

Company Registration No. 04591066 (England and Wales)

**SECURETRADING LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2003**



# SECURETRADING LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R J Robinson	(Appointed 19 November 2002)
	J A Paulsen	(Appointed 1 September 2003)

<b>Secretary</b>	R J Robinson
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<b>Company number</b>	04591066
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<b>Registered office</b>	The Mansion House, Plaistow Lane Bromley Kent BR1 3TP United Kingdom
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<b>Registered Auditors</b>	The Gallagher Partnership LLP 69/85 Tabernacle Street London EC2A 4RR
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<b>Business address</b>	Parc Menai Business Park Bangor Gwynned LL57 4BF United Kingdom
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# SECURETRADING LIMITED

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# SECURETRADING LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2003

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The directors present their report and financial statements for the period from incorporation to 31 December 2003.

### **Incorporation and change of name**

The company was incorporated on 15 November 2002 as Peachmile Limited, and commenced trading on 11 December 2002. On 8 April 2003 the company changed its name to Securetrading Limited

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

The principal activity of the company is the provision of secure internet payment facilities. During the period, the company acquired the business of Securetrading Limited (subsequently renamed Resolution One Limited) from a fellow group company. The business has been significantly developed since the acquisition, expanding into new markets that have increased revenues and margins.

### **Results and dividend**

The result for the period is set out on page 4. The company made a profit on ordinary activities after taxation of £170,153. The directors do not recommend payment of an ordinary dividend and the profit for the period has been transferred to reserves.

### **Directors**

The following directors have held office since 15 November 2002 unless otherwise stated:

R J Robinson	(Appointed 19 November 2002)
J A Paulsen	(Appointed 1 September 2003)

J A Paulsen was originally appointed a director of the company on 19 November 2002 and resigned on 10 December 2002.

London Law Services Limited was appointed a director on 15 November and resigned on 19 November 2002, P S Meyer was appointed a director on 10 December 2002 and resigned on 1 September 2003.

### **Directors' interests**

There are no directors' interests requiring disclosure under the Companies Act 1985.

The interests of J A Paulsen and R J Robinson in the issued share capital of UC Group Limited, the company's ultimate parent company, are disclosed in that company's financial statements.

### **Auditors**

The Gallagher Partnership LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

# SECURETRADING LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003

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### Directors' responsibilities

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

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

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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



R J Robinson

**Director**

2 July 2004

# SECURETRADING LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SECURETRADING LIMITED

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We have audited the financial statements of Securetrading Limited on pages 4 to 11 for the period ended 31 December 2003. 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 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

  
The Gallagher Partnership LLP

Chartered Accountants  
Registered Auditors

5 July 2004

69/85 Tabernacle Street  
London  
EC2A 4RR

# SECURETRADING LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2003

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		Period ended 31 December 2003 £
	Notes	
Turnover	2	1,405,833
Cost of sales		(138,327)
<b>Gross profit</b>		<b>1,267,506</b>
Administrative expenses		(1,098,576)
<b>Operating profit</b>	<b>3</b>	<b>168,930</b>
Other interest receivable and similar income		1,223
<b>Profit on ordinary activities before taxation</b>		<b>170,153</b>
Tax on profit on ordinary activities	4	-
<b>Profit on ordinary activities after taxation</b>	<b>11</b>	<b>170,153</b>

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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 LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£
<b>Fixed assets</b>			
Tangible assets	5		89,966
<b>Current assets</b>			
Stocks	6	8,311	
Debtors	7	556,063	
Cash at bank and in hand		128,461	
		<u>692,835</u>	
<b>Creditors: amounts falling due within one year</b>	8	(376,120)	
		<u>        </u>	
<b>Net current assets</b>			316,715
<b>Total assets less current liabilities</b>			<u>406,681</u>
<b>Capital and reserves</b>			
Called up share capital	10		8,600
Share premium account	11		227,928
Profit and loss account	11		170,153
			<u>        </u>
<b>Shareholders' funds - equity interests</b>	12		<u>406,681</u>

The financial statements were approved by the Board on 2 July 2004



R J Robinson  
Director



# SECURETRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2003

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### 1 Accounting policies

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

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

#### 1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

#### 1.5 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.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	2 to 3 years
Fixtures, fittings & equipment	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 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

#### 1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with FRS 17.

# SECURETRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003

### 1 Accounting policies

(continued)

#### 1.10 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.

### 2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating profit

2003

£

Operating profit is stated after charging:

Depreciation of tangible assets	29,880
Loss on disposal of tangible assets	13,125
Operating lease rentals	47,909
Auditors' remuneration	8,000

### 4 Taxation

2003

£

Current tax charge

-

Factors affecting the tax charge for the period

Profit on ordinary activities before taxation	170,153
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Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00%

51,046

Effects of:

Non deductible expenses	4,330
Depreciation add back	8,964
Capital allowances	(15,957)
Group relief	(48,383)
	(51,046)

Current tax charge

-

# SECURETRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003

### 5 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 15 November 2002	-	-	-
Additions	114,751	18,220	132,971
Disposals	(17,907)	(906)	(18,813)
	<u>96,844</u>	<u>17,314</u>	<u>114,158</u>
At 31 December 2003			
<b>Depreciation</b>			
At 15 November 2002	-	-	-
On disposals	(5,424)	(264)	(5,688)
Charge for the period	23,811	6,069	29,880
	<u>18,387</u>	<u>5,805</u>	<u>24,192</u>
At 31 December 2003			
<b>Net book value</b>			
At 31 December 2003	<u>78,457</u>	<u>11,509</u>	<u>89,966</u>

### 6 Work in progress

	2003 £
Work in progress	<u>8,311</u>

### 7 Debtors

	2003 £
Trade debtors	212,671
Amounts owed by parent and fellow subsidiary undertakings	28,237
Amounts owed by subsidiary undertakings	297,213
Prepayments and accrued income	17,942
	<u>556,063</u>

# SECURETRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003

<b>8</b>	<b>Creditors: amounts falling due within one year</b>	<b>2003</b>
		<b>£</b>
	Trade creditors	42,399
	Amounts owed to parent and fellow subsidiary undertakings	128,782
	Taxes and social security costs	31,636
	Other creditors	74
	Accruals and deferred income	173,229
		<u>376,120</u>

### **9 Pension costs**

#### **Defined contribution**

	<b>2003</b>
	<b>£</b>
Contributions payable by the company for the period	<u>25,468</u>

<b>10</b>	<b>Share capital</b>	<b>2003</b>
		<b>£</b>
	<b>Authorised</b>	
	100,000,000 Ordinary shares of £0.0001 each	<u>10,000</u>
	<b>Allotted, called up and fully paid</b>	
	86,009,999 Ordinary shares of £0.0001 each	<u>8,600</u>

On incorporation the company had an authorised share capital of £100, made up of 100 ordinary shares of £1 each. On 15 November 2002 these were subdivided into 1,000,000 ordinary shares of £0.0001 each. On 15 November 2002 the authorised share capital was increased by £9,900 by the creation of a further 99,000,000 ordinary shares of £0.0001 each.

On incorporation 76,009,999 ordinary shares of £0.0001 each were allotted and fully paid at par for cash consideration to provide working capital. During the period a further 10,000,000 ordinary shares of £0.0001 were issued for a total consideration of £228,928, including share premium, to acquire the trade and assets of Securetrading Limited.

# SECURETRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003

### 11 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Retained profit for the period	-	170,153
Premium on shares issued during the period	227,928	-
Balance at 31 December 2003	227,928	170,153

### 12 Reconciliation of movements in shareholders' funds

	2003 £
Profit for the financial period	170,153
Proceeds from issue of shares	236,528
Net addition to shareholders' funds	406,681
Opening shareholders' funds	-
Closing shareholders' funds	406,681

### 13 Employees

#### Number of employees

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

	2003 Number
Sales and administration	7
Technical and development	6
Customer service and support	8
Management	3
	24

#### Employment costs

	£
Wages and salaries	450,707
Social security costs	54,539
Other pension costs	25,468
	530,714

# **SECURETRADING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003**

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### **14 Ultimate parent company and control**

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

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

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

### **15 Related party transactions**

In December 2002 the company acquired the trade and tangible fixed assets of the business of the former Securetrading Limited (subsequently renamed Resolution One Limited) from Securetrading Group Limited, the company's immediate parent company. Consideration for the purchase was the issue of new shares in the company as detailed in note 10. J A Paulsen and R J Robinson, directors of the company, are also directors of Resolution One Limited and Securetrading Group Limited.

The company provides payment processing services to other group companies on an arms length basis. Included within turnover is £108,281 in respect of transaction processing and other services provided to fellow group undertakings.