

Securetrading Limited

**Directors' report and financial
statements**

Registered number 04591066

31 December 2012



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Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2012

Principal activities

The principal activities of the company are the provision of secure value-added payment facilities to a broad range of clients across all market sectors and the provision of development and operational services to other companies in the Securetrading Group

Business review

The company has continued to build its brand and reputation as a Tier 1 provider of payments in the marketplace, as well as growing the breadth and depth of services offered to its burgeoning client base

Directors

The directors who held office during the year were as follows

J A Paulsen
D I Holden
M A Blakemore – appointed 1 June 2012

Political and charitable contributions

The Company made no disclosable political or charitable donations or incurred any political expenditure during the year (2011 £nil)


Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board


M A Blakemore
Director

Sundridge Park Manor
Willoughby Lane
Bromley
Kent
BR1 3FZ

09 APRIL 2013

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



KPMG LLP

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Independent auditor's report to the members of Securetrading Limited

We have audited the financial statements of Securetrading Limited for the year ended 31 December 2012 set out on pages 5 to 14. 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 2, 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

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

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the statement of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

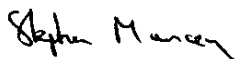
In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's report to the members of Securetrading 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



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

9 April 2013

Profit and Loss Account
for the year ended 31 December 2012

| | <i>Note</i> | 2012 £ | 2011 £ |
|--|-------------|-------------------------|-------------------------|
| Turnover | 2 | 5,447,316 | 6,320,774 |
| Cost of sales | | (818,158) | (1,172,818) |
| Gross profit | | 4,629,158 | 5,147,956 |
| Administrative expenses | | (3,722,957) | (3,372,729) |
| Operating profit | 2 | 906,201 | 1,775,227 |
| Interest receivable and similar income | 3 | 3 | 5 |
| Interest payable and similar charges | 4 | (371) | (562) |
| Profit on ordinary activities before taxation | | 905,833 | 1,774,670 |
| Tax on profit on ordinary activities | 7 | 22,351 | (7,902) |
| Profit for the financial year | | 928,184 | 1,766,768 |

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

There are no recognised gains and losses other than those presented in the profit and loss account

The notes on pages 7 to 14 form part of these financial statements

Balance Sheet
at 31 December 2012

| | <i>Note</i> | 2012 | 2011 |
|--|-------------|--------------------|--------------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 8 | <u>152,689</u> | <u>146,657</u> |
| Current assets | | | |
| Debtors | 9 | 9,930,986 | 8,432,911 |
| Cash at bank and in hand | | <u>1,104,801</u> | <u>98,488</u> |
| Creditors amounts falling due within one year | 10 | <u>(5,287,542)</u> | <u>(3,697,404)</u> |
| Net current assets | | 5,886,486 | 4,833,995 |
| Provision for liabilities and charges | 11 | <u>-</u> | <u>(7,902)</u> |
| Total assets less liabilities | | 5,900,934 | 4,972,750 |
| Capital and reserves | | | |
| Called up share capital | 13 | 8,600 | 8,600 |
| Share premium account | 14 | 227,928 | 227,928 |
| Profit and loss account | 14 | <u>5,664,406</u> | <u>4,736,222</u> |
| Shareholders' funds | | 5,900,934 | 4,972,750 |

The notes on page 7 to 14 form part of these financial statements

These financial statements were approved by the board of directors on **09 APRIL** 2013 and were signed on its behalf by



M A Blakemore
Director

Company registered number 04591066

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

Going concern

After making enquiries, the directors have a reasonable expectation that the company 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

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost, less provision for impairment

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

| | | |
|----------------------------------|---|-----------|
| Computer systems | - | 2-3 years |
| Fixtures, fittings and equipment | - | 3 years |

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 the profit and loss account

Notes (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

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.

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.

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

Notes (continued)

2 Operating profit

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| Operating profit is stated after charging/(crediting) | | |
| Processing fees charged to other group companies | (235,457) | (858,370) |
| Depreciation of tangible assets | 98,435 | 92,714 |
| Loss on foreign exchange transactions | 700 | 767 |
| Auditor's remuneration audit of these financial statements | - | - |

Auditor's remuneration of £20,000 in respect of these financial statements has been borne by the parent company

3 Interest receivable and similar income

| | 2012 £ | 2011 £ |
|---------------|-----------|-----------|
| Bank interest | 3 | 5 |

4 Interest payable

| | 2012 £ | 2011 £ |
|------------------------------|-----------|-----------|
| On bank loans and overdrafts | 371 | 562 |

5 Remuneration of directors

| | 2012 £ | 2011 £ |
|-----------------------|-----------|-----------|
| Directors' emoluments | - | - |

Number of directors
2012 2011

Retirement benefits are accruing to the following number of directors under

| | | |
|------------------------|---|---|
| Money purchase schemes | - | - |
|------------------------|---|---|

The directors receive remuneration from the parent company

Notes (continued)

6 Staff numbers and costs

| | 2012 No. | 2011 No |
|---|-------------------|-------------------|
| The average monthly number of employees (including directors) during the year was | | |
| Sales and administration | 15 | 16 |
| Technical and development | 10 | 12 |
| Customer service and support | 7 | 7 |
| Management | 1 | 1 |
| | <u>33</u> | <u>36</u> |
| | <u>33</u> | <u>36</u> |
| Employee costs | 2012 £ | 2011 £ |
| Wages and salaries | 1,070,638 | 1,114,729 |
| Social security costs | 114,232 | 129,930 |
| Staff pension costs | 55,816 | 51,971 |
| | <u>1,240,686</u> | <u>1,296,630</u> |
| | <u>1,240,686</u> | <u>1,296,630</u> |

7 Taxation

Analysis of charge in period

| | 2012 £ | 2011 £ |
|---|-----------------|--------------|
| UK Corporation tax | | |
| Current tax on profit for the year | - | - |
| | <u>-</u> | <u>-</u> |
| Current tax charge | - | - |
| Deferred tax | | |
| Deferred tax (credit) / charge current year | (22,351) | 7,902 |
| | <u>(22,351)</u> | <u>7,902</u> |
| | <u>(22,351)</u> | <u>7,902</u> |

Notes (continued)

7 Taxation (continued)

Factors affecting the tax charge for the year

The difference between the total current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax, 24.5% (2011 26.5%), to the profit before tax is as follows

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation | 905,833 | 1,774,670 |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.5% (2011 26.5%) | 221,839 | 470,288 |
| Effects of | | |
| Non deductible expenses | (63,384) | (53,693) |
| Difference between capital allowances and depreciation | 22,640 | (9,463) |
| Other tax adjustments | (88) | 1,857 |
| Group relief utilised | (181,007) | (408,989) |
| | (221,839) | (470,288) |
| Current tax charge | - | - |

Factors that may affect future current and total tax charges

On 23 March 2012, the Chancellor announced that the main rate of UK corporation tax will reduce from 26% to 24% with effect from 1 April 2012. This tax change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2012 has been included in the figures above.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent to 23% from 1 April 2014. This change was substantively enacted on 3 July 2012 and therefore may affect future periods tax charge.

Notes (continued)

8 Tangible fixed assets

| | Computer systems £ | Fixtures, fittings & equipment £ | Total £ |
|-----------------------|--------------------------|--|------------|
| <i>Cost</i> | | | |
| At 1 January 2012 | 745,672 | 78,618 | 824,290 |
| Additions | 97,438 | 7,029 | 104,467 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2012 | 843,110 | 85,647 | 928,757 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At 1 January 2012 | 603,474 | 74,159 | 677,633 |
| Charge for year | 94,561 | 3,874 | 98,435 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2012 | 698,035 | 78,033 | 776,068 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 31 December 2012 | 145,075 | 7,614 | 152,689 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2011 | 142,198 | 4,459 | 146,657 |
| | <hr/> | <hr/> | <hr/> |

9 Debtors

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Trade debtors | 867,620 | 746,617 |
| Amounts owed by parent and fellow subsidiary undertakings | 8,963,650 | 7,491,636 |
| Other debtors | 36,838 | 136,709 |
| Prepayments and accrued income | 48,429 | 57,949 |
| Deferred tax (note 11) | 14,449 | - |
| | <hr/> | <hr/> |
| | 9,930,986 | 8,432,911 |
| | <hr/> | <hr/> |

10 Creditors amounts falling due within one year

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Trade creditors | 129,561 | 205,435 |
| Amounts owed to parent and fellow subsidiary undertakings | 4,689,090 | 2,984,028 |
| Other taxes and social security costs | 244,433 | 243,380 |
| Other creditors | 60,000 | 73,387 |
| Accruals and deferred income | 164,458 | 191,174 |
| | <hr/> | <hr/> |
| | 5,287,542 | 3,697,404 |
| | <hr/> | <hr/> |

Notes (continued)

11 Deferred tax

| | 2012 £ | 2011 £ |
|--------------------------------|-----------|-----------|
| Deferred tax (asset)/liability | (14,449) | 7902 |

At 31 December 2012, deferred tax has been provided as follows

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Differences between depreciation and capital allowances | (14,449) | 7,902 |

12 Pension and other post-retirement benefit commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £55,816 (2011 £51,971). Contributions totalling £6,348 (2011 £6,348) were payable to the fund at the year end and are included in creditors.

13 Called up share capital

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| <i>Allotted, called up and fully paid</i> 86,009,999 (2011 86,009,999) Ordinary shares of £0.0001 each | 8,600 | 8,600 |

14 Movements on reserves

| | Share premium account £ | Profit and loss account £ |
|------------------------------------|----------------------------------|------------------------------------|
| Balance at 1 January 2012 | 227,928 | 4,736,222 |
| Profit for the year | - | 928,184 |
| Balance at 31 December 2012 | 227,928 | 5,664,406 |

Notes (continued)

15 Reconciliation of movements in shareholders' funds

| | £ |
|-------------------------------------|-----------|
| Profit for the financial year | 928,184 |
| Dividends | - |
| | <hr/> |
| Net addition to shareholders' funds | 928,184 |
| Opening shareholders' funds | 4,972,750 |
| | <hr/> |
| Closing shareholders' funds | 5,900,934 |
| | <hr/> |

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

17 Related party transactions

During the year, the company paid management charges of £1,638,515 (2011 £1,241,303) to UC Group Limited, the ultimate parent company. At December 2012, the company owed UC Group Limited £4,622,543 (2011 £2,984,028)

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between members of the SecureTrading Group Limited group, as the company is a wholly owned subsidiary undertaking of that group