

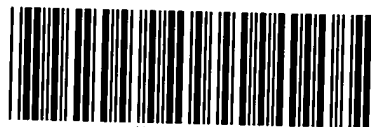
UC Group Limited

Annual report and financial statements

Registered number 3762366

31 December 2014

TUESDAY



L51TAVJE

LD2

01/03/2016

#14

COMPANIES HOUSE

Contents

Chairman's statement	1
Directors' report	2
Strategic report	3
Statement of directors' responsibilities in respect of the Annual Report and the financial statements	4
Independent auditor's report to the members of UC Group Limited	5
Consolidated Profit and Loss Account	7
Balance Sheet	8
Consolidated Statement of Total Recognised Gains and Losses	9
Consolidated Cash Flow Statement	10
Notes to the financial statements	11

Chairman's statement

Dear Shareholders,

I am pleased to report that 2014 was a year of significant change for the Group.

After many years as a successful Payment Service Provider, UC Group continued its development with the launch of its own Acquiring services, SecureTrading Financial Services Ltd, which commenced trading in the middle of 2014.

As Principal Members of Visa and Mastercard, backed by an EU Financial Institution licence, the Group is well positioned to deploy these Acquiring services across its existing merchant base, but also grow by offering new merchants, wider and complimentary services.

This cements the Group's three primary trading assets: Payment Services, Acquiring and Cybersecurity.

This strategy has been vindicated with the rapid growth in merchants using these services, and the uplift in associated processing volumes.

We are very proud of these achievements, and I would like to thank all our staff and stakeholders for making this key transition for the Group a major success.

Building on these changes, our cybersecurity business has developed into one of the leading advisory, accreditation and implementation businesses. They are one of only eleven companies globally to be able to do so. In an increasingly vulnerable and technically connected world, cybersecurity will become the next cornerstone of internet operational competence.

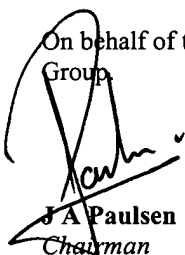
In the US, SecureTrading Inc, having received its Nevada Gaming Control Board licence and its ancillary licence in New Jersey, continues to build a solid platform for strategic growth. This full end-to-end enterprise system's revenues are expected to go live in 2015.

I am also pleased to confirm the value created in our Intellectual Property. Not only has the Group qualified for R&D Tax relief in the UK (proving our commitment to developing leading-edge technologies), our portfolio of Patents have deepened. There are now 4 granted, and many pending, across US, China, Japan and Brazil.

Financially, whilst Revenues have grown, the underlying costs of launching our services have been significant. So whilst the Group overall is in operating loss, this position is expected to quickly reverse in 2015, and on which our long-term success will be delivered.

Finally, it is with great appreciation for many years' service that I announce that Frans van Hove will be stepping down from the Board at the beginning of 2016. His contribution to the Group over many years has been immensely valued, and we wish him well for the future.

On behalf of the Board, I thank you for your continued support and look forward to sharing a very bright future for the Group.



J A Paulsen
Chairman

28 February 2015

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2014.

Principal activity

The principal activity of UC Group is that of a global e-solutions company, offering internet-enabled services. The focus is on internet-enabled bespoke payment and cybersecurity solutions, as well as transaction and payment management systems for our global markets.

Political and charitable contributions

The Company made no disclosable political or charitable donations or incurred any political expenditure during the year (2013: £nil).

Directors

The following directors have held office since 1 January 2014 unless otherwise stated:

J A Paulsen

P J Boylan*

D I Holden

M M J J Boekhoorn*

D Scheurl* (appointed 12 February 2014)

The Rt Hon. the Lord Blunkett*

F S Hove* (resigned 01 January 2016)

*Non-executive director

Employee involvement

The group's policy is to consult and discuss directly with employees any matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

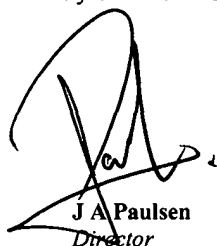
Auditors

The auditors, KPMG LLP, are deemed to be appointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditor is 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 auditor is aware of that information.

By order of the Board



J A Paulsen
Director

40 Bank Street
London
E14 5NR

26 February 2016

26 February 2016

Strategic report

Business review

During the year the Group has made significant progress in building sustainable value for the long-term. The Group now encompasses a full suite of payments, cybersecurity and related management services and holds key licences in Europe and USA.

Whilst headline turnover has remained stable, substantial progress has been made in forming the basis of strong revenue growth. Securetrading Financial Services Limited (“STFS”) commenced operations as an acquiring institution licensed by Mastercard and Visa. SecureTrading Inc (“STI”), having received its Nevada Gaming Control Board licence and its ancillary licence in New Jersey, continues to build a solid platform for strategic growth. Cognosec has developed into a leading cybersecurity business.

The debt facility agreed and partially drawn down in 2013 was fully drawn down in 2014 and is facilitating further investment in the business.

In 2015, STFS has shown very significant growth in turnover and has progressed to become a profitable business after just over a year of operation. Secure Trading Limited continues to show revenue and profit growth, and the US platform went operational and earned its first revenues in 2015.

Description of principal risk and uncertainties

The turnover of the group consists of income from the provision of electronic payment services. Sales are dependent on the group being able to continually offer its customers cost-effective, versatile and reliable products and complying with ever changing demands of the environment in which it operates, including changes in global government and regulatory policies around the world.

The group, as it adapts to global changes in its markets, needs to ensure that it can maintain strong internal controls and procedures.

The group’s principal financial instruments are comprised of cash in liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risk arising from the group’s financial instrument is liquidity risk. The group finances its operations through a mixture of share capital, retained profits and income from sales. Liquidity risk is managed by maintaining a balance between continuity of funding and flexibility through the use of short-term deposits when surplus funds are available.

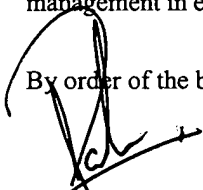
Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to purchasing authorities and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Foreign currency risk is the risk that the group will sustain losses through adverse movements in currency exchange rates. The group’s business is impacted through its exposure to some of its fee income being in US dollars and Euros.

The group is exposed to changes in relationships with its customers and suppliers. It is a key task for the operational management in each business to maintain and develop relationships with customers and suppliers.

By order of the board



J A Paulsen
Director

40 Bank Street
London
E14 5NR

26 February 2016

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

Independent Auditor's report to the members of UC Group Limited

We have audited the group and parent company financial statements (the "financial statements") of UC Group Limited for the year ended 31 December 2014 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards required us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's and the group's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

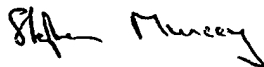
In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's report to the members of the UC Group Limited *(continued)*

Matters on which we are required to report by exception

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

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



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

KPMG LLP
15 Canada Square
London
E14 5GL

29 February 2016

Consolidated Profit and Loss Account
for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Turnover	2	7,047,718	7,565,497
Cost of sales		(1,775,273)	(1,785,502)
Gross profit		5,272,445	5,779,995
Administrative expenses		(12,358,545)	(12,562,441)
Group operating loss	3	(7,086,100)	(6,782,446)
Other interest receivable and similar income		-	63
Interest payable and similar charges	5	(2,383,750)	(543,966)
Loss on ordinary activities before taxation		(9,469,850)	(7,326,349)
Tax on loss on ordinary activities	6	(942,574)	(143,654)
Loss on ordinary activities after taxation		(10,412,424)	(7,470,003)
Minority interests		1,740,305	1,488,721
Loss for the financial year		(8,672,119)	(5,981,282)

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


The notes on pages 11 to 26 form part of these financial statements.

Balance Sheet
at 31 December 2014

	<i>Note</i>	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Fixed assets					
Intangible assets	8	3,200,666	2,846,913	2,552,356	2,529,849
Tangible assets	9	926,277	418,003	-	-
Investments	10	-	-	38,048	38,048
		<u>4,126,943</u>	<u>3,264,916</u>	<u>2,590,404</u>	<u>2,567,897</u>
Current assets					
Debtors	11	5,987,784	6,205,944	10,597,799	10,949,751
Cash at bank and in hand		1,823,012	764,350	-	-
		<u>7,810,796</u>	<u>6,970,294</u>	<u>10,597,799</u>	<u>10,949,751</u>
Creditors: amounts falling due within one year	12	(12,295,493)	(8,241,978)	(5,755,539)	(7,291,730)
Net current (liabilities)/assets		(4,484,697)	(1,271,684)	4,842,260	3,658,021
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets less current liabilities		(357,754)	1,993,232	7,432,664	6,225,918
Creditors: amounts falling due after one year	13	(14,177,861)	(8,151,128)	-	-
Net liabilities		(14,535,615)	(6,157,896)	7,432,664	6,225,918
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital and reserves					
Called up share capital	15	94,075	93,601	94,075	93,601
Share premium account	16	4,899,002	2,993,445	4,899,002	2,993,445
Profit and loss account	16	(15,602,004)	(7,068,336)	2,439,587	3,138,872
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Shareholders' funds – equity interests	18	(10,608,927)	(3,981,290)	7,432,664	6,225,918
Minority interests	17	(3,926,688)	(2,176,606)	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		<u>(14,535,615)</u>	<u>(6,157,896)</u>	<u>7,432,664</u>	<u>6,225,918</u>

These financial statements were approved by the board of directors on 26 February 2016 and were signed on its behalf by:

The notes on pages 11 to 26 form part of these financial statements.


J A Paulsen
Director

Company registered number: 3762366

Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 December 2014

	2014 £	2013 £
Loss for the financial year	(8,672,119)	(5,981,282)
Profit on foreign currency translation of reserves	76,157	32,048
Profit/(loss) on foreign currency translation of reserves attributable to minority interests	9,776	(8,526)
Reversal of charge in relation to share based payments	52,518	15,720
	<hr/>	<hr/>
Total recognised losses relating to the financial year	(8,533,668)	(5,942,040)
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 26 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Net cash outflow from operating activities	23	(3,515,331)	(8,036,891)
Returns on investments and servicing of finance			
Interest received		-	63
Interest paid		(754,034)	(392,838)
Net cash outflow for returns on investments and servicing of finance		(754,034)	(392,775)
Taxation		339,541	339,541
Capital expenditure and financial investment			
Payments to acquire intangible assets		(464,402)	(164,640)
Payments to acquire tangible assets		(903,259)	(386,948)
Net cash outflow from capital expenditure		(1,367,661)	(551,588)
Net cash outflow before management of liquid resources and financing		(5,297,485)	(8,641,713)
Financing			
Issue of ordinary share capital		1,889,202	60,000
Receipt of loan monies		4,020,000	8,000,000
Repayment of other short term loans		(130,165)	(281,928)
Drawdown on lease facilities		604,197	-
Payment on lease facilities		(103,245)	-
Foreign exchange reserves movement		76,158	-
Net cash inflow from financing		6,356,147	7,778,072
Increase/(decrease) in cash in the year	24	1,058,662	(863,641)

The notes on pages 11 to 26 form part of these financial statements.

Notes to the financial statements (forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with Applicable Accounting Standards (UK GAAP) and under the historical cost accounting rules.

Going concern

Notwithstanding the operating loss of £7,086,100 for the year ended 31 December 2014 and net current liabilities of £4,484,697 at the year end, the directors, having reviewed forecasts and made enquiries, and having also received the ongoing support of a related company, Mansion Associates Ltd, are satisfied that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

In the first half of 2014 the Group drew down a further tranche on the loan facility. The forecasts show an upturn in performance and cash flow in 2015 and 2016 when the positive impact of strategic hires, the launch of the Maltese business, and new US technology platform are all felt. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2014. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account

Turnover

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

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, subject to a maximum of 20 years. Provision is made for any impairment.

Patents

Patents are valued at historic cost. Patents have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives (20 years).

Impairment of non-financial asset

The company assesses at each reporting date whether an asset may be impaired. If any such indicator exists the entity tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset an impairment loss is required. Assets with indefinite lives are tested for impairment annually.

Notes (continued)

1 Accounting policies (continued)

Research and development expenditure

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit once the project is complete.

Website development costs

Design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the cost of developing the design and the content are charged to the profit and loss account as incurred.

Tangible fixed assets and depreciation

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

Computer hardware, software and websites	-	over 2-3 years
Fixtures, fittings and equipment	-	over 3 years

Investments

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

Pensions

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

Taxation

Corporation tax payable is provided on taxable profits at the current rates.

Deferred tax is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on the current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations of periods different from those in which they are included in the financial statements. Deferred assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account. The results of overseas operations are translated at average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet.

Cash held on deposit

Cash is held on deposit in respect of certain customer electronic payment transactions where there is a higher than normal risk of loss to the payment processor. This cash is held for a fixed period to protect the company and its financial service providers and is returned to the customer to the extent the deposit is not used. Cash held on deposit under these arrangements is recorded on the balance sheet as cash, with an equal liability for the amount held.

Notes (continued)

1 Accounting policies (continued)

Share based payments

The group has issued share options to certain directors and employees. These are measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using the option-pricing model. The fair value will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

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

Exceptional items

Material expenditure that falls within the ordinary activities of the group but which is considered exceptional, by virtue of its size or incidence, is recognised within the statutory format classification to which it relates and disclosed as necessary on the face of the profit and loss account and in the notes to the financial statements.

2 Segmental analysis by class of business

The analysis by class of business of the group's turnover is set out below:

Turnover

	2014 £	2013 £
Class of business		
Electronic payment services	6,045,888	6,248,841
Cyber security services	1,001,930	1,316,656
	<u>7,047,718</u>	<u>7,565,497</u>

3 Operating loss

	2014 £	2013 £
Operating profit is stated after charging/(crediting):		
Depreciation of tangible assets	389,742	160,069
Amortisation of intangible assets	109,073	-
Recharge from related party	98,649	1,334,876
Foreign exchange losses/(gains)	166,462	(88,569)
Strategic software development costs – non-recurring	1,538,723	2,089,532
Global development and set up costs – non-recurring	228,577	622,331
Refinancing – non-recurring	16,800	687,663
	<u> </u>	<u> </u>

Non-recurring costs incurred are strategic software and global development costs. The group is actively building its international technology capabilities, supported by its global patent applications, to enter new and developing markets. These costs are separate to the underlying trading business, and are seen by the Board as continuing in the medium to long-term as the group deploys its strategy.

Notes (continued)

3 Operating loss (continued)

Auditor's remuneration

	2014	2013
	£	£
Fees payable to the group's auditors for the audit of the group's annual accounts	129,000	65,000
Taxation services	25,000	18,125
	154,000	83,125

4 Employee costs

Number of employees

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

	2014	2013
	Number	Number
Management	24	6
Sales and administration	25	31
Technical and development	17	12
Customer service and support	21	21
	87	70

	<i>Note</i>	2014	2013
		£	£
Employment costs			
Wages and salaries		4,509,877	3,453,103
Social security costs		516,496	448,545
Other pension costs		138,762	74,229
Redundancy		921	101,108
Share based payments	20	52,518	15,720
		5,218,574	4,092,705

5 Interest payable

	2014	2013
	£	£
On loans and overdrafts	2,383,750	543,966
	2,383,750	543,966

The above figure includes loan interest of £2,132,596 (2013: £189,352), loan commitment fee of £40,650 (2013: £58,720), amortisation of loan arrangement fee of £162,500 (2013: £20,312), finance lease interest of £41,774 (2013: £nil), bank overdraft interest of £3,265 (2013: £275,582) and transaction charges of £2,965 (2013: £nil).

Notes (continued)

6 Taxation

	2014	2013
	£	£
Corporation tax current year		
UK Corporation tax credit	(405,170)	(300,000)
Adjustments in respect of prior years	(27,112)	47,691
Foreign tax	1,137	1,066
	<hr/>	<hr/>
Current tax credit	(431,145)	(251,243)
Deferred tax		
Origination and reversal of timing differences	1,373,719	171,737
Adjustment in respect of prior years	-	(6,491)
Effect of tax rate change on opening balance	-	229,651
	<hr/>	<hr/>
Deferred tax charge	1,373,719	394,897
	<hr/>	<hr/>
Total tax charge	942,574	143,654
	<hr/> <hr/>	<hr/> <hr/>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(9,469,850)	(7,326,349)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.493% (2013: 23.250%)	(2,035,370)	(1,703,376)
Effects of:		
Non deductible expenses	15,896	34,149
Income not taxable for tax purposes	(5,885)	-
Enhanced R&D tax credit	(416,261)	(410,924)
Difference between depreciation and capital allowances	59,156	16,710
Other timing differences	(45)	-
Adjustment for prior years	(27,112)	47,691
Losses carried forward	1,744,499	1,430,509
Losses surrendered for R&D tax credit	233,977	333,998
	<hr/>	<hr/>
	1,604,225	1,452,133
	<hr/>	<hr/>
Current tax credit	(431,145)	(251,243)
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

7 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is as follows:

	2014	2013
	£	£
Holding company's (loss)/profit for the financial year	<u>(751,803)</u>	<u>599,561</u>

8 Intangible fixed assets

Group	Development Costs	Patents	Goodwill	Total
	£	£	£	£
Cost				
At 1 January 2014	323,699	2,672,132	619,357	3,615,188
Additions	378,171	86,231	-	464,402
FX adjustment	(2,022)	-	-	(2,022)
At 31 December 2014	<u>699,848</u>	<u>2,758,363</u>	<u>619,357</u>	<u>4,077,568</u>
Amortisation				
At 1 January 2014	6,635	142,283	619,357	768,275
Charge for the year	45,349	63,724	-	109,073
FX adjustment	(446)	-	-	(446)
At 31 December 2014	<u>51,538</u>	<u>206,007</u>	<u>619,357</u>	<u>876,902</u>
Net book value				
At 31 December 2014	<u>648,310</u>	<u>2,552,356</u>	<u>-</u>	<u>3,200,666</u>
At 31 December 2013	<u>317,064</u>	<u>2,529,849</u>	<u>-</u>	<u>2,846,913</u>

Company	Patents £
Cost	
At 1 January 2014	2,672,132
Additions	86,231
At 31 December 2014	<u>2,758,363</u>
Amortisation	
At 1 January 2014	142,283
Charge For the year	63,724
At 31 December 2014	<u>206,007</u>
At 31 December 2014	<u>2,552,356</u>
At 31 December 2013	<u>2,529,849</u>

Notes (continued)

9 Tangible fixed assets

	Computer hardware, software and websites £	Fixtures, fittings and equipment £	Total £
Group			
Cost			
At 1 January 2014	1,537,517	120,374	1,657,891
Additions	815,692	87,567	903,259
FX adjustments	(5,180)	(2,685)	(7,865)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2014	2,348,029	205,256	2,553,285
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 1 January 2014	1,132,212	107,676	1,239,888
Charge for the year	366,043	23,699	389,742
FX adjustments	(1,950)	(672)	(2,622)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2014	1,496,305	130,703	1,627,008
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 December 2014	851,724	74,553	926,277
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2013	405,305	12,698	418,003
	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

10 Fixed asset investments

Company	Shares in group undertakings £
<i>Cost</i>	
At 1 January 2014 and 31 December 2014	203,248
	<hr/>
<i>Provisions for diminution in value</i>	
At 1 January 2014 and 31 December 2014	165,200
	<hr/>
<i>Net book value</i>	
At 31 December 2014	38,048
	<hr/>
At 31 December 2013	38,048
	<hr/>

In the opinion of the directors, the aggregate value of the company's investments in subsidiary undertakings is not less than the amount included in the balance sheet.

The company holds the following issued ordinary share capital in the group undertakings listed below:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Cognosec GmbH	Austria	Ordinary	100
Securetrading Group Limited	England	Ordinary	80
Securetrading Limited*	England	Ordinary	80
Secure G Holdings Limited*	England	Ordinary	80
SG Four Limited*	England	Ordinary	80
SG Five Limited*	England	Ordinary	80
SG Seven Limited*	England	Ordinary	80
Securetrading Inc*	USA	Ordinary	80
SG Eight Limited*	England	Ordinary	80
UC Capital Limited	England	Ordinary	80
UC Asia Limited**	Hong Kong	Ordinary	80
Trademarklogo.com Limited**	Hong Kong	Ordinary	80
Securetrading Group Inc*	USA	Ordinary	80
SecureTrading FS Holding Limited*	Malta	Ordinary	80
SecureTrading Financial Services Limited*	Malta	Ordinary	80

Notes (continued)

10 Fixed asset investments (continued)

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

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

*Interest held through Securetrading Group Limited

**Interest held through UC Capital Limited

The company also had 80% holdings, either directly or indirectly in the following UK dormant companies, Cognosec Limited, SG One Limited, SG Two Limited, SG Three Limited, and SG Six-GW Limited. Cognosec Ltd will be disposed in 2016, and SG One Limited, SG Two Limited, SG Three Limited, and SG Six-GW Limited will be dissolved in 2016.

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

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

Notes (continued)

11 Debtors

	Group 2014 £	2013 £	Company 2014 £	2013 £
Trade debtors	3,478,192	2,494,495	-	-
Amounts owed by group undertakings	-	-	10,467,250	9,424,894
Other debtors	2,202,049	2,125,927	130,549	175,345
Prepayments and accrued income	307,543	211,803	-	-
Deferred tax asset (see note 14)	-	1,373,719	-	1,349,512
	<u>5,987,784</u>	<u>6,205,944</u>	<u>10,597,799</u>	<u>10,949,751</u>

12 Creditors: amounts falling due within one year

	Group 2014 £	2013 £	Company 2014 £	2013 £
Bank loans and overdrafts	20,000	-	-	-
Principal amounts due on Finance Leases	143,814	-	-	-
Trade creditors	3,681,759	3,706,492	-	-
Amounts owed to group undertakings	-	-	4,327,793	5,801,458
Other taxes and social security costs	1,231,252	273,615	-	-
Other creditors	5,774,893	3,210,877	1,427,746	1,490,272
Accruals and deferred income	1,443,775	1,050,994	-	-
	<u>12,295,493</u>	<u>8,241,978</u>	<u>5,755,539</u>	<u>7,291,730</u>

Notes (continued)

13 Creditors: amount falling after more than one year

Group

	2014 £	2013 £
Loan	14,645,049	8,780,816
Less: loan arrangement fee	(467,188)	(629,688)
	<hr/>	<hr/>
Net liability of the loan	14,177,861	8,151,128
	<hr/> <hr/>	<hr/> <hr/>
	2014	2013
	£	£
Maturity of debt:		
In one year or less or on demand	163,814	-
In more than one year but not more than two years	138,336	-
In more than two years but not more than five years	14,506,713	8,780,816
	<hr/>	<hr/>
Capitalised loan arrangement fee	(467,188)	(629,688)
	<hr/>	<hr/>
	14,341,675	8,151,128
	<hr/> <hr/>	<hr/> <hr/>

On the 16 November 2013 a subsidiary of the Group entered into a 4 year loan facility of £12,650,000, and at 31 December 2014 had drawn down the full £12,650,000 (2013: £8,650,000). The interest rate is charged at 17% on the loan principal with 5% of this paid quarterly in arrears and 12% deferred and added to the loan principal.

Loan arrangement fees of £650,000 were incurred on issue of the loan and are being expensed over the life of the loan. Costs of £162,500 were expensed in the period to 31 December 2014 (2013: £20,312).

14 Provisions for deferred tax

	<i>Note</i>	Group 2014 £	Company 2014 £
Asset at 1 January 2014		1,373,719	1,349,512
Profit and loss account		(1,373,719)	(1,349,512)
		<hr/>	<hr/>
Asset at 31 December 2014	<i>11</i>	-	-
		<hr/>	<hr/>
		Group 2014 £	Company 2014 £
		2013 £	2013 £
Tax losses available	-	1,373,719	1,349,512
		<hr/>	<hr/>
Asset at 31 December	-	1,373,719	1,349,512
		<hr/> <hr/>	<hr/> <hr/>

The group has an unrecognised deferred tax asset of £4,946,121 at 20% which has not been recognised under FRS 19 on the grounds that there is insufficient evidence that the asset will be recovered.

Notes (continued)

14 Provisions for deferred tax (continued)

The group has an unrecognised deferred tax asset of 4,946,121 at 20% which has not been recognised under FRS 19 on the grounds that there is insufficient evidence that the asset will be recovered. The elements of deferred taxation are as follows:

	2014
	£
Differences between accumulated depreciation and capital allowances	92,890
Tax losses	4,852,085
Other timing differences	1,146

Total	4,946,121
	=====

15 Share capital

	2014	2013
	£	£
<i>Allotted, called up and fully paid</i>		
940,747,877 A ordinary shares of £0.0001 each	94,075	93,601
10 B ordinary shares of £0.0001 each	-	-
	-----	-----
	94,075	93,601
	=====	=====

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

During the year the Company issued 4,735,300 A ordinary shares of £0.001 per share at the following prices.

Qty	Type of Consideration	Price per share €
4,695,300	Cash	0.50
40,000	Services provided to the Group	See note below

During the year the Company issued 40,000 shares to one existing shareholder in connection with their assistance in arranging funding. The 40,000 shares have been valued in the accounts at £16,800, being the fair value of the services provided. No cash consideration was received by the Company.

Notes (continued)

16 Statement of movements on reserves

Group	Share premium account £	Profit and loss account £
Balance at 1 January 2014	2,993,445	(7,068,336)
Arising on share issues	1,905,557	-
Retained loss for the year	-	(8,672,119)
Reversal of charge in relation to share based payments	-	52,518
Net exchange profit on translation of reserves	-	85,933
	<hr/>	<hr/>
Balance at 31 December 2014	4,899,002	(15,602,004)
	<hr/> <hr/>	<hr/> <hr/>

Company	Share premium account £	Profit and loss account £
Balance at 1 January 2014	2,993,445	3,138,872
Arising on share issues	1,905,557	-
Reversal of charge in relation to share based payments	-	52,518
Retained loss for the year	-	(751,803)
	<hr/>	<hr/>
Balance at 31 December 2014	4,899,002	2,439,587
	<hr/> <hr/>	<hr/> <hr/>

17 Minority interests

	2014 £	2013 £
Minority interests' share of net assets and liabilities in subsidiary undertakings	(3,926,688)	(2,176,606)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

18 Reconciliation of movements in shareholders' funds

Group	2014	2013
	£	£
Loss for the financial year	(8,672,119)	(5,981,282)
Proceeds from issue of shares	1,906,031	110,000
Share based payment	52,518	15,720
Net exchange profit on translation of reserves	85,933	23,522
	<u> </u>	<u> </u>
Net addition to shareholders' funds	(6,627,637)	(5,832,040)
Opening shareholders' funds	(3,981,290)	1,850,750
	<u> </u>	<u> </u>
Closing shareholders' funds	(10,608,927)	(3,981,290)
	<u> </u>	<u> </u>

Company	<i>Note</i>	2014	2013
		£	£
(Loss)/profit for the financial year		(751,803)	599,561
Proceeds from issue of shares		1,906,031	110,000
Share based payment	20	52,518	15,720
		<u> </u>	<u> </u>
Net addition to shareholders' funds		1,206,746	725,281
Opening shareholders' funds		6,225,918	5,500,637
		<u> </u>	<u> </u>
Closing shareholders' funds		7,432,664	6,225,918
		<u> </u>	<u> </u>

19 Directors' emoluments

	2014	2013
	£	£
Emoluments for qualifying services	537,712	268,121
Emoluments to non-executive directors	10,000	102,000
	<u> </u>	<u> </u>

The highest paid director in the year received remuneration of £342,712.

Notes (continued)

20 Shared based payments

The company recognised total expenses of £69,318 (2013: £65,720) relating to equity settled share-based payment transactions during the year, comprising £52,518 (2013: £15,720) relating to a share option scheme for employees and £16,800 (2013: £50,000) to an issue of shares in the year (see note 15).

The company continued to operate a share option scheme for employees (including directors and consultants). Under the scheme, the company may grant HMRC approved EMI share options and unapproved options to acquire ordinary shares in UC Group Limited.

Options may not normally be exercised until three years after the grant date or upon change in control, if earlier, although in some cases options are granted with shorter exercise periods.

In the year ended 31 December 2014, there were 26,886,914 options granted (2013: nil). There were 51,115,914 share options outstanding at the end of the year, 25,767,000 of these had an exercise price of 5p per share, 1,152,000 of them had an exercise price of 10p per share and 24,196,914 of them had an exercise price of 15p per share. The weighted average remaining contractual life of these options was 7.45 years.

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

	2014 Number	2013 Number
Outstanding at the beginning of the year	25,897,000	35,344,600
Granted during the year	26,886,914	-
Options exercised during the year	-	-
Lapsed during the year	(1,668,000)	(9,447,600)
	<hr/>	<hr/>
Outstanding at the end of the year	51,115,914	25,897,000
	<hr/> <hr/>	<hr/> <hr/>

21 Control

The ultimate controlling party is J A Paulsen, a director of the company, who controls the company as a result of controlling directly more than 50.5% of the voting rights of the company in the form of B ordinary shares.

22 Related Party Transactions

Group

Mansion Associates Limited ("MAL") is majority owned by Mr J A Paulsen, director of UC Group Limited. It incurs certain consultancy and head office costs on behalf of the company. These services have been recharged on a commercial basis. The amount charged by MAL to the group in the year was £98,649 (2013: £1,334,876) and at 31 December 2014 the Group owed MAL £976,442 (2013: £1,110,430).

Notes (continued)

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

	2014 £	2013 £
Operating loss	(7,086,100)	(6,782,445)
Depreciation of tangible assets	389,742	160,069
Depreciation of intangible assets	109,073	48,666
Write off of intangible assets	-	376,074
Decrease in debtors	224,392	194,973
Increase/(decrease) in creditors within one year	2,795,044	(2,049,948)
Reversal of charge in relation to share based payments	52,518	15,720
	<u> </u>	<u> </u>
Net cash outflow from operating activities	(3,515,331)	(8,036,891)
	<u> </u>	<u> </u>

24 Analysis of net debt

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	764,350	1,058,662	-	1,823,012
Debt due after one year	(8,151,128)	(4,520,952)	(1,669,595)	(14,341,675)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net debt	(7,386,778)	(3,462,290)	(1,669,595)	(12,518,663)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

25 Reconciliation of net cash flow to movement in net debt

	2014 £	2013 £
Increase / (decrease) in cash in the year	1,058,662	(863,641)
Increase in debt	(4,520,952)	(7,914,296)
	<u> </u>	<u> </u>
Change in net debt relating to cash flows	(3,462,290)	(8,777,937)
Other non-cash changes	(1,669,595)	(151,128)
Opening net (debt)/funds	(7,386,778)	1,542,287
	<u> </u>	<u> </u>
Closing net debt	(12,518,663)	(7,386,778)
	<u> </u>	<u> </u>