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UC Group Limited

Directors' report and financial statements

Registered number 3762366

31 December 2013

Contents

Chairman's statement

Dear Shareholders,

I am pleased to report that 2013 was a year of significant licensing achievements, which have solidified our group strategy, built significant long-term value and positioned us for revenue growth in 2014 and beyond.

We are now Principal Members of Visa and Mastercard, regulated by the Financial Services Authorities in 29 EU States, and hold ancillary services licences for the emerging markets in the US, currently New Jersey and Nevada.

The Group has expanded its worldwide footprint and will continue to aggressively launch new products and services during the next operating year.

Specifically, SecureTrading Financial Services Ltd having received its Visa and MasterCard Scheme Memberships will launch in Q3 2014 and expand our range of services into Acquiring and related-product services.

Our US subsidiary, SecureTrading Inc, also received its Nevada Gaming Control Board licence and is authorised to provide ancillary services that include Geo-Location, Patron Identification and Payment services in New Jersey. The new US system in now in production and will be launched to market in 2014.

The Group has also built considerable value in its Intellectual Property: not only has a third patent been granted protection, but for the third year running we have claimed Research and Development grants: The business has proven its technical innovation in these areas.

Our CyberSecurity business, CognoSec, increased its turnover by over 300% and has won some very high profile clients in 2013. It is fast becoming a recognised player in the market where we see great demand for its services.

SecureTrading's gross profitability grew 9% year on year and we anticipate a substantial increase in business in 2014.

Operationally, the Group has relocated its Head Office to Canary Wharf, London. This has enabled us to expand our management team and we are delighted with the level of talent that we have brought on board. Providing strong support to our growth plans in 2014 are the tailwinds of a sophisticated and experienced management team. Innovative global payment management solutions have a 'multiplier effect' which will help us attract extraordinary global talent who will, in turn, help us achieve our goals!

Financially, the Group has restructured its operational activities and concluded a funding transaction with Metric Capital, part of which has been utilised to fund investment in the Group during the year.

And finally I am delighted to announce two new members to the Group Board: David Scheurl from Metric Capital joined the Board as a Non-Executive Director, and Daniel Holden joins the Board as Chief Financial Officer.

The board remains confident about the business model and strategy. Our operating strategy will be one of maintaining a laser-like focus on operating excellence and customer service while simultaneously looking to the future and making the necessary investments to expand our global reach.

Today's world is full of uncertainty, but in spite of this unsettled backdrop, we are as certain as ever about the UC Group and our future prospects for profitable growth.

J A Paulsen
Chairman

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2013.

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.

Directors

The following directors have held office since 1 January 2013 unless otherwise stated:

J A Paulsen
P J Boylan (appointed 21 January 2013)
D I Holden (appointed 12 February 2014)
M M J J Boekhoorn* (appointed 21 January 2013)
D Scheurl* (appointed 12 February 2014)
Right Honorable D Blunkett*
F S van Hove*
M A Blakemore (resigned 18 September 2013)

*Non-executive director

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

30 June 2014

Strategic report

Business review

During the year the Group has made significant progress in building sustainable value for the long-term.

The Group now encompasses a full suite of payments and related management services and holds key licences in Europe and USA.

Whilst headline turnover has remained stable, substantial progress has been made in forming the basis of strong revenue growth.

Securetrading Financial Services Limited has obtained PCI Level 1, and Mastercard and Visa certifications to operate as an acquiring institution. Both this business and the US technology platform are expected to commence revenue generating activities in the second half of 2014.

The Group, through Securetrading Limited, entered into a debt facility agreement and began to draw down on this towards the end of the year to support the investment being made in Group companies.

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.

By order of the board

J A Paulsen
Director

40 Bank Street
Canary Wharf
London
E14 5NR

30 June 2014

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

The directors are responsible for preparing the Directors' Report, Strategic 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 2013 set out on pages 7 to 25. 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 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2013 and of the group's loss 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 and Strategic 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.

Stephen Muncey

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

4 July 2014

Consolidated Profit and Loss Account

for the year ended 31 December 2013

		Note	2013 £	2012 £
Turnover		2	**7,565,497**	7,615,070
Cost of sales			**(1,785,502)**	(2,076,727)
Gross profit			**5,779,995**	5,538,343
Administrative expenses	- exceptional	3	**(3,399,526)**	(2,751,048)
	- management charges	3	**(1,334,876)**	(629,363)
	- other	3	**(7,828,039)**	(5,684,798)
Total administration expenses			**(12,562,441)**	(9,065,209)
Group operating loss		3	**(6,782,446)**	(3,526,866)
Other interest receivable and similar income			**63**	87
Interest payable and similar charges		5	**(543,966)**	(371)
Loss on ordinary activities before taxation			**(7,326,349)**	(3,527,150)
Tax on loss on ordinary activities		6	**(143,654)**	174,578
Loss on ordinary activities after taxation			**(7,470,003)**	(3,352,572)
Minority interests			**1,488,721**	547,885
Loss for the financial year			**(5,981,282)**	(2,804,687)

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

The notes on pages 11 to 25 form part of these financial statements.

Balance Sheet
at 31 December 2013

	Note	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Fixed assets					
Intangible assets	8	**2,846,913**	3,106,796	**2,529,849**	2,552,023
Tangible assets	9	**418,003**	190,601	**-**	-
Investments	10	**-**	-	**38,048**	38,048
		3,264,916	3,297,397	**2,567,897**	2,590,071
Current assets					
Debtors	11	**6,205,944**	6,520,868	**10,949,751**	9,512,751
Cash at bank and in hand		**764,350**	1,627,991	**-**	330,625
		6,970,294	8,148,859	**10,949,751**	9,843,376
Creditors: amounts falling due within one year	12	**(8,241,978)**	(10,291,917)	**(7,291,730)**	(6,932,810)
Net current (liabilities)/assets		**(1,271,684)**	(2,143,058)	**3,658,021**	2,910,566
Total assets less current liabilities		**1,993,232**	1,154,339	**6,225,918**	5,500,637
Creditors: amounts falling due after one year	13	**(8,151,128)**	-	**-**	-
Total assets less liabilities		**(6,157,896)**	1,154,339	**6,225,918**	5,500,637
Capital and reserves					
Called up share capital	15	**93,601**	93,586	**93,601**	93,586
Share premium account	16	**2,993,445**	2,883,460	**2,993,445**	2,883,460
Profit and loss account	16	**(7,068,336)**	(1,126,296)	**3,138,872**	2,523,591
Shareholders' funds – equity interests	18	**(3,981,290)**	1,850,750	**6,225,918**	5,500,637
Minority interests	17	**(2,176,606)**	(696,411)	**-**	-
		(6,157,896)	1,154,339	**6,225,918**	5,500,637

These financial statements were approved by the board of directors on 30 June 2014 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 2013

	2013	2012
	£	£
Loss for the financial year	**(5,981,282)**	(2,804,687)
Profit on foreign currency translation of reserves	**32,048**	91,911
Loss on foreign currency translation of reserves attributable to minority interests	**(8,526)**	(6,031)
Total recognised gains and losses relating to the financial year	**(5,957,760)**	(2,718,807)

Consolidated Cash Flow Statement

for the year ended 31 December 2013

	Note	2013 £	2012 £
Net cash outflow from operating activities	*23*	**(8,036,891)**	(2,060,311)
Returns on investments and servicing of finance			
Interest received		**63**	87
Interest paid		**(392,838)**	(371)
Net cash outflow for returns on investments and servicing of finance		**(392,775)**	(284)
Taxation		**339,541**	356,434
Capital expenditure			
Payments to acquire intangible assets		**(164,640)**	(347,815)
Payments to acquire tangible assets		**(386,948)**	(121,865)
Net cash outflow from capital expenditure		**(551,588)**	(469,680)
Net cash outflow before management of liquid resources and financing		**(8,641,713)**	(2,173,841)
Financing			
Issue of ordinary share capital		**60,000**	2,007,687
Receipt of loan monies		**8,000,000**	-
Repayment of other short term loans		**(281,928)**	(468,799)
Net cash inflow from financing		**7,778,072**	1,538,888
Decrease in cash in the year	*24*	**(863,641)**	(634,953)

Notes to the financial statements
(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

Notwithstanding the operating loss of £6,782,446 for the year ended 31 December 2013 and net current liabilities of £1,271,684 at the year end, the directors, having reviewed forecasts and made enquiries, and having also received the ongoing support of a related company, are satisfied that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

In the first half of 2014 the Group has been able to draw down further on the loan facility. The forecasts show an upturn in performance and cash flow in the second half of 2014 when the positive impact of strategic hires, the launch of the Maltese business, and new US technology platform are all expected to occur. 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 2013. 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

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 assesses 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 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 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 are 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.

The group has also issued equity shares for provision of services. Equity settled share based payments for services are measured at the fair value at the grant date. For share based payments for employee type services, the fair value of the shares granted is measured is using a share pricing model, taking into account the terms and conditions upon which the shares were granted and expected future returns. For share-based payments for non-employee services the shares granted is are measured at fair value of the service provided in return for the shares. When the fair value recognised as a cost is greater than the nominal value of shares issued, a corresponding debit in reserves is recognised.

Exceptional items

Material expenditure that falls within the ordinary activities of the group but which is considered exceptional, by virtue of its size or incidence, is recognised with the statutory format classification to which it relates 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

	2013	2012
	£	£
Class of business		
Electronic payment services	**7,565,497**	7,615,070

3 Operating profit

	2013	2012
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation of tangible assets	**160,069**	107,850
Amortisation of intangible assets	**-**	48,376
Recharge from related party	**1,334,876**	-
Foreign exchange (gains)/losses	**(88,569)**	20,669
Exceptional items - Strategic software development costs	**2,089,532**	2,751,048
Exceptional items – Global development and set up costs	**622,331**	-
Exceptional items – Refinancing	**687,663**	-

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.

Notes *(continued)*

3 Operating profit *(continued)*

Auditors' remuneration

	2013 £	2012 £
Fees payable to the group's auditors for the audit of the group's annual accounts	**65,000**	55,000
Taxation services	**18,125**	26,000

4 Employee costs

Number of employees

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

	2013 Number	2012 Number
Management	**6**	7
Sales and administration	**31**	23
Technical and development	**12**	10
Customer service and support	**21**	17
	70	57

Employment costs	Note	2013 £	2012 £
Wages and salaries		**3,453,103**	2,863,915
Social security costs		**448,545**	356,928
Other pension costs		**74,229**	55,817
Redundancy		**101,108**	12,500
Share based payments	*20*	**15,720**	12,266
		4,092,705	3,301,426

5 Interest payable

	2013 £	2012 £
On loans and overdrafts	**543,966**	371

The above figure includes loan interest of £189,352 (2012: nil), loan commitment fee of £58,720 (2012: nil), amortisation of loan arrangement fee of £20,312 (2012: nil), and bank overdraft interest £275,582 (2012: £371).

Notes *(continued)*

6 Taxation

	2013 £	2012 £
Corporation tax current year		
UK Corporation tax credit	**(300,000)**	(387,232)
Adjustments in respect of prior years	**47,691**	-
Foreign tax	**1,066**	-
Current tax credit	**(251,243)**	(387,232)
Deferred tax		
Origination and reversal of timing differences	**171,737**	-
Adjustment in respect of prior years	**(6,491)**	-
Effect of tax rate change on opening balance	**229,651**	212,654
Deferred tax charge	**394,897**	212,654
Total tax charge/(credit)	**143,654**	(174,578)

	2013	2012
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	**(7,326,349)**	(3,527,150)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.25% (2012: 24.5%)	**(1,703,376)**	(864,152)
Effects of:		
Non deductible expenses	**34,149**	35,041
Enhanced R&D tax credit	**(410,924)**	(387,232)
Difference between depreciation and capital allowances	**16,710**	(12,561)
Impact of rate difference between deferred and current tax	**-**	15,947
Other timing differences	**-**	(1,460)
Foreign tax losses carried forward	**-**	163,783
UK tax losses utilised	**-**	(75,904)
Adjustment for prior years	**47,691**	-
Share based payments	**-**	46,784
Losses carried forward	**1,430,509**	692,522
Losses surrendered for R&D tax credit	**333,998**	-
	1,452,133	476,920
Current tax credit	**(251,243)**	(387,232)

Factors that may affect future current and total tax charges

On 20 March 2013, the Chancellor announced a reduction in the main rate of UK corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015. This change was substantively enacted on 17 July 2013 and will affect future periods tax charge, and as such the rate reduction has been reflected in the year end deferred tax balances.

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 as follows:

	2013 £	2012 £
Holding company's (loss)/profit for the financial year	**599,561**	(124,308)

Notes *(continued)*

8 Intangible fixed assets

Group	Development Costs	Patents	Goodwill	Total
	£	£	£	£
Cost				
At 1 January 2013	558,118	2,648,862	619,357	3,826,337
Additions	141,370	23,270	-	164,640
Written off to profit and loss	(376,074)	-	-	(376,074)
FX adjustment	285	-	-	285
At 31 December 2013	**323,699**	**2,672,132**	**619,357**	**3,615,188**
Amortisation				
At 1 January 2013	3,345	96,839	619,357	719,541
Charge for the year	3,222	45,444	-	48,666
FX adjustment	68	-	-	68
At 31 December 2013	**6,635**	**142,283**	**619,357**	**768,275**
Net book value				
At 31 December 2013	**317,064**	**2,529,849**	**-**	**2,846,913**
At 31 December 2012	554,773	2,552,023	-	3,106,796

Company	Patents
	£
Cost	
At 1 January 2013	2,648,862
Additions	23,270
At 31 December 2013	**2,672,132**
Amortisation	
At 1 January 2013	96,839
Charge For the year	45,444
At 31 December 2013	**142,283**
At 31 December 2013	**2,529,849**
At 31 December 2012	2,552,023

Notes *(continued)*

9 Tangible fixed assets

	Computer hardware, software and websites	Fixtures, fittings and equipment	Total
	£	£	£
Group			
Cost			
At 1 January 2013	1,154,569	115,599	1,270,168
Additions	382,361	4,587	386,948
FX adjustments	587	188	775
At 31 December 2013	**1,537,517**	**120,374**	**1,657,891**
Depreciation			
At 1 January 2013	978,576	100,991	1,079,567
Charge for the year	153,431	6,638	160,069
FX adjustments	205	47	252
At 31 December 2013	**1,132,212**	**107,676**	**1,239,888**
Net book value			
At 31 December 2013	**405,305**	**12,698**	**418,003**
At 31 December 2012	175,993	14,608	190,601

Notes *(continued)*

10 Fixed asset investments

	Shares in group undertakings £
Company	
Cost	
At 1 January 2013 and 31 December 2013	203,248
Provisions for diminution in value	
At 1 January 2013 and 31 December 2013	165,200
Net book value	
At 31 December 2013	**38,048**
At 31 December 2012	38,048

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			
Cognosec GmbH	Austria	Ordinary	100
Securetrading Group Limited	England	Ordinary	80
Securetrading Limited*	England	Ordinary	80
Secure G Holdings 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
SG Eight Limited*	England	Ordinary	80
UC Capital Limited	England	Ordinary	80
UC Asia Limited**	Hong Kong	Ordinary	80
Trademarklogo.com Limited**	Hong Kong	Ordinary	80
Secure G Two BV*	Netherlands	Ordinary	80
Securetrading Group Inc*	USA	Ordinary	80
SecureTrading FS Holding Limited*	Malta	Ordinary	80
SecureTrading Financial Services Limited*	Malta	Ordinary	80

Notes *(continued)*

10 Fixed asset investments *(continued)*

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Cognosec GmbH	IT and risk services
Securetrading Group Limited	Development and operation of payment systems
Securetrading Limited*	Development and operation of payment systems
Secure G Holdings Limited*	Investment holding and management company
SG Four Limited*	Payment service provider
SG Five Limited*	Payment service provider
SG Seven Limited*	Payment service provider
SG Eight Limited*	Payment service provider
Securetrading Inc*	Payment service provider
UC Capital Limited	Holding company for minority interests, joint ventures and provision of consultancy services
UC Asia Limited**	Investment holding company of Trademarklogo
Trademarklogo com Limited**	Online legal trademark registration system
Secure G Two BV*	Payment service provider
Securetrading Group Inc*	Holding company for USA subsidiaries
SecureTrading FS Holding Limited*	Holding company
SecureTrading Financial Services Limited*	Financial services

*Interest held through Securetrading Group Limited

**Interest held through UC Capital Limited

The company also has 80% holdings, either directly or indirectly in the following UK dormant companies, Cognosec Limited (Securetrading Now Limited), SG One Limited, SG Two Limited, SG Three Limited, and SG Six-GW Limited.

At the year end the Company also had 80% holdings, either directly or indirectly, in the following dormant companies: Totalpay Group Limited, Totalpay One Limited, Totalpay Four Limited, and Liquid 247 Limited. Since the year end these three companies have been dissolved.

At the year end the Company had 100% holdings, either directly or indirectly, in the following dormant companies: UC Market Makers Limited and UC Flowers Group Limited. Since the year end these two companies have been dissolved.

Notes *(continued)*

11 Debtors

	Group 2013 £	2012 £	Company 2013 £	2012 £
Trade debtors	**2,494,495**	2,565,478	**-**	-
Amounts owed by group undertakings	**-**	-	**9,424,894**	7,632,935
Other debtors	**2,125,927**	2,091,515	**175,345**	125,649
Prepayments and accrued income	**211,803**	95,259	**-**	-
Deferred tax asset (see note 14)	**1,373,719**	1,768,616	**1,349,512**	1,754,167
	6,205,944	6,520,868	**10,949,751**	9,512,751

12 Creditors: amounts falling due within one year

	Group 2013 £	2012 £	Company 2013 £	2012 £
Bank loans and overdrafts	**-**	-	**-**	-
Trade creditors	**3,706,492**	1,674,248	**-**	-
Amounts owed to group undertakings	**-**	-	**5,801,458**	5,508,398
Other taxes and social security costs	**273,615**	227,942	**-**	-
Other creditors	**3,210,877**	7,581,286	**1,490,272**	1,424,412
Accruals and deferred income	**1,050,994**	808,441	**-**	-
	8,241,978	10,291,917	**7,291,730**	6,932,810

Notes *(continued)*

13 Creditors: amount falling after more than one year

Group

	2013 £	2012 £
Loan	8,780,816	-
Less: loan arrangement fee	(629,688)	-
Net liability of the loan	8,151,128	-

Maturity of debt:	2013 £	2012 £
In one year or less or on demand	-	-
In more than one year but not more than two years	-	-
In more than two years but not more than five years	8,780,816	-
Capitalised loan arrangement fee	(629,688)	-
	8,151,128	-

On the 16 November 2013 a subsidiary of the Group entered into a 4 year loan facility of £12,650,000, and at the year end had drawn down £8,650,000. The interest rate is charged at 17% on the loan principal with 5% of this paid quarterly in arrears and 12% deferred and added to the loan principal.

Loan arrangement fees of £650,000 were incurred on issue of the loan and are being expensed over the life of the loan. Costs of £20,312 were expensed in the period to 31 December 2013.

14 Provisions for deferred tax

	Note	Group 2013 £	Company 2013 £
Asset at 1 January 2013		1,768,616	1,754,167
Profit and loss account		(394,897)	(404,655)
Asset at 31 December 2013	*11*	1,373,719	1,349,512

	Group 2013 £	2012 £	Company 2013 £	2012 £
Decelerated capital allowances	-	14,449	-	-
Tax losses available	1,373,719	1,754,167	1,349,512	1,754,167
Asset at 31 December	1,373,719	1,768,616	1,349,512	1,754,167

Notes *(continued)*

15 Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
936,012,577 A ordinary shares of £0.0001 each	**93,601**	93,586
10 B ordinary shares of £0.0001 each	-	-
	93,601	93,586

The holders of the A ordinary Shares hold between them no more than 49.5% of the total voting rights. The holders of the B ordinary shares hold between them no more than 50.5% of the total voting rights. The A ordinary and B ordinary shares rank pari passu in all other respects.

During the year the Company issued 155,800 A ordinary shares of 0.01p per share at the following prices.

Qty	Type of Consideration	Price per share £
120,000	Cash	0.50
35,800	Services provided to the Group	See note below

During the year the Company issued 35,800 shares to one existing and one new shareholder in connection with their assistance in arranging funding. The 35,800 shares have been valued in the accounts at £50,000, being the fair value of the services provided. No cash consideration was received by the Company.

16 Statement of movements on reserves

Group	**Share premium account £**	**Profit and loss account £**
Balance at 1 January 2013	2,883,460	(1,126,296)
Arising on share issues	109,985	-
Retained loss for the year	-	(5,981,282)
Reversal of charge in relation to share based payments	-	15,720
Net exchange profit on translation of reserves	-	23,522
Balance at 31 December 2013	**2,993,445**	**(7,068,336)**

Company	**Share premium account £**	**Profit and loss account £**
Balance at 1 January 2013	2,883,460	2,523,591
Arising on share issues	109,985	-
Reversal of charge in relation to share based payments	-	15,720
Retained profit for the year	-	599,561
Balance at 31 December 2013	**2,993,445**	**3,138,872**

Notes *(continued)*

17 Minority interests

	2013 £	2012 £
Minority interests' share of net assets and liabilities in subsidiary undertakings	**(2,176,606)**	(696,411)

18 Reconciliation of movements in shareholders' funds

Group	*Note*	2013 £	2012 £
Loss for the financial year		**(5,981,282)**	(2,804,687)
Proceeds from issue of shares		**110,000**	2,007,687
Share based payment		**15,720**	189,156
Net exchange profit on translation of reserves		**23,522**	85,880
Net addition to shareholders' funds		**(5,832,040)**	(521,964)
Opening shareholders' funds		**1,850,750**	2,372,714
Closing shareholders' funds		**(3,981,290)**	1,850,750

Company	*Note*	2013 £	2012 £
Profit/(loss) for the financial year		**599,561**	(124,308)
Proceeds from issue of shares		**110,000**	2,007,687
Share based payment	*19*	**15,720**	189,156
Net addition to shareholders' funds		**725,281**	2,072,535
Opening shareholders' funds		**5,500,637**	3,428,102
Closing shareholders' funds		**6,225,918**	5,500,637

19 Directors' emoluments

	2013 £	2012 £
Emoluments for qualifying services	**268,121**	237,500
Emoluments to non-executive directors	**102,000**	102,000

Notes *(continued)*

20 Shared based payments

The company recognised total expenses of £65,720 *(2012: £190,956)* relating to equity settled share-based payment transactions during the year, comprising £15,720 *(2012: £12,266)* relating to a share option scheme for employees and £50,000 *(2012: £178,690)* to an issue of shares in the year (see note 14)

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 2013, there were no options were granted (2012: 15,277,600). There were 25,897,000 share options outstanding at the end of the year, 22,667,000 of these had an exercise price of 5p per share, 2,572,000 of them had an exercise price of 10p per share and 658,000 of them had an exercise price of 15p per share. The weighted average remaining contractual life of these options was 6.35 years.

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

	2013 Number	2012 Number
Outstanding at the beginning of the year	**35,344,600**	21,080,000
Granted during the year	**-**	15,277,600
Options exercised during the year	**-**	-
Lapsed during the year	**(9,447,600)**	(1,013,000)
Outstanding at the end of the year	**25,897,000**	35,344,600

21 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 voting rights of the company in the form of B ordinary shares.

22 Related party Transactions

Group

Mansion Associates Limited ("MAL") is majority owned by Mr J A Paulsen, director of UC Group Limited. The company was established to incur substantially all of the operating expenses of the company, including salaries of the director and certain head office costs on behalf of the company. These services have been recharged on a commercial basis. The amount charged by MAL to the group in the year was £1,334,876 *(2012: £629,363)* and at 31 December 2013 the Group owed MAL £1,110,430 *(2012: £85,704)*.

Notes *(continued)*

23 Reconciliation of operating loss to net cash outflow from operating activities

	2013	2012
	£	£
Operating loss	**(6,782,445)**	(3,526,866)
Depreciation of tangible assets	**160,069**	107,850
Depreciation of intangible assets	**48,666**	48,376
Write off of development costs	**376,074**	-
Decrease/(increase) in debtors	**194,973**	(229,741)
(Decrease)/increase in creditors within one year	**(2,049,948)**	1,350,914
Reversal of charge in relation to share based payments	**15,720**	189,156
Net cash outflow from operating activities	**(8,036,891)**	(2,060,311)

24 Analysis of net funds/(debt)

	1 January 2013	Cash flow	Other non-cash changes	31 December 2013
	£	£	£	£
Cash at bank and in hand	1,627,991	(863,641)	-	**764,350**
	1,627,991	(863,641)	-	**764,350**
Debt due after one year	(85,704)	(7,914,296)	(151,128)	**(8,151,128)**
Net funds	1,542,287	(8,777,937)	(151,128)	**(7,386,778)**

25 Reconciliation of net cash flow to movement in net debt

	2013	2012
	£	£
Decrease in cash in the year	**(863,641)**	(634,953)
Cash outflow from decrease in debt	**(7,914,296)**	689,786
Change in net debt relating to cash flows	**(8,777,937)**	54,833
Other non-cash changes	**(151,128)**	-
Movement in net funds in the year		
Change in net debt relating to cash flows	**(8,777,937)**	54,833
Other non-cash changes	**(151,128)**	-
Opening net funds	**1,542,287**	1,487,454
Closing net (debt)/funds	**(7,386,778)**	1,542,287