operating income	3	**500,000**	-
Administrative expenses excluding exceptional costs	3	**(4,707,647)**	(4,478,333)
Exceptional costs	3	**(3,511,956)**	(2,126,798)
Total administration expenses		**(8,219,603)**	(6,605,131)
Group operating (loss)/profit	3	**(922,695)**	800,464
Other interest receivable and similar income		**173**	338
Interest payable and similar charges	5	**(572)**	(23)
(Loss)/profit on ordinary activities before taxation		**(923,094)**	800,779
Tax on profit on ordinary activities	6	**1,501,474**	464,090
Profit on ordinary activities after taxation		**578,380**	1,264,869
Minority interests		**160,507**	58,238
Profit for the financial year		**738,887**	1,323,107

The profit and loss account has been prepared on the basis that all operations are continuing operations

The notes on pages 11 to 23 form part of these financial statements

Balance Sheet
at 31 December 2011

	Note	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Fixed assets					
Intangible assets	8	2,807,369	2,485,938	2,385,088	2,385,088
Tangible assets	9	177,160	-	111,919	-
Investments	10	-	38,048	-	7,600
		2,984,529	2,523,986	2,497,007	2,392,688
Current assets					
Debtors	11	6,472,983	7,908,275	7,533,018	4,288,556
Cash at bank and in hand	18	3,032,589	1,089,398	3,521,708	407
		9,505,572	8,997,673	11,054,726	4,288,963
Creditors amounts falling due within one year	12	(10,271,944)	(8,093,557)	(12,060,789)	(5,931,698)
Net current (liabilities)/assets		(766,372)	904,116	(1,006,063)	(1,642,735)
Total assets less current liabilities		2,218,157	3,428,102	1,490,944	749,953
Capital and reserves					
Called up share capital	14	91,322	91,322	91,222	91,222
Share premium account	15	878,037	878,037	704,897	704,897
Profit and loss account	15	1,403,355	2,458,743	688,875	(46,166)
Shareholders' funds – equity interests	17	2,372,714	3,428,102	1,484,994	749,953
Minority interests	16	(154,557)	-	5,950	-
		2,218,157	3,428,102	1,490,944	749,953

These financial statements were approved by the board of directors on 23 May 2012 and were signed on its behalf by

J A Paulsen
Director

Company registered number 3762366

Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 December 2011

	2011 £	2010 £
Profit for the financial year	**738,887**	1,323,107
Loss on foreign currency translation of reserves	**(24,822)**	-
Total recognised gains and losses relating to the financial year	**714,065**	1,323,107

Consolidated Cash Flow Statement

for the year ended 31 December 2011

	Note	2011 £	2010 £
Net cash (outflow)/inflow from operating activities	*1*	**(2,102,316)**	1,936,565
Returns on investments and servicing of finance			
Interest received		**173**	338
Interest paid		**(572)**	(23)
Net cash (outflow)/inflow for returns on investments and servicing of finance		**(399)**	315
Taxation		**231,770**	1,690
Capital expenditure			
Payments to acquire intangible assets		**(474,071)**	(191,695)
Payments to acquire tangible assets		**(176,367)**	(79,196)
Net cash outflow for capital expenditure		**(650,438)**	(270,891)
Net cash (outflow)/inflow before management of liquid resources and financing		**(2,521,383)**	1,667,679
Financing			
Issue of ordinary share capital		**173,240**	200
Other new short term loans		**1,089,389**	604,154
Repayment of other short term loans		**-**	(604,507)
Net cash inflow/(outflow) from financing		**1,262,629**	(153)
(Decrease)/increase in cash in the year		**(1,258,754)**	1,667,526

Notes to the consolidated cash flow statement for the year ended 31 December 2011

1 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2011	2010
	£	£
Operating (loss)/profit	**(922,695)**	800,464
Depreciation of tangible assets	**111,126**	80,244
Depreciation of intangible assets	**51,790**	-
Decrease/(increase) in debtors	**2,329,739**	(3,505,505)
(Decrease)/increase in creditors within one year	**(3,672,276)**	4,561,362
Net cash (outflow)/inflow from operating activities	**(2,102,316)**	1,936,565

2 Analysis of net funds

	1 January 2011	Cash flow	Other non-cash changes	**31 December 2011**
	£	£	£	**£**
Net cash				
Cash at bank and in hand	3,521,708	(489,119)	-	**3,032,589**
Bank overdrafts	(10)	(769,635)	-	**(769,645)**
Liquid resources				
Debts falling due within one year	(775,490)	-	-	**(775,490)**
Net funds	2,746,208	(1,258,754)	-	**1,487,454**

3 Reconciliation of net cash flow to movement in net debt

	2011	2010
	£	£
(Decrease)/increase in cash in the year	**(1,258,754)**	1,667,526
Cash inflow from decrease in debt	**-**	353
Change in net debt relating to cash flows	**(1,258,754)**	1,667,879
Other non-cash changes	**-**	-
Movement in net funds in the year		
Change in net debt relating to cash flows	**(1,258,754)**	1,667,879
Opening net funds	**2,746,208**	1,078,329
Closing net funds	**1,487,454**	2,746,208

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with Applicable Accounting Standards (UK GAAP) and under the historical cost accounting rules

Going concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2011 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account The Company's profit for the year was £2,504,494

Turnover

Turnover represents amounts receivable for services provided in the normal course of business Revenue is recognised in line with the accruals accounting based on amounts received for services provided during the financial year

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, subject to a maximum of 20 years Provision is made for any impairment

Patents

Patents are valued at historic cost Patents have a finite life and are carried at cost less accumulated amortisation Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives (20 years)

Impairment of non-financial asset

The company assess at each reporting date whether an asset may be impaired If any such indicator exists the entity tests for impairment by estimating the recoverable amount If the recoverable amount is less than the carrying value of an asset an impairment loss is required Assets with indefinite lives are tested for impairment annually

Notes *(continued)*

1 Accounting policies *(continued)*

Research and development expenditure

Research expenditure is written off to the profit and loss account in the year in which it is incurred Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit once the project is complete

Website development costs

Design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the cost of developing the design and the content are charged to the profit and loss account as incurred

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment, where impairment is expected to be permanent Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Computer hardware, software and websites	-	over 2-3years
Fixtures, fittings and equipments	-	over 3 years

Investments

Fixed assets investments are stated at cost less provision for diminution in value

Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year

Taxation

Corporation tax payable is provided on taxable profits at the current rates

Deferred tax is provided in full on all timing differences that result in 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 the current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations of periods different from those in which they are included in the financial statements Deferred 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

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction All differences are taken to profit and loss account The results of overseas operations are translated at average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet

Cash held on deposit

Cash is held on deposit in respect of certain customer electronic payment transactions where there is a higher than normal risk of loss to the payment processor This cash is held for a fixed period to protect the company and its financial service providers and is returned to the customer to the extent the deposit is not used Cash held on deposit under these arrangements is recorded on the balance sheet as cash, with an equal liability for the amount held

Notes *(continued)*

1 Accounting policies *(continued)*

Share based payments

The group has issued share options to certain directors and employees These must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity The fair value of the options was estimated at the date of grant using the option-pricing model The fair value will be charged as an expense in the profit and loss account over the vesting period The charge is adjusted each year to reflect the expected and actual level of vesting

Exceptional items

Material expenditure that falls within the ordinary activities of the group but which is considered exceptional, by virtue of their size or incidence, is recognised with the statutory format classification to which they relate and disclosed as necessary on the face of the profit and loss account and in the notes to the financial statements

2 Segmental analysis by class of business

The analysis by class of business of the group's turnover is set out below

Turnover

	2011	2010
	£	£
Class of business		
Electronic payment services	**10,494,223**	10,971,545

3 Operating profit

	2011	2010
	£	£
Operating profit is stated after charging/(crediting)		
Depreciation of tangible assets	**111,126**	80,244
Foreign exchange gains	**(41,827)**	(143,913)
Exceptional costs –Strategic software and global development costs	**3,511,956**	2,126,798
Other operating income	**(500,000)**	-

Exceptional costs incurred are strategic software and global development costs The group is actively building its international technology capabilities, supported by its global patent applications, to enter new and developing markets These costs are separate to the underlying trading business, and are seen by the Board as continuing in the medium to long-term as the group deploys its strategy

Other operating income derives from software development services

Auditors' remuneration

	2011	2010
	£	£
Fees payable to the group's auditors for the audit of the group's annual accounts	**44,000**	35,500
Taxation services	**46,000**	29,500

Notes *(continued)*

4 Employee costs

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Management	6	5
Sales and administration	22	20
Technical and development	16	13
Customer service and support	9	5
	53	43

Employment costs	Note	2011 £	2010 £
Wages and salaries		2,448,725	2,125,492
Social security costs		274,963	184,850
Other pension costs		51,971	53,123
Share based payments	*18*	415	5,243
		2,776,074	2,368,708

5 Interest payable

	2011 £	2010 £
On bank loans and overdrafts	572	23

Notes *(contınued)*

6 Taxatıon

	2011 £	2010 £
Domestıc current year tax		
UK Corporatıon tax	**(356,434)**	-
Adjustments for prıor years	**(231,770)**	(1,690)
Current tax credıt	**(588,204)**	(1,690)
Deferred tax		
Deferred tax credıt	**(913,270)**	(462,400)
	1,501,474	464,090
Factors affectıng the tax charge for the year		
(Loss)/profit on ordınary actıvıtıes before taxatıon	**(923,094)**	800,779
(Loss)/profit on ordınary actıvıtıes before taxatıon multıplıed by standard rate of UK corporatıon tax of 26 5% *(2010 28%)*	**(244,620)**	224,218
Effects of		
Non deductıble expenses	**51,025**	107,915
Enhanced R&D tax credıt	**(921,604)**	-
Capıtal allowances ın excess of depreciatıon	**(10,624)**	(18,075)
Impact of rate dıfference between deferred and current tax	**(6,017)**	-
Other tımıng dıfferences	**1,714**	(4,908)
Tax losses to carry forward	-	268,967
Foreıgn tax adjustments	**119,448**	-
Tax losses utılısed	**(101,396)**	(466,117)
Dırectors' remuneratıon adjustment	-	(112,000)
Adjustment for prıor years	**(231,770)**	(1,690)
Losses surrendered for R&D tax credıt	**755,640**	-
	(343,584)	(225,908)
Current tax credıt	**(588,204)**	(1,690)

Factors that may affect future current and total tax charges

On 23 March 2011 the Chancellor announced that the maın rate of UK corporatıon tax wıll reduce from 28% to 26% wıth effect from 1 Aprıl 2011 Thıs tax change became substantıvely enacted on 29 March 2011 A further reductıon ın the maın rate of UK corporatıon tax to 25% per cent wıll take effect from 1 Aprıl 2012 Thıs change became substantıvely enacted on 5 July 2011 and therefore the effect of the rate reductıon on the deferred tax balances as at 31 December 2011 has been ıncluded ın the figures above

The Chancellor also proposed changes to further reduce the maın rate of corporatıon tax by one per cent per annum to 23% by 1 Aprıl 2014, but these changes have not yet been substantıvely enacted and therefore are not ıncluded ın the figures above The overall effect of the further reductıons from 25% to 23%, ıf these are applıed to the deferred tax balance at 31 December 2011 would be to further reduce the deferred tax asset by approxımately £39,625

Notes *(continued)*

7 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements The profit for the financial year is made up as follows

	2011	2010
	£	£
Holding company's profit for the financial year	**2,504,494**	2,043,814

8 Intangible fixed assets

Group	**Development costs**	**Patents**	**Goodwill**	**Total**
				£
Cost				
At 1 January 2011	-	2,385,088	619,357	3,004,445
Additions	321,431	152,640	-	474,071
At 31 December 2011	321,431	2,537,728	619,357	3,478,516
Amortisation				
At 1 January 2011	-	-	619,357	619,357
Charge for the year	-	51,790	-	51,790
At 31 December 2011	-	51,790	619,357	671,147
Net book value				
At 31 December 2011	**321,431**	**2,485,938**	-	**2,807,369**
At 31 December 2010	-	2,385,088	-	2,385,088

Company	**Patents**
	£
Cost	
At 1 January 2011	2,385 088
Additions	152,640
At 31 December 2011	**2,537,728**
Amortisation	
At 1 January 2011	-
Charge for the year	51,790
At 31 December 2011	51,790
At 31 December 2011	**2,485,938**
At 31 December 2010	2,385,088

Notes *(continued)*

9 Tangible fixed assets

	Computer hardware, software and websites	Fixtures, fittings and equipment	Total
	£	£	£
Group			
Cost			
At 1 January 2011	981,855	99,232	1,081,087
Additions	176,367	-	176,367
Disposals	(108,578)	-	(108,578)
At 31 December 2011	1,049,644	99,232	1,148,876
Depreciation			
At 1 January 2011	884,956	84,212	969,168
On disposals	(108,578)	-	(108,578)
Charge for the year	100,786	10,340	111,126
At 31 December 2011	877,164	94,552	971,716
Net book value			
At 31 December 2011	**172,480**	**4,680**	**177,160**
At 31 December 2010	96,899	15,020	111,919

Notes *(continued)*

10 Fixed asset investments

	Shares in group undertakings £
Company	
Cost	
At 1 January 2011	172,800
Additions	30,448
At 31 December 2011	203,248
Provisions for diminution in value	
At 1 January 2011	165,200
Charge for the year	-
At 31 December 2011	165,200
Net book value	
At 31 December 2011	38,048
At 31 December 2010	7,600

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Securetrading Group Limited	England	Ordinary	80
Securetrading Limited*	England	Ordinary	80
Secure G Holdings Limited*	England	Ordinary	80
SG Two Limited*	England	Ordinary	80
SG Four Limited*	England	Ordinary	80
SG Five Limited*	England	Ordinary	80
SG Seven Limited*	England	Ordinary	80
Securetrading Inc*	USA	Ordinary	80
Cognosec GmbH	Austria	Ordinary	100
UC Capital Limited	England	Ordinary	80
UC Asia Limited***	Hong Kong	Ordinary	80
Trademarklogo com Limited***	Hong Kong	Ordinary	80
UC Market Makers Limited	England	Ordinary	80
Totalpay Group Limited*	England	Ordinary	80
Secure G Two BV*	Netherlands	Ordinary	80
Securetrading Group Inc*	USA	Ordinary	80

Notes *(contınued)*

10 Fixed asset ınvestments *(contınued)*

The prıncıpal actıvıty of these undertakıngs for the last relevant financıal year was as follows

	Prıncıpal actıvıty
Securetradıng Group Lımıted	Development and operatıon of payment systems
Securetradıng Lımıted*	Development and operatıon of payment systems
Secure G Holdıngs Lımıted*	Investment holdıng and management company
SG Two Lımıted*	Payment servıce provıder
SG Four Lımıted*	Payment servıce provıder
SG Fıve Lımıted*	Payment servıce provıder
SG Seven Lımıted*	Payment servıce provıder
Securetradıng Inc*	Payment servıce provıder
Cognosec GmbH	IT and rısk servıces
UC Capıtal Lımıted	Holdıng company for mınorıty ınterests, joınt ventures and provısıon of consultancy servıces
UC Asıa Lımıted***	Investment holdıng company of Trademarklogo
Trademarklogo com Lımıted***	Onlıne legal trademark regıstratıon system
UC Market Makers Lımıted	Investment holdıng and management company
UC Flowers Group Lımıted**	Management and holdıng company for companıes that specıalıse ın ınternet payment processıng
Secure G Two BV*	Payment servıce provıder
Securetradıng Group Inc*	Holdıng company for USA subsıdıarıes

*Interest held through Securetradıng Group Lımıted

**Interest held through UC Market Makers Lımıted

***Interest held through UC Capıtal Lımıted

The company also has 100% holdıngs, eıther dırectly or ındırectly ın the followıng UK dormant companıes, Cognosec Lımıted (Securetradıng Now Lımıted), SG One Lımıted, SG Three Lımıted, SG Sıx-GW Lımıted, SG Eıght Lımıted, Totalpay Group Lımıted, Totalpay One Lımıted and Totalpay Four Lımıted

Notes *(continued)*

11 Debtors

	Group 2011 £	2010 £	Company 2011 £	2010 £
Trade debtors	**3,448,421**	6,158,475	-	-
Amounts owed by group undertakings	-	-	**5,829,251**	4,285,711
Other debtors	**985,221**	220,303	**89,852**	2,845
Prepayments and accrued income	**58,071**	86,240	-	-
Deferred tax asset (see note 13)	**1,981,270**	1,068,000	**1,989,172**	-
	6,472,983	7,533,018	**7,908,275**	4,288,556

12 Creditors: amounts falling due within one year

	Group 2011 £	2010 £	Company 2011 £	2010 £
Bank loans and overdrafts	**769,645**	10	-	-
Trade creditors	**1,863,855**	392,502	-	-
Amounts owed to group undertakings	-	-	**6,228,569**	5,144,311
Other taxes and social security costs	**283,609**	264,180	-	13,145
Other creditors	**6,482,610**	9,963,633	**1,864,988**	774,242
Accruals and deferred income	**872,225**	1,440,464	-	-
	10,271,944	12,060,789	**8,093,557**	5,931,698

13 Provisions for deferred tax

	Note	Group 2011 £	Company 2011 £
Asset at 1 January 2011		**1,068,000**	-
Profit and loss account		**913,270**	**1,989,172**
Asset at 31 December 2011	*11*	**1,981,270**	**1,989,172**

Notes *(continued)*

13 Provisions for deferred tax *(continued)*

	Group 2011 £	2010 £	Company 2011 £	2010 £
(Accelerated)/decelerated capital allowances	**(9,616)**	11,000	-	-
Tax losses available	**1,989,172**	1,057,000	**1,989,172**	-
Short term timing differences	**1,714**	-	-	-
Asset at 31 December	**1,981,270**	1,068,000	**1,989,172**	-

14 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
913,218,747 A ordinary shares of £0 0001 each	**91,322**	91,222
10 B ordinary shares of £0 0001 each	-	-
	91,322	91,222

During the year the Company issued 1,000,000 A ordinary shares of 0 0001p per share for cash at 0 17315p

15 Statement of movements on reserves

Group	Share premium account £	Profit and loss account £
Balance at 1 January 2011	**704,897**	688,875
Arising on share issues	**173,140**	-
Retained profit for the year	-	738,887
Share based payment	-	415
Net exchange loss on translation of reserves	-	(24,822)
Balance at 31 December 2011	**878,037**	1,403,355

Company	Share premium account £	Profit and loss account £
Balance at 1 January 2011	**704,897**	(46,166)
Arising on share issues	**173,140**	-
Retained profit for the year	-	2,504,494
Share based payment	-	415
Balance at 31 December 2011	**878,037**	2,458,743

Notes *(continued)*

16 Minority interests

	2011 £	2010 £
Minority interests' share of net assets and liabilities in subsidiary undertakings	**(154,557)**	5,950

17 Reconciliation of movements in shareholders' funds

Group	*Note*	**2011 £**	2010 £
Profit for the financial year		**738,887**	1,323,107
Issue of shares at a premium		**173,240**	200
Share based payment	*19*	**415**	5,243
Net exchange loss on translation of reserves		**(24,822)**	-
Net addition to shareholders' funds		**887,720**	1,328,550
Opening shareholders' funds		**1,484,994**	156,444
Closing shareholders' funds		**2,372,714**	1,484,994

Company	*Note*	**2011 £**	2010 £
Profit for the financial year		**2,504,494**	2,043,814
Proceeds from issue of shares		**173,240**	200
Share based payment	*19*	**415**	5,243
Net addition to shareholders' funds		**2,678,149**	2,049,257
Opening shareholders' funds		**749,953**	(1,299,304)
Closing shareholders' funds		**3,428,102**	749,953

18 Directors' emoluments

	2011 £	2010 £
Emoluments for qualifying services	**131,584**	354,605
Emoluments to non-executive directors	**102,000**	107,500

As disclosed in notes 21 the services of the Executive Directors were provided through a management company, Mansion Associates Limited

Notes *(continued)*

19 Shared based payments

During the year the company continued to operate a share option scheme for employees (including directors and consultants) Under the scheme, the company may grant HMRC approved EMI share options and unapproved options to acquire ordinary shares in UC Group Limited

Options may not normally be exercised until three years after the grant date or upon change in control, if earlier, although in some cases options are granted with shorter exercise periods

In the year ended 31 December 2011, no options were granted

The company recognised total expenses of £415 (2010 £5,243) relating to equity settled share-based payment transactions during the year There were 21,080,000 share options outstanding at the end of the year, 20,080,000 of these had an exercise price of 5p per share whilst 1,000,000 of them had an exercise price of 10p per share The weighted average remaining contractual life of these options was 7 31 years

The following table shows the movement of share options during the year

	2011 Number	2010 Number
Outstanding at the beginning of the year	**25,555,000**	23,555,000
Granted during the year	-	2,000,000
Options exercised during the year	-	-
Lapsed during the year	**(4,475,000)**	-
	21,080,000	25,555,000

20 Control

The ultimate controlling party is J A Paulsen, a director of the company, who controls the company as a result of controlling directly more than 50 5% of the issued share capital of the company in the form of B ordinary shares

21 Related party Transactions

Group

Mansion Associates Limited ("MAL") is majority owned by Mr J A Paulsen and Mr R J Robinson, directors of UC Group Limited (Mr R J Robinson resigned as director on 14 September 2011) The company was established to incur substantially all of the operating expenses of the company, including salaries of the directors and certain head office costs on behalf of the company These services have been charged on a commercial basis The amount charged by MAL to the group in the year was £Nil *(2010 £554,228)* and at 31 December 2011 the Group owed MAL £1,457,657 *(2010 £1,094,444)*