

Company Registration No. 4586150 (England and Wales)

**SECURETRADING GROUP LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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# SECURETRADING GROUP LIMITED

## DIRECTORS AND ADVISERS

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<b>Directors</b>	J A Paulsen R J Robinson
<b>Secretary</b>	R J Robinson
<b>Company number</b>	4586150
<b>Registered office</b>	The Mansion House Plaistow Lane Bromley Kent BR1 3TP
<b>Registered auditors</b>	The Gallagher Partnership LLP 69/85 Tabernacle Street London EC2A 4RR
<b>Bankers</b>	HSBC plc 133 Regent Street London W1B 4HX
<b>Solicitors</b>	Alston & Bird LLP 601 Pennsylvania Avenue Washington, DC  DLA SchutGroscheide NV Amstelveenseweg 638 Amsterdam  Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS  Kidd Rapinet 14 & 15 Craven Street London WC2N 5AD

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# **SECURETRADING GROUP LIMITED**

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# **SECURETRADING GROUP LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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

### **Principal activities and review of the business**

The principal activity of the Group is the development and operation of value-added payment services for companies which trade over the internet. During the year the company has provided its services to an increasing number of diverse clients across all market sectors, and in particular has developed unique solutions for payment processing, transaction management, and financial control in high-risk market sectors which have contributed to a large increase in turnover and profitability. These services include risk management, fraud detection and prevention, as well as cash management and reconciliation services provided in association with a leading firm of accountants.

Most of the Group's systems and services are proprietary and are developed and operated by Securetrading Limited, which also runs the Group's datacentres. Securetrading Limited is engaged in a continuous research and development programme to enhance the core operational platform, which is owned by Securetrading Group Limited. Further significant developments are planned for the coming year.

### **Directors**

The following directors have held office since 1 January 2007 unless otherwise stated:

J A Paulsen

R J Robinson

### **Description of principal risks 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 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 comprise cash in liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main risk arising from the group's financial instruments is liquidity risk. The group finances its operations through a mixture of share capital, funds from its parent company, 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 U.S. dollars. Foreign exchange risk is managed by converting non-Sterling income to Sterling promptly upon receipt.

# **SECURETRADING GROUP LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **Results and dividends**

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

The directors do not recommend payment of a dividend.

### **Charitable donations**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
During the year the group made the following payments:		
Charitable donations	-	1,050
	<u>          </u>	<u>          </u>

### **Auditors**

In accordance with the Company's Articles, a resolution proposing that The Gallagher Partnership LLP be reappointed as auditors of the company will be put at a General Meeting.

# **SECURETRADING GROUP LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **Directors' responsibilities**

The directors are responsible for preparing 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). The financial statements are required by law to 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 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 group will continue in business.

The directors are responsible for keeping proper accounting records that 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 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.

### **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



R J Robinson

**Secretary**

28 November 2008

# **SECURETRADING GROUP LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF SECURETRADING GROUP LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") of Securetrading Group Limited for the year ended 31 December 2007 set out on pages 6 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK 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. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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 we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK 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 group's and the company'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.

# SECURETRADING GROUP LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF SECURETRADING GROUP LIMITED

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#### Opinion

In our opinion:

- 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 2007 and of the group's profit for the year then ended ;
- the financial statements 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.

  
The Gallagher Partnership LLP

Chartered Accountants  
Registered Auditors

28 November 2008

69/85 Tabernacle Street  
London  
EC2A 4RR



# SECURETRADING GROUP LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Turnover	2	6,485,303	2,778,907
Cost of sales		(59,676)	131,058
Gross profit		6,425,627	2,909,965
Administrative expenses		(5,199,256)	(2,949,077)
Operating profit/(loss)	3	1,226,371	(39,112)
Other interest receivable and similar income		31,920	16,871
Profit/(loss) on ordinary activities before taxation	3	1,258,291	(22,241)
Tax on profit/(loss) on ordinary activities	4	(68,000)	81,600
Profit on ordinary activities after taxation		1,190,291	59,359

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

There are no recognised gains and losses other than those passing through the profit and loss account.

# SECURETRADING GROUP LIMITED

## BALANCE SHEETS

AS AT 31 DECEMBER 2007

	Notes	Group 2007 £	2006 £	Company 2007 £	2006 £
<b>Fixed assets</b>					
Intangible assets	6	872,974	1,053,358	872,974	1,053,358
Tangible assets	7	106,348	160,527	1,821	26,395
Investments	8	-	-	272,965	272,965
		<u>979,322</u>	<u>1,213,885</u>	<u>1,147,760</u>	<u>1,352,718</u>
<b>Current assets</b>					
Debtors	9	3,096,580	749,794	2,103,296	116,527
Cash at bank and in hand		<u>459,911</u>	<u>216,477</u>	<u>237,497</u>	<u>19,707</u>
		3,556,491	966,271	2,340,793	136,234
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,707,838)</u>	<u>(542,471)</u>	<u>(3,593,296)</u>	<u>(1,778,809)</u>
<b>Net current assets</b>		<u>1,848,653</u>	<u>423,800</u>	<u>(1,252,503)</u>	<u>(1,642,575)</u>
<b>Total assets less current liabilities</b>		<u>2,827,975</u>	<u>1,637,685</u>	<u>(104,743)</u>	<u>(289,857)</u>
		<u>2,827,975</u>	<u>1,637,685</u>	<u>(104,743)</u>	<u>(289,857)</u>
<b>Capital and reserves</b>					
Called up share capital	13	9,500	9,500	9,500	9,500
Share premium account	14	1,777,293	1,777,293	1,777,293	1,777,293
Profit and loss account	14	1,041,182	(149,109)	(1,891,536)	(2,076,650)
<b>Shareholders' funds</b>	15	<u>2,827,975</u>	<u>1,637,685</u>	<u>(104,743)</u>	<u>(289,857)</u>

Approved by the Board and authorised for issue on 28 November 2008

  
J A Paulsen  
Director

  
R J Robinson  
Director

# SECURETRADING GROUP LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	2007		2006	
	£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>		279,610		(1,620,549)
<b>Returns on investments and servicing of finance</b>				
Interest received	31,920		16,871	
<b>Net cash inflow for returns on investments and servicing of finance</b>		31,920		16,871
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(69,742)		(119,773)	
<b>Net cash outflow for capital expenditure</b>		(69,742)		(119,773)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		241,788		(1,723,451)
<b>Increase/(decrease) in cash in the year</b>		241,788		(1,723,451)

# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

1	Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities	2007	2006
		£	£
	Operating profit/(loss)	1,226,371	(39,112)
	Depreciation of tangible assets	123,921	181,395
	Amortisation of intangible assets	180,384	180,384
	(Increase)/decrease in debtors	(2,414,786)	295,675
	Increase/(decrease) in creditors within one year	1,163,720	(2,238,891)
	Net cash outflow from operating activities	279,610	(1,620,549)

2	Analysis of net funds	1 January 2007	Cash flow	Other non-cash changes	31 December 2007
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	216,477	243,434	-	459,911
	Bank overdrafts	-	(1,646)	-	(1,646)
		216,477	241,788	-	458,265
	Net funds	216,477	241,788	-	458,265

3	Reconciliation of net cash flow to movement in net debt	2007	2006
		£	£
	Increase/(decrease) in cash in the year	241,788	(1,723,451)
	Movement in net funds in the year	241,788	(1,723,451)
	Opening net funds	216,477	1,939,928
	Closing net funds	458,265	216,477

# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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### **1 Accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and preceding year, is set out below.

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **1.2 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).

#### **1.3 Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2007. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### **1.4 Turnover**

Turnover represents amounts receivable for services net of VAT. Revenue is recognised in line with the accrual accounting based on fees received for services provided during the financial year.

#### **1.5 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.

#### **1.6 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 and 3 years
Fixtures, fittings & equipment	over 3 years

#### **1.7 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.8 Investments**

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

#### **1.9 Pensions**

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

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# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 1 Accounting policies

(continued)

#### 1.10 Taxation

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

#### 1.11 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 date.

#### 1.12 Cash held on deposit

Cash is held on deposit in respect of 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 "rolling reserve" arrangements is recorded on the balance sheet as cash, with an equal liability for the amount held.

### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity undertaken in the United Kingdom and the Netherlands.

### 3 Operating profit/(loss)

	2007 £	2006 £
Operating profit/(loss) is stated after charging:		
Depreciation of intangible assets	180,384	180,384
Depreciation of tangible assets	123,921	181,395
Loss on foreign exchange transactions	48,429	132,180
Intragroup management charges	717,862	-
Operating lease rentals		
- Plant and machinery	73,932	68,854
Auditors' remuneration (company £3,955; 2006: £3,750)	20,000	18,750
Remuneration of auditors for non-audit work	10,000	10,000

# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 4 Taxation

	2007 £	2006 £
<b>Current tax charge</b>	-	-
<b>Deferred tax</b>		
Deferred tax charge/credit current year	68,000	(81,600)
<b>Factors affecting the tax charge for the year</b>		
Profit/(loss) on ordinary activities before taxation	1,258,291	(22,241)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006: 30.00%)	377,487	(6,672)
Effects of:		
Non deductible expenses	56,928	57,387
Depreciation add back	37,176	54,418
Capital allowances	(28,980)	(36,961)
Tax losses utilised	(187,048)	(244,161)
Tax losses to carry forward	955	175,989
Group relief	(256,518)	-
	(377,487)	6,672
<b>Current tax charge</b>	-	-

### 5 Profit/(loss) for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit/(loss) for the financial year is made up as follows:

	2007 £	2006 £
Holding company's profit/(loss) for the financial year	185,114	(794,713)

# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 6 Intangible fixed assets Group

	Goodwill £
<b>Cost</b>	
At 1 January 2007 & at 31 December 2007	1,771,072
<b>Amortisation</b>	
At 1 January 2007	717,714
Charge for the year	180,384
At 31 December 2007	898,098
<b>Net book value</b>	
At 31 December 2007	872,974
At 31 December 2006	1,053,358

### Intangible fixed assets (continued) Company

	Goodwill £
<b>Cost</b>	
At 1 January 2007 & at 31 December 2007	1,771,072
<b>Amortisation</b>	
At 1 January 2007	717,714
Charge for the year	180,384
At 31 December 2007	898,098
<b>Net book value</b>	
At 31 December 2007	872,974
At 31 December 2006	1,053,358



# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 7 Tangible fixed assets Group

	Computer hardware, software and websites £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 January 2007	604,133	61,243	665,376
Additions	68,501	1,241	69,742
	<u>672,634</u>	<u>62,484</u>	<u>735,118</u>
<b>Depreciation</b>			
At 1 January 2007	456,218	48,631	504,849
Charge for the year	113,995	9,926	123,921
	<u>570,213</u>	<u>58,557</u>	<u>628,770</u>
<b>Net book value</b>			
At 31 December 2007	<u>102,421</u>	<u>3,927</u>	<u>106,348</u>

### Tangible fixed assets (continued) Company

	Computer equipment £
<b>Cost</b>	
At 1 January 2007	257,325
Additions	2,914
	<u>260,239</u>
<b>Depreciation</b>	
At 1 January 2007	230,930
Charge for the year	27,488
	<u>258,418</u>
<b>Net book value</b>	
At 31 December 2007	<u>1,821</u>

# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 8 Fixed asset investments (continued) Company

Shares in  
group  
undertakings  
£

#### Cost

At 1 January 2007 & at 31 December 2007

272,965

#### 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	Class	Shares held %
<b>Subsidiary undertakings</b>			
Securetrading Limited	England	Ordinary	100
Secure G Holdings Limited	England	Ordinary	100
Secure G Two BV*	The Netherlands	Ordinary	100
Secure G Three BV*	The Netherlands	Ordinary	100
SG Five Limited*	England	Ordinary	100

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

	Principal activity
Securetrading Limited	Development and operation of payment systems
Secure G Holdings Limited	Investment holding and management company
Secure G Two BV*	Payment service provider
Secure G Three BV*	Payment service provider
SG Five Limited*	Payment service provider

\* Interest held through Secure G Holdings Limited

# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 9 Debtors

	Group 2007 £	2006 £	Company 2007 £	2006 £
Trade debtors	1,699,795	440,948	857,038	-
Amounts owed by group undertakings	1,111,474	63,368	1,165,728	63,368
Called up share capital not paid	1	1	-	-
Other debtors	209,516	69,011	80,530	32,325
Prepayments and accrued income	62,194	94,866	-	20,834
Deferred tax asset (see note 11)	13,600	81,600	-	-
	<u>3,096,580</u>	<u>749,794</u>	<u>2,103,296</u>	<u>116,527</u>

### 10 Creditors : amounts falling due within one year

	Group 2007 £	2006 £	Company 2007 £	2006 £
Bank loans and overdrafts	1,646	-	-	-
Trade creditors	132,944	204,734	64,773	137,364
Amounts owed to group undertakings	-	-	2,687,822	1,569,606
Taxes and social security costs	293,639	48,687	122,349	8,534
Other creditors - see below	332,966	24,024	-	1
Accruals and deferred income	946,643	265,026	718,352	63,304
	<u>1,707,838</u>	<u>542,471</u>	<u>3,593,296</u>	<u>1,778,809</u>

Included within other creditors is an amount of £nil (31 December 2006 - £23,208) of cash held on deposit in respect of electronic payments services customers undertaking types of transactions where there is a higher than normal risk of loss to the payment processor. Such deposits are held to protect the company and its financial service providers, however this is returned to the customer to the extent the deposit is not used.

# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 11 Provisions for liabilities and charges

The deferred tax asset (included in debtors, note 9) is made up as follows:

	Group 2007 £		Company 2007 £
Balance at 1 January 2007	(81,600)		-
Profit and loss account	68,000		-
	<u>(13,600)</u>		<u>-</u>
Balance at 31 December 2007	<u>(13,600)</u>		<u>-</u>

  

	Group 2007 £	2006 £	Company 2007 £	2006 £
Decelerated capital allowances	(13,600)	(6,350)	-	-
Tax losses available	-	(75,250)	-	-
	<u>(13,600)</u>	<u>(81,600)</u>	<u>-</u>	<u>-</u>

### 12 Pension and other post-retirement benefit commitments

#### Defined contribution

	2007 £	2006 £
Contributions payable by the group for the year	<u>42,312</u>	<u>24,805</u>

### 13 Share capital

	2007 £	2006 £
<b>Authorised</b>		
100,000,000 Ordinary shares of £0.0001 each	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called up and fully paid</b>		
95,012,499 Ordinary shares of £0.0001 each	<u>9,500</u>	<u>9,500</u>

# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 14 Statement of movements on reserves Group

	Share premium account £	Profit and loss account £
Balance at 1 January 2007	1,777,293	(149,109)
Profit for the year	-	1,190,291
Balance at 31 December 2007	<u>1,777,293</u>	<u>1,041,182</u>

### Company

	Share premium account £	Profit and loss account £
Balance at 1 January 2007	1,777,293	(2,076,650)
Profit for the year	-	185,114
Balance at 31 December 2007	<u>1,777,293</u>	<u>(1,891,536)</u>

### 15 Reconciliation of movements in shareholders' funds Group

	2007 £	2006 £
Profit for the financial year	1,190,291	59,359
Opening shareholders' funds	<u>1,637,685</u>	<u>1,578,326</u>
Closing shareholders' funds	<u>2,827,975</u>	<u>1,637,685</u>

	2007 £	2006 £
Profit/(Loss) for the financial year	185,114	(794,713)
Opening shareholders' funds	<u>(289,857)</u>	<u>504,856</u>
Closing shareholders' funds	<u>(104,743)</u>	<u>(289,857)</u>

# SECURETRADING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 16 Employees

#### Number of employees

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

	2007 Number	2006 Number
Management	5	6
Sales and administration	12	12
Technical and development	14	11
Customer services and support	5	6
	<u>36</u>	<u>35</u>

#### Employment costs

	2007 £	2006 £
Wages and salaries	865,814	757,879
Social security costs	96,695	76,918
Other pension costs	42,312	24,805
	<u>1,004,821</u>	<u>859,602</u>

### 17 Control

The immediate and ultimate parent company is UC Group Limited, a company registered in England and Wales.

The ultimate controlling party is J A Paulsen, a director of the company and the parent company.

UC Group Limited prepares group financial statements and copies can be obtained from - The Mansion House, Plaistow Lane, Bromley, Kent BR1 3TP.

### 18 Related party transactions

#### Group

During the year the company paid management charges of £717,862 (2006 - £nil) to the parent company, UC Group Limited.