

Company Registration No 4586150 (England and Wales)

SECURETRADING GROUP LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010



SECURETRADING GROUP LIMITED

DIRECTORS AND ADVISERS

Directors	J A Paulsen R J Robinson
Secretary	R J Robinson
Company number	4586150
Registered office	Sundridge Park Manor Willoughby Lane Bromley Kent BR1 3FZ
Registered auditors	The Gallagher Partnership LLP 69/85 Tabernacle Street London EC2A 4RR
Bankers	HSBC plc 133 Regent Street London W1B 4HX
Solicitors	Alston & Bird LLP 601 Pennsylvania Avenue Washington, DC Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS Kidd Rapinet 14 & 15 Craven Street London WC2N 5AD

SECURETRADING GROUP LIMITED

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SECURETRADING GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and financial statements for the year ended 31 December 2010

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 an increase in turnover. 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 2010 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. 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 2010

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

Donations

	2010 £	2009 £
During the year the group made the following payments		
Political donations to EU parties and organisations	30,000	-
Charitable donations	1,925	-

The recipients and amounts of the political donations made by the company are as follows
Labour Party £30,000

Auditors

The auditors, The Gallagher Partnership LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

SECURETRADING GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

Directors' responsibilities

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,
- 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.

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.

On behalf of the board



J A Paulsen
Director
27 May 2011

SECURETRADING GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SECURETRADING GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Securetrading Group Limited for the year ended 31 December 2010 set out on pages 6 to 22. 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 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 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 require 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 of the state of the group's and parent company's affairs as at 31 December 2010 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.

SECURETRADING GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF SECURETRADING GROUP LIMITED

Matters on which we are required to report by exception

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

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


Imtiaz Arif (Senior Statutory Auditor)
for and on behalf of The Gallagher Partnership LLP

Chartered Accountants
Statutory Auditor



69/85 Tabernacle Street
London
EC2A 4RR

SECURETRADING GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover	2	10,971,545	5,648,372
Cost of sales		(3,565,950)	(1,130,462)
Gross profit		7,405,595	4,517,910
Administrative expenses		(8,833,137)	(6,438,460)
Operating loss	3	(1,427,542)	(1,920,550)
Other interest receivable and similar income		338	2,226
Interest payable and similar charges	4	(23)	-
Loss on ordinary activities before taxation		(1,427,227)	(1,918,324)
Tax on loss on ordinary activities	5	464,090	282,300
Loss on ordinary activities after taxation		(963,137)	(1,636,024)

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 2010

	Notes	Group 2010 £	2009 £	Company 2010 £	2009 £
Fixed assets					
Intangible assets	7	331,822	512,206	331,822	512,206
Tangible assets	8	111,919	110,065	5,961	4,472
Investments	9	-	-	270,853	270,853
		<u>443,741</u>	<u>622,271</u>	<u>608,636</u>	<u>787,531</u>
Current assets					
Debtors	10	12,729,934	7,611,208	6,423,591	4,627,416
Cash at bank and in hand		3,485,007	1,976,669	65,430	3,839
		<u>16,214,941</u>	<u>9,587,877</u>	<u>6,489,021</u>	<u>4,631,255</u>
Creditors amounts falling due within one year	11	(15,543,835)	(8,132,164)	(8,903,653)	(4,561,041)
Net current assets/(liabilities)		<u>671,106</u>	<u>1,455,713</u>	<u>(2,414,632)</u>	<u>70,214</u>
Total assets less current liabilities		<u>1,114,847</u>	<u>2,077,984</u>	<u>(1,805,996)</u>	<u>857,745</u>
		<u>1,114,847</u>	<u>2,077,984</u>	<u>(1,805,996)</u>	<u>857,745</u>
Capital and reserves					
Called up share capital	14	9,500	9,500	9,500	9,500
Share premium account	15	1,777,293	1,777,293	1,777,293	1,777,293
Profit and loss account	15	(671,946)	291,191	(3,592,789)	(929,048)
Shareholders' funds	16	<u>1,114,847</u>	<u>2,077,984</u>	<u>(1,805,996)</u>	<u>857,745</u>

Approved by the Board and authorised for issue on 27 May 2011


J A Paulsen
Director

Company Registration No 04586150

SECURETRADING GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	£	2010 £	£	2009 £
Net cash inflow/(outflow) from operating activities		2,350,257		(1,136,084)
Returns on investments and servicing of finance				
Interest received	338		2,226	
Interest paid	(23)		-	
Net cash inflow for returns on investments and servicing of finance		315		2,226
Taxation		1,690		-
Capital expenditure				
Payments to acquire tangible assets	(79,196)		(86,282)	
Receipts from sales of intangible assets	-		2,052,913	
Net cash (outflow)/inflow for capital expenditure		(79,196)		1,966,631
Net cash inflow before management of liquid resources and financing		2,273,066		832,773
Financing				
Other new short term loans	-		604,507	
Repayment of other short term loans	(604,507)		-	
Net cash (outflow)/inflow from financing		(604,507)		604,507
Increase in cash in the year		1,668,559		1,437,280

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

1 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities		2010	2009
		£	£
Operating loss		(1,427,542)	(1,920,550)
Depreciation of tangible assets		77,342	74,265
Amortisation of intangible assets		180,384	180,384
Increase in debtors		(4,656,321)	(3,770,980)
Increase in creditors within one year		8,176,394	4,300,797
Net cash inflow/(outflow) from operating activities		2,350,257	(1,136,084)

2 Analysis of net funds	1 January 2010	Cash flow	Other non-cash changes	31 December 2010
	£	£	£	£
Net cash				
Cash at bank and in hand	1,976,669	1,508,338	-	3,485,007
Bank overdrafts	(160,221)	160,221	-	-
	<u>1,816,448</u>	<u>1,668,559</u>	<u>-</u>	<u>3,485,007</u>
Debts falling due within one year	(604,507)	604,507	-	-
Net funds	<u>1,211,941</u>	<u>2,273,066</u>	<u>-</u>	<u>3,485,007</u>

3 Reconciliation of net cash flow to movement in net funds		2010	2009
		£	£
Increase in cash in the year		1,668,559	1,437,280
Cash outflow/(inflow) from decrease/(increase) in debt		604,507	(604,507)
Movement in net funds in the year		2,273,066	832,773
Opening net funds		1,211,941	379,168
Closing net funds		3,485,007	1,211,941

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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 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

1.3 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)

1.4 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 2010. 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.

1.5 Turnover

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

1.6 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.

1.7 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).

1.8 Impairment of non-financial assets

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.

1.9 Research and development

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.

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

(continued)

1 10 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any 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 11 Investments

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

1 12 Pensions

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

1 13 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 14 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

1.15 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

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

3	Operating loss	2010	2009
		£	£
	Operating loss is stated after charging		
	Depreciation of intangible assets	180,384	180,384
	Depreciation of tangible assets	77,342	74,265
	Intragroup management charges	3,178,164	460,858
	Auditors' remuneration (company £5,000, 2009 £5,000)	21,000	21,000
	Remuneration of auditors for non-audit work	12,000	12,000
	Marketing and public relations strategic costs	-	1,675,448
	and after crediting		
	Profit on foreign exchange transactions	(143,913)	(93,271)
		<u> </u>	<u> </u>
4	Interest payable	2010	2009
		£	£
	On bank loans and overdrafts	23	-
		<u> </u>	<u> </u>

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

5	Taxation	2010 £	2009 £
	Domestic current year tax		
	Adjustment for prior years	(1,690)	-
	Current tax charge	(1,690)	-
	Deferred tax		
	Deferred tax credit	(462,400)	(282,300)
		(464,090)	(282,300)
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(1,427,227)	(1,918,324)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	(399,624)	(537,131)
	Effects of		
	Non deductible expenses	102,106	56,878
	Depreciation add back	20,876	15,596
	Capital allowances	(30,896)	(21,493)
	Tax losses utilised	(40)	(11,611)
	Foreign tax adjustments	-	146
	Other tax adjustments	36,921	117,973
	Tax losses to carry forward	268,967	379,642
		397,934	537,131
	Current tax charge	(1,690)	-

6 (Loss)/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 (loss)/profit for the financial year is made up as follows:

	2010 £	2009 £
Holding company's (loss)/profit for the financial year	(2,663,741)	998,041

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

7 Intangible fixed assets Group

	Goodwill £	Total £
Cost		
At 1 January 2010 & at 31 December 2010	1,771,072	1,771,072
Amortisation		
At 1 January 2010	1,258,866	1,258,866
Charge for the year	180,384	180,384
At 31 December 2010	1,439,250	1,439,250
Net book value		
At 31 December 2010	331,822	331,822
At 31 December 2009	512,206	512,206

Company

	Goodwill £	Development Costs £	Total £
Cost			
At 1 January 2010 & at 31 December 2010	1,771,072	95,547	1,866,619
Amortisation			
At 1 January 2010	1,258,866	95,547	1,354,413
Charge for the year	180,384	-	180,384
At 31 December 2010	1,439,250	95,547	1,534,797
Net book value			
At 31 December 2010	331,822	-	331,822
At 31 December 2009	512,206	-	512,206

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

8 Tangible fixed assets Group

	Computer hardware, software and websites £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2010	812,511	80,802	893,313
Additions	60,766	18,430	79,196
	<u>873,277</u>	<u>99,232</u>	<u>972,509</u>
At 31 December 2010			
Depreciation			
At 1 January 2010	710,816	72,432	783,248
Charge for the year	65,562	11,780	77,342
	<u>776,378</u>	<u>84,212</u>	<u>860,590</u>
At 31 December 2010			
Net book value			
At 31 December 2010	<u>96,899</u>	<u>15,020</u>	<u>111,919</u>
At 31 December 2009	<u>101,695</u>	<u>8,370</u>	<u>110,065</u>

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

Company	Computer hardware, software and websites £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2010	262,551	9,834	272,385
Additions	1,758	4,704	6,462
At 31 December 2010	264,309	14,538	278,847
Depreciation			
At 1 January 2010	260,239	7,674	267,913
Charge for the year	-	4,973	4,973
At 31 December 2010	260,239	12,647	272,886
Net book value			
At 31 December 2010	4,070	1,891	5,961
At 31 December 2009	2,312	2,160	4,472

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

9 Fixed asset investments

Company

Shares in
group
undertakings
£

Cost

At 1 January 2010 & at 31 December 2010

272,965

Provisions for diminution in value

At 1 January 2010 & at 31 December 2010

2,112

Net book value

At 31 December 2010

270,853

At 31 December 2009

270,853

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 Limited	England	Ordinary	100
Secure G Holdings Limited	England	Ordinary	100
SG Two Limited*	England	Ordinary	100
SG Four Limited*	England	Ordinary	100
SG Five Limited*	England	Ordinary	100
SG Seven Limited*	England	Ordinary	100
Securetrading Group Inc*	USA	Ordinary	100
Secretrading Inc*	USA	Ordinary	100
Secure G Two BV*	Netherlands	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
SG Two Limited*	Payment service provider
SG Four Limited*	Payment service provider
SG Five Limited*	Payment service provider
SG Seven Limited*	Payment service provider
Securetrading Group Inc*	Investment holding and management company
Secretrading Inc*	Payment service provider
Secure G Two BV*	Payment service provider

* Investments are held through Secure G Holdings Limited

The company also has 100% holdings, either directly or indirectly in the following dormant companies, Securetrading Now Limited, SG One Limited, SG Three Limited, SG Six-GW Limited, SG Eight Limited, Totalpay Group Limited, Totalpay One Limited and Totalpay Two Limited

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

10 Debtors

	Group 2010 £	2009 £	Company 2010 £	2009 £
Trade debtors	6,157,483	2,061,857	-	86
Amounts owed by group undertakings	5,144,311	3,988,959	5,263,305	3,988,959
Other debtors	273,900	869,563	77,038	18,421
Prepayments and accrued income	86,240	85,229	15,248	18,950
Deferred tax asset (see note 12)	1,068,000	605,600	1,068,000	601,000
	<u>12,729,934</u>	<u>7,611,208</u>	<u>6,423,591</u>	<u>4,627,416</u>

11 Creditors amounts falling due within one year

	Group 2010 £	2009 £	Company 2010 £	2009 £
Bank loans and overdrafts	-	160,221	-	21,620
Trade creditors	384,790	1,488,995	332,001	463,820
Amounts owed to group undertakings	4,285,711	1,119,924	7,243,876	2,392,123
Other taxes and social security costs	251,035	281,302	40,697	123,600
Other creditors - see below	9,187,878	3,990,875	378,661	767,221
Accruals and deferred income	1,434,421	1,090,847	908,418	792,657
	<u>15,543,835</u>	<u>8,132,164</u>	<u>8,903,653</u>	<u>4,561,041</u>

Included within other creditors is an amount of £636 (2009 - £1,544,334) 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 2010

12 Provisions for liabilities

The deferred tax asset (included in debtors, note 10) is made up as follows

	Group 2010 £	Company 2010 £
Balance at 1 January 2010	(605,600)	(601,000)
Profit and loss account	(462,400)	(467,000)
Balance at 31 December 2010	<u>(1,068,000)</u>	<u>(1,068,000)</u>

	Group 2010 £	2009 £	Company 2010 £	2009 £
Decelerated capital allowances	(11,000)	(15,600)	(11,000)	(11,000)
Tax losses available	<u>(1,057,000)</u>	<u>(590,000)</u>	<u>(1,057,000)</u>	<u>(590,000)</u>
	<u>(1,068,000)</u>	<u>(605,600)</u>	<u>(1,068,000)</u>	<u>(601,000)</u>

13 Pension and other post-retirement benefit commitments

Defined contribution

	2010 £	2009 £
Contributions payable by the group for the year	<u>53,123</u>	<u>44,472</u>

14 Share capital

	2010 £	2009 £
Allotted, called up and fully paid		
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 2010

15 Statement of movements on reserves Group

	Share premium account £	Profit and loss account £
Balance at 1 January 2010	1,777,293	291,191
Loss for the year	-	(963,137)
Balance at 31 December 2010	<u>1,777,293</u>	<u>(671,946)</u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 January 2010	1,777,293	(929,048)
Loss for the year	-	(2,663,741)
Balance at 31 December 2010	<u>1,777,293</u>	<u>(3,592,789)</u>

16 Reconciliation of movements in shareholders' funds Group

	2010 £	2009 £
Loss for the financial year	(963,137)	(1,636,024)
Opening shareholders' funds	<u>2,077,984</u>	<u>3,714,008</u>
Closing shareholders' funds	<u>1,114,847</u>	<u>2,077,984</u>

Company

	2010 £	2009 £
(Loss)/Profit for the financial year	(2,663,741)	998,041
Opening shareholders' funds	<u>857,745</u>	<u>(140,296)</u>
Closing shareholders' funds	<u>(1,805,996)</u>	<u>857,745</u>

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

17 Directors' remuneration	2010 £	2009 £
Remuneration for qualifying services	-	-

18 Employees

Number of employees

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

	2010 Number	2009 Number
Management	5	3
Sales and administration	20	23
Technical and development	13	11
Customer services and support	5	5
	<u>43</u>	<u>42</u>

Employment costs	2010 £	2009 £
Wages and salaries	2,480,097	1,526,195
Social security costs	230,245	171,111
Other pension costs	53,123	44,472
	<u>2,763,465</u>	<u>1,741,778</u>

19 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 - Sundridge Park Manor, Willoughby Lane, Bromley, Kent BR1 3FZ, United Kingdom

SECURETRADING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

20 Related party transactions

Group

During the year the group was charged management charges of £3,178,164 (2009 - £566,500) and transferred patent costs amounting £191,695 (2009 - £2,052,913) to the parent company, UC Group Limited