



**Annual Report and Accounts
2009**

Highlights:

- Revenue up from £2,172,000 to £2,295,000 – a 6% increase
- Costs reduced from £2,869,000 to £2,421,000 – a 16% reduction
- Loss before tax down from £1,522,000 to £799,000 – a 48% reduction
- Gross Margin up from 70% to 73%
- Successful placing of new shares raising £198,000 after expenses
- Period end cash £ 225,000 (31 December 2008: £553,000)

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Business Overview:

We provide business benefit for our customers, through a set of comprehensive and cost effective electronic solutions; our customers can do the following on a single integrated platform;

- Save money through SpendInsight spend analysis
- Go green with GreenInsight and e2class
- Become more efficient via SiteGenerator eProcurement
- Generate new business through our optimised eCommerce solutions
- Utilise our enterprise level email services on a subscription basis
- Start up and grow from day one with a proven business solution.

Customers join us from a diverse range of sources; once they choose to work with @UK PLC they are all on the same technology and are able to access all of our solutions as required. This means that no matter how they came to our solution, they can be up-sold to any or all of our services.

The main routes into all our services are as follows:-

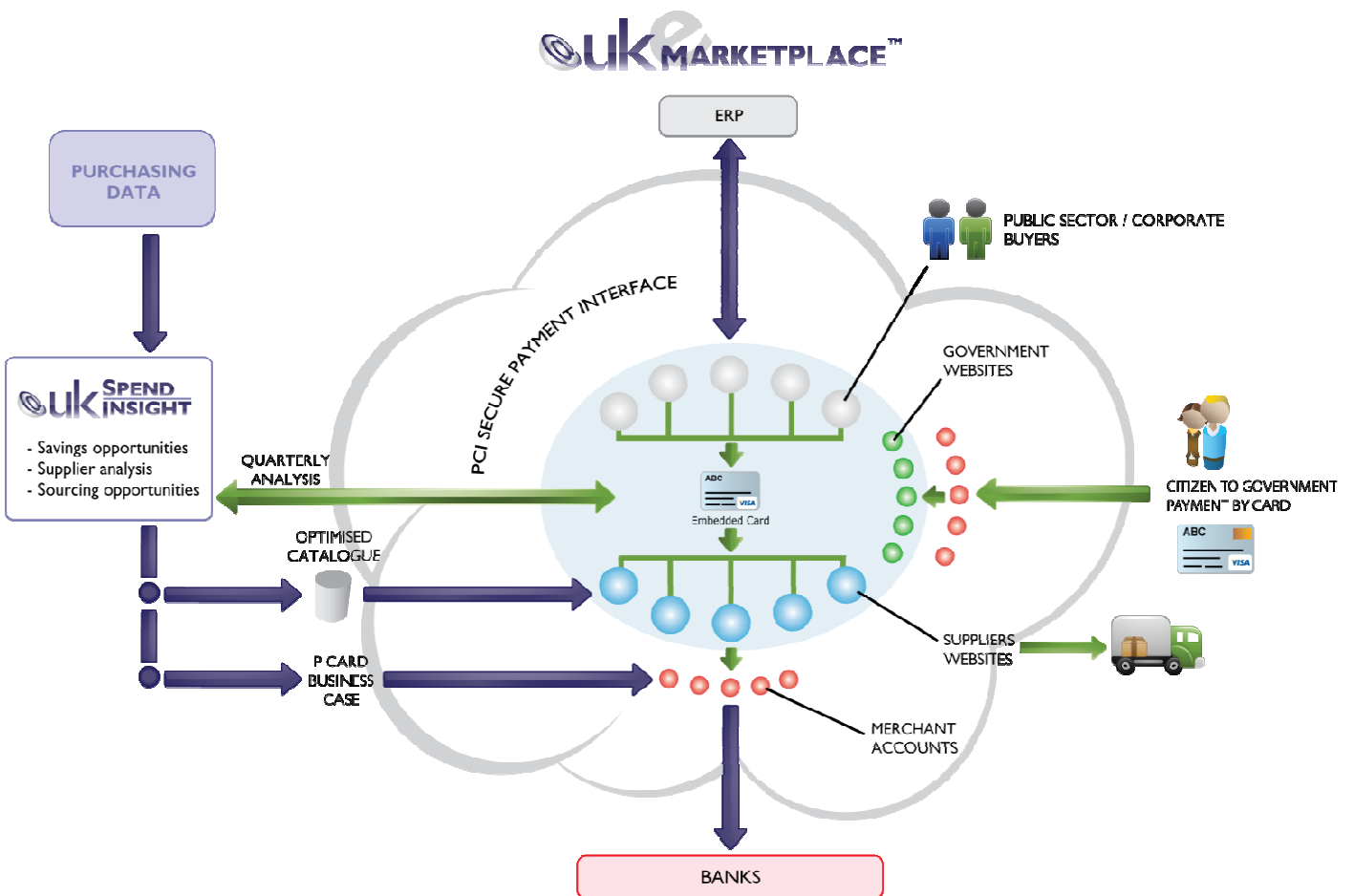
- Start-ups through the internet and recommendation
- Buyers through a requirement for an eProcurement system or Spend Analysis
- Suppliers through an invitation to connect to the buyers or directly from the internet
- Suppliers and buyers through channel partners such as the banks and consulting partners

Spend Analysis

The process starts with Spend Analysis; @UK PLC’s SpendInsight will extract and analyse billions of pounds of spend in less than a week down to item level detail. This provides:-

- 2.5 % average savings on controlled spend (mixture of incorrect prices, and marginal improvements in pricing) and
- 10% average savings on un-controlled spend

Using the @UK PLC marketplace will result in immediate savings as the system will ensure that the correct contract prices are available to people placing orders. The @UK PLC Marketplace is unique, because it comes from an eCommerce heritage where correct prices are mandatory as the customer’s credit card will be charged at the time of order and must be charged with the correct amount.



GreenInsight

A linked output from SpendInsight is a GreenInsight. This is the first green analysis system to look at every single product purchased, and calculate the carbon footprint of an organisation on a bottom up basis from the purchases. @UK PLC believes that this is a significant improvement on the state of the art in carbon footprinting and general green analysis and @UK PLC are leading the industry drive to create a new BASDA Green XML standard. Our Chairman and Technical Director Ronald Duncan is leading the BASDA Green XML project (BASDA, business application software developers association, is the global association of finance system providers, and BASDA XML, which was created in 1999 is the leading XML message type for eOrders and eInvoices). Ronald Duncan is on the BASDA General Council, and co-chairman of the BASDA Green Special Interest Group and deputy chairman of the BASDA eBiz Special Interest Group.



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GreenInsight relies on e2class, this a new coding and classification system created by @UK PLC’s subsidiary Coding International. It pulls together all previous coding systems, NSV (National Supply Vocabulary) and derived systems such as NPC, NHS eClass, and proClass along with global systems such as UNSPC and CPV, and opens them up so that individual products can have green attributes attached to produce a comprehensive green database.

Marketplace and Payments

At the outset of any marketplace project there are some key decisions to be made. Starting the project from a clear stance of measurable savings is important and with that goes a requirement to baseline the organisation's procurement activities before and after implementation. @UK PLC achieve this by starting all projects by running SpendInsight, the spend analysis and benchmarking solution. We take a 12 month extract of all accounts payable, purchase orders, contract and catalogue data as well as any potentially applicable contracts such as national or regionally negotiated ones.

The output from the analysis gives a view of the organisation's procurement processes and KPIs as well as performing a data cleanse and de-duplication exercise around the supplier details, and its auto classification engine will classify all items that it recognises, allowing procurement staff to use this first pass to ensure that clean and correctly coded information is built in to the marketplace from day one. Most importantly it provides a detailed breakdown of immediately achievable savings, where the same item is being bought from the same supplier at differing prices. It identifies contract opportunities where the same item is available to the organisation at a better price by using an external contract and finally shows the benchmarked prices that have been achieved by all buying organisations over that period and where the buying organisation could do better by renegotiating. These 3 types of savings are significant and in most large organisations will pay for the implementation of the marketplace and help drive the change needed to make it most effective.

An additional benefit is that the results of the analysis can be passed to related banking organisations who will provide details of which of these suppliers are eEnabled to take electronic payments by pCard. With this information we can build a revenue projection for the buying organisation of likely rebates from implementing the marketplace with an embedded payment mechanism. These analyses can generally be completed within 14 days of receipt of the client's data.

Implementing the Marketplace

Once we have the results of the analysis, we work with our client to create a realistic project plan, with milestones and deliverables. We believe that keeping a focus on the commercial aspect of the project is key.

Effective Supplier Adoption

This is generally the most difficult aspect of the project, whilst many suppliers have fully embraced electronic trading the majority still have limited capability in this area. For a B2B supplier setting up and maintaining 'back office to internet systems' which can perform at a 'punch out' level of sophistication, is generally expensive and difficult (apart from with @UK PLC), which is why only the largest companies have invested in doing this leaving smaller suppliers at a disadvantage as they have to resort to catalogue loading into finance systems or onto catalogue driven marketplaces. Once loaded these catalogues are out of the control of the supplier and are often out of date from day one. Promotions and delivery options are generally not accommodated, meaning that orders only match with invoices if everything is correct. Not surprisingly suppliers see this as additional work for little benefit and many have to carry the costs of having a catalogue team to fulfil the myriad of catalogue requests they receive. This fragmentation adds cost to the supply chain.

@UK PLC is not a catalogue driven marketplace, each supplier is given a fully functional web site which they maintain. As a minimum all have been brought up to the level of 'punch out' capability of large suppliers and for many they have a greater level of capability with pre-integration to their bank for electronic payment's and automatic Payment Card Industry/Data Security Standard (PCI/DSS) compliance. @UK PLC enabled suppliers can trade with all of their customers globally, through their web site, which supports multi-currency payments as well as multiple languages. Their web site is well optimised on the search engines and is designed to bring them more business, not just fulfil a 'point to point' eProcurement requirement.

The web site is securely hosted for them and, as their only requirement is browser access the site is optimised to be fast regardless of the connection. This makes it easy for them to load and manage their products and services, configure delivery where appropriate and manage promotions and payment options. The work of catalogue management has been devolved to the supplier who has been given a powerful business and marketing tool to help their business to provide the requisitioner with a high quality buyer experience.

Buyers retain control over what requisitioners see as any changes made by the supplier are subject to authorisation within the buying department before being made available.

In order to ensure that supplier adoption is successful from day one we provide the web site free of charge to a supplier using it to trade with a single entity. This allows the buyer to mandate use of the infrastructure and gain maximum benefit from the fact that all suppliers can now receive purchase orders and return invoices electronically. For the laggards we can also provide a supplier portal where the supplier simply enters electronic invoices.

Business Overview

Supplier can upgrade at any point to a payable option where they use their web site to trade more widely. The cost of this is very reasonable with the majority of suppliers paying around £250 per annum with no additional charges for transactions so that most suppliers fully cover the cost of their web site within weeks,

The benefits are wide ranging;

- Real time control of catalogue and pricing information
- Purchase orders and invoices match resulting in no disputes
- Prompt payment as the matched information flows into the finance system
- One place to manage interactions with all buyers via the web
- Additional business from visibility of the search engines
- Membership of the UK's largest marketplace with over 1m purchasing log-ons

Finally suppliers can take payment securely using their web site which fully meets financial security regulations at an enterprise level – PCI DSS (Payment Card Industry Data Security Standard) -even the base level of this standard is challenging for SME's;

I'm a small merchant who has limited payment card transaction volume. Do I need to be compliant with PCI DSS? If so, what is the deadline?

All merchants, whether small or large, need to be PCI compliant. The payment brands have collectively adopted PCI DSS as the requirement for organizations that process, store or transmit payment cardholder data. PCI SSC is responsible for managing the security standards while each individual payment brand is responsible for managing and enforcing compliance to these standards. For questions regarding compliance validation requirements and deadlines as well as compliance reporting requirements, we recommend that you contact your acquirer. For more information regarding the PCI security standards and supporting documentation, including the "Navigating the PCI DSS" as well as targeted Self Assessment Questionnaires to assist small and medium merchants, please visit the PCI SSC website at: www.pcisecuritystandards.org.

What this Payment Capability Means for Buyers

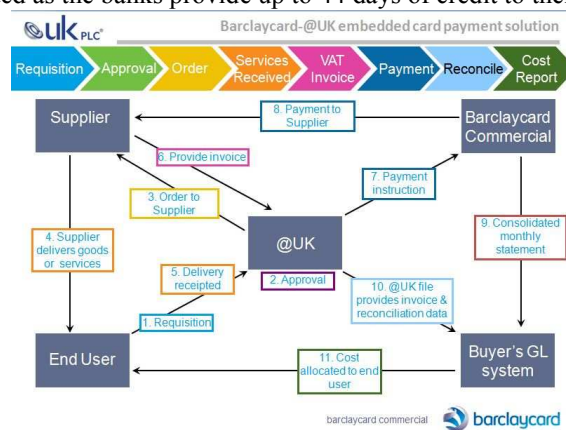
Inherent within the marketplace is the capability to securely embed a single pCard and to use this to flow electronic payments to suppliers who are PCI DSS compliant. The pCard is not physical and is not used in the same way as conventional pCard programmes; rather it is a highly controlled payment method.

Traditional 'lodged' pCard programmes rely on the merchant holding a card which is charged when a buyer makes a purchase and then returning line item data to the buyer via the bank. There are less than 6000 merchants in the UK who have this capability, which has been a limiting factor in the roll out of pCard programmes and has also impacted the level of rebate available to the buyer from implementing a programme.

The combined solution with the @UK PLC marketplace brings all 1m card accepting merchants up to a standard where they can accept pCard payments securely and flow line item data back electronically to the buyer. In practice this increases the rebate available to the buying organisation up to 10 fold and drives process compliance in the supplier base.

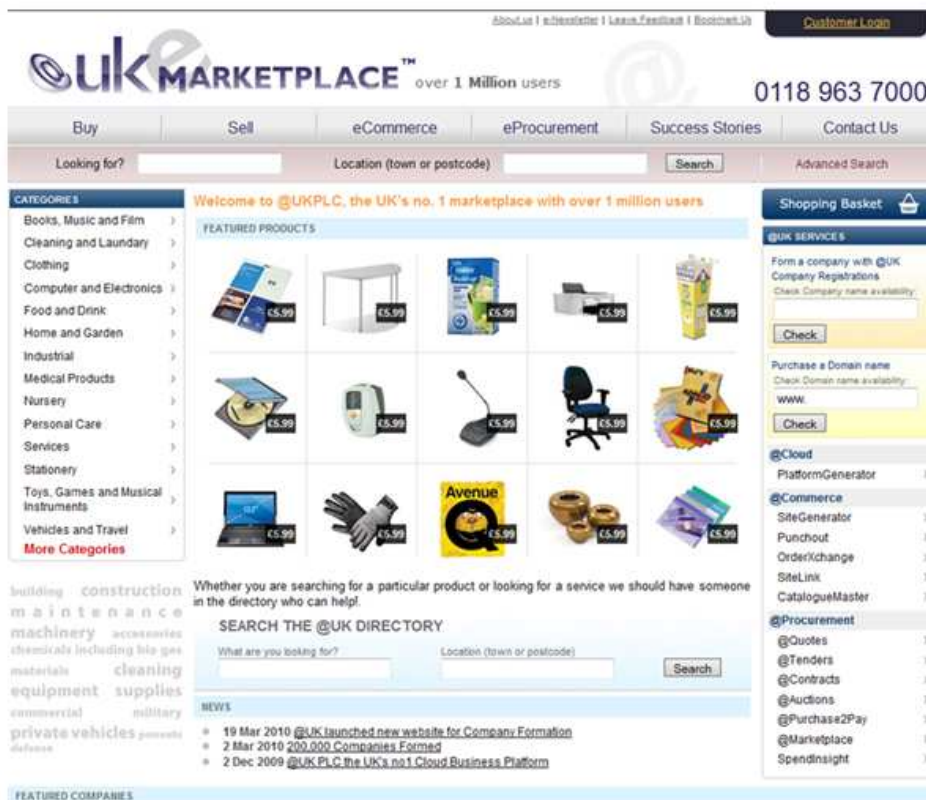
In this model suppliers must have a complete electronic match to trigger payment which is generally in 3 days from receipt of goods or services. This gives a very strong incentive to the supplier to ensure that the process works and all data is correct, they are also motivated to ensure that buyers follow the correct process. This is important in supporting prompt payment directives.

Buyers cash flow should not be affected as the banks provide up to 44 days of credit to them as part of the agreement.



Green Marketplace, Maverick spend and new website

We have a new website in test. The key difference is that rather than promoting our products on the home page it promotes our customers products.



Our spend analysis shows that a considerable percentage of public sector spending is uncontrolled, with increased growth in random internet purchasing. Public sector purchasers do not have access to complete catalogues of goods and services, or indeed rich data about products which allow them to make informed decisions. Our system excels at promoting products sold in this way, and the fact that we are a rich source of products provides more traffic and sales to our suppliers. Our analysis shows that the majority of public sector bodies have purchased from our eCommerce suppliers in this manner. Our new website seeks not only to maximise these opportunities for our suppliers, but to provide reporting data which can be used with the buying organisations to move them to a more controlled environment.

Business Overview

eCommerce overview

eCommerce

@UK PLC's SiteGenerator eCommerce engine is the leading cloud eCommerce system with over 1 million log-ons held within the @UK PLC marketplace. 60% of these are used for secure card purchases.

SiteGenerator was created in 1998 and has been continuously updated ever since. It provides a complete range of eCommerce options from easy to use self build eCommerce sites through to major B2B 'punch out' solutions for very large suppliers.

Key features are:-

- Built in search engine optimisation
- Built in integration to all major buying systems
- Built in integration to all major UK credit card systems
- Over 1 million people pre-connected to site
- Easy to use with many suppliers setting up their web site with no queries or assistance.

There are a wide range of versions to meet everyone's needs from one of our newly formed start up companies up to fortune 500 global businesses. They can all benefit from SiteGenerator eCommerce, at an appropriate entry point.

B2B eCommerce

SiteGenerator has been a market leading B2B eCommerce system for the past 8 years, and continues to improve. One of the most important terms in B2B eCommerce is 'punchout'. This is where a buying organisation goes out onto the web to 'shop' from within their finance system. 'Punchout' allows them to connect to the suppliers website without having to login and then to see only the items and prices that relate to them. They can then put items into a basket which are taken back into the finance system for approval and the generation of the electronic purchase order which is only then passed back to the supplier. On despatch of goods the supplier can render an electronic invoice which can be paid by pCard or BACS.

SiteGenerator supports all the various forms of 'punchout' out of the box;

- sbxp punchout
- cXml punchout
- OCI punchout and
- OAGXML standard and transparent punchout
- B2C eCommerce.

SiteGenerator also supports proven integrations to all of the major finance systems as well as a range of smaller niche systems and other marketplaces;

- Oracle
- SAP
- Sage
- Agresso
- Cedar
- Integra.

SiteGenerator has over 600,000 consumers who have found SiteGenerator eCommerce enabled products and shopped with our merchants. Our leading merchants sell millions of pounds of goods through their sites and year on year this figure is growing.

The key to B2C eCommerce is ensuring that sites rank highly in the search engines, and are quick and easy to navigate and that there are no barriers to buying.

SiteGenerator eCommerce is proven to produce good sales, with key features such as:-

- Baskets that do not time out
- Familiar easy to use process to minimise drop outs
- Easy to recall details to speed up process
- Automatic fail over between multiple credit card accounts
- Credit card replay should the bank's system be down for any reason

Business Overview

- Drop out emails so customers can resume
- Drop out emails so suppliers can call any customers that drop out
- 99.999% uptime 24x7 ensuring that our customers do not lose sales

@UK PLC processes the majority of its income through our SiteGenerator eCommerce site, and have been dependent on the site for the past 11 years. Thus, we are very focused on ensuring that it is the best possible eCommerce site and that is running 100% of the time.

G2C eCommerce

People may be less familiar with Government to Citizen eCommerce, but @UK PLC have been providing G2C eCommerce for the past 6 years selling a wider range of goods to citizens :-

- Recycling and rubbish bins
- Photographs
- School trips
- School meals
- Office supplies
- School supplies

The public sector now conduct a large range of transactions with citizens online, a given is that they expect a secure, easy to use system, that integrates with their back end systems. Our B2B and B2C experience along with our integrations into all major government finance systems and makes @UK PLC an increasingly attractive and cost effective choice for any G2C eCommerce system.

Company Formation - Starting up with @UK PLC

Whether an individual wants to incorporate a limited company, protect a company name for the future, or register a not for profit company @UK PLC has an easy to use and comprehensive service.

With over 10 years of experience, and over 200,000 companies formed, @UK PLC is well placed to help all types of companies start up and then to grow their businesses. When we first started providing company formations we were one of the earliest providers of an online company formation system, Today this is the mainstream and the majority of companies are formed electronically. We have continued to expand and improve our service so that, in addition to incorporation of companies and limited liability partnerships we now provide a wide range of business services including nine registered office locations and service office addresses, nominee services, apostille and legalisation services, assistance with bank account opening, and links with partners providing ancillary services. As an approved E-Filing partner of Companies House @UK PLC can offer a full filing and document ordering service. Additionally we offer a competitively priced range of business accessories and books.

Supplementary products and services available to assist start-ups to grow their business include domain names websites, eCommerce sites, email and webmail.

We have recently launched a new Company Formations website aimed at marketing the above services to take advantage of the rebound in the Company Formations market.



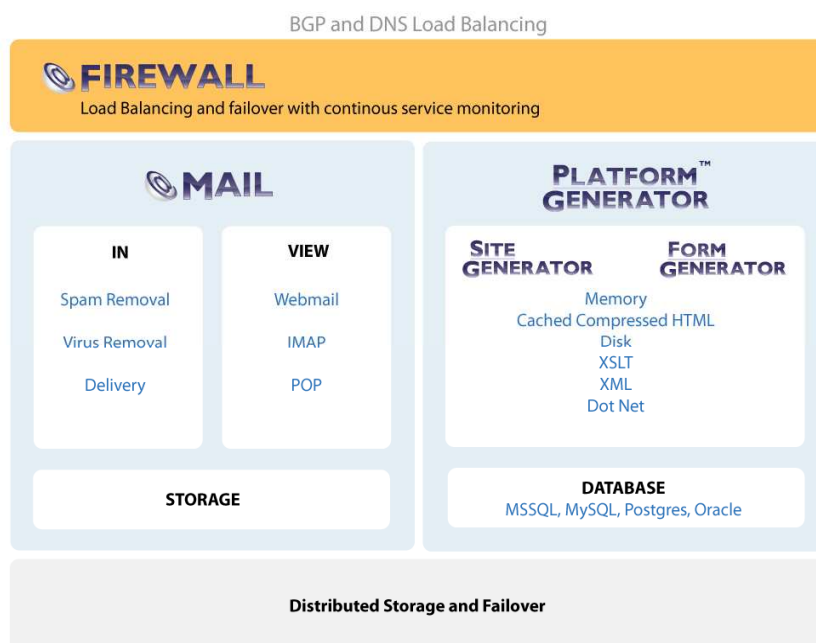
New Cloud Email System

Our new cloud email system builds on our secure email services. Our email system has always been PCI DSS secure, because it is scanned and assessed for vulnerabilities as part of our PCI certification. We have now added on the scalability, monitoring and quality of service features that we created for our eCommerce solutions, along with CRM and other automated email handling capabilities.

The system splits into 3 groups of servers:

- Inbound/Outbound cluster focused on removing spam, logging and automatic processing
- Storage Servers
- Mailbox front end servers

We have automated management with load management servers that are informed of the health of each server in the cluster every 10th of a second, and make decisions on where to route new traffic. Our deployment servers are able to create new servers in any of the groups and deploy these in few mouse clicks by our technical team.



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Cloud Technology platform

We have always been a 'cloud company' with a software as a service (SaaS) offering. This area has existed for some years with SaaS not being a new concept, so why is it significant now? The difference is that this time the industry is ready for it, the technology is ready for it and we are in the midst of an IT sea change. This is on a similar scale to the switch from mainframe to client server, or from client server to the internet. For those that know the history of computing it is a return to timeshare on the mainframe, but now the mainframe is a cluster of virtual machines.

To put the change into perspective the Chief Technology Officer of Microsoft addressed the BASDA AGM this year and stated that Microsoft currently have 70% of their developers working on interacting with the cloud, and this will soon change to 90% and that they are deploying 12,000 servers per month (the same number that are required to power Facebook), and will continue doing so for the foreseeable future. Microsoft has acknowledged that they are playing catch up in this area, and as they have before, are switching the company around to focus on the change.

Business Overview

Cloud is a very confusing area because there are so many different things that can be 'cloud' and large numbers of companies are jumping on the bandwagon.

In simple terms it will be either;

- Software,
- Software Development Platform
- Infrastructure.

What is sold	Descriptions	Cloud terminology
Software	SaaS (Software as a service), Web application, Web site, Web 2.0, Web. Most are not on cloud infrastructure	Cloud Application
Software Development	SalesForce (force.com), Microsoft Azure, Google Apps, @UK PLC CloudGenerator, traditional web development	Cloud Platform
Infrastructure	Amazon eC2, Hosted Virtual servers running VMWare, Xen, or other virtualisation systems.	Cloud Infrastructure

We have a leading Cloud Platform that allows customers and ourselves to rapidly develop secure cloud applications that are PCI/DSS compliant. This is important as a recent survey of the insurance industry suggested one of their reasons for not moving on to the cloud was that none of the platforms were PCI/DSS compliant. We are and have always been compliant.

Chairman's Statement: 2009 a year in transition

The position at the start of the year was that we had to turn the company around financially, strategically and in its day to day activities.

We started by raising some funds to give us a little more flexibility and successfully raised £200,000 straight after our results were announced in May.

In creating SpendInsight we had run the UK's largest KTP (Knowledge Transfer Partnership) project with an internal research team and 2 Universities as partners. This by its nature was fairly separate to the day-to-day activities of the business and performed very well. In the early part of 2009 some areas of the organisation had issues around focus and motivation, these issues were satisfactorily resolved and as a result, we have a small, highly motivated team who are focused on creating a good customer experience for all users. We recovered our productivity from the autumn of 2009 and by the year end we had sorted out our support issues and were back to making regular improvements to our system.

Our shopping basket and checkout now have full multilingual support, and since the year end the rate of development has continued to improve.

We are aiming to release our new marketplace on the 13th of July at the Bio-diversity Summit, along with GreenInsight our green analysis system. I am leading an industry effort to create a green XML standard, which is being launched at the Bio-diversity summit, and has attracted a high degree of interest, since it is a key building block for Carbon Accounting and other forms of green accounting.

We have made our system much more efficient, and will use the freed up resources to provide mail services. One of our growth areas has been email, and it has historically suffered from a lack of focus and investment. We have spent the last year building a new cloud based email platform, that has the same speed, security and resilience as the rest of our system, and have just completed the migration of all our email customers to the new system.

@UK PLC remains unique in providing a complete eProcurement and eCommerce solution for businesses and public bodies. The focus on eCommerce as the most effective solution for suppliers as opposed to our competitors' catalogue management approach is now widely accepted. This has naturally extended into the creation of an integrated 'source to pay' solution with banking organisations, which builds upon our 10 year heritage and relationships in this area. @UK PLC is the only marketplace that is PCI (payment card industry) compliant and as such can flow payments to suppliers securely via their websites. The combined solution is very attractive to buying organisations in the current economic climate, as the technology is fully funded by rebates from the payment process. Additionally buyers earn substantially larger cash rebates from flowing a larger portion of their spend through this payment channel. It is equally attractive to suppliers as their @UK PLC website allows them to be paid within 3 days of receipt of goods or services. Having successfully market tested the joint proposition over the past 12 months, we are now moving our sales activities to focus on maximising this channel with banking organisations.

The process of customer engagement begins with our spend analysis service SpendInsight which allows us to take their finance and procurement data and within 48 hours, analyse it and create a report which details;

- Where staff are buying the same item at different prices within an organisation.
- Where there are better priced contracts available to them.
- Benchmarked prices where they should look to renegotiate with the supplier.
- PCard business case, what level of cash rebate could they achieve from moving to the joint marketplace and payment solution today.
- A best value 'catalogue' for the organisation.

This service is chargeable and the return on investment for a customer is generally within the first few lines of identified savings. With large public sector bodies such as Local Authorities and Hospitals the identified savings are often above £1m. Identifying savings is only a first stage and these organisations then require to 'hard wire' their savings opportunities into a buying system. With the combined solution we take the optimised catalogue data and use it to populate the relevant suppliers' web sites. Working with the banking team we also engage with suppliers to ensure that they are able to take payment from this buying organisation through their web site.

We believe going forward, that this holistic solution addresses the key needs of buyers and suppliers for cashable savings on the buy side and prompt payment for suppliers, without adversely impacting the buyers cash flow, as the bank provides up to 44 days credit to the buying organisation at no cost. Suppliers receive their payment within 3 days.

Chairman's Statement

Our company formation service continues to perform well, increasing its market share in difficult trading conditions. It is built upon the same infrastructure that buyers and suppliers use and we are very focused on ensuring that new companies migrate through a complete @UK PLC trading journey with a payment compliant website and visibility to corporate and public sector buyers as well as being well optimised on the net.

Over the past year we have been balancing a number of activities; including cost cutting to ensure that the business is viable with the current level of earnings and equally a hard appraisal of what we are good at and should focus our growth activities around.

As can be seen from the highlighted numbers the cost cutting exercise has been successful and we continue to trim costs as necessary. The team is smaller but very focused on delivering value to our customers and we believe that our quality of customer engagement has increased over the past 12 months. In our business re-appraisal we concluded that we must focus on what we are best at, which is creating innovative technology and use channel partners to take it to market. Post flotation we were 'all things to all men' and attempting to drive major change within public sector bodies, whilst deploying technology and engaging with suppliers. In this we had a similar level of success to our competitors who were engaged in the same range of activities, however for all organisations in the eProcurement space the traditional business model has not delivered the revenues anticipated. So change is necessary.

We continue to sell direct and service our customers in the traditional way, but we are increasingly working with partners who have large numbers of existing clients who can be upgraded to a wider solution including eMarketplace, Spend Analysis, eCommerce and ePayment. This change will allow us to sell and deliver our solutions globally and we are in dialogue with potential partners and customers in a number of overseas markets. The marketplace and eCommerce platform have been substantially re-written over the course of the last 12 months to become multi-lingual on top of the existing multi-currency, in order to support this planned activity.

We have a clear strategy for growth and have put the building blocks in place. Over the course of 2010 we anticipate that additional revenues will come from working with channel partners and broadening our reach into new markets, along with our new Green and Email services.

Financial Results

In the year ended 31 December 2009, @UK PLC achieved revenue of £2,295,000, an increase of 6% compared to the previous year (£2,172,000).

Sales of web and eCommerce services, including coding, recorded an increase of 24% to £1,132,000 in the year ended 31 December 2009 compared to £910,000 in the prior year. This reflects the launch of our spend analysis service. Revenue from company formation services decreased by 6% to £1,182,000 in the year ended 31 December 2009 compared to £1,262,000 in the prior year, reflecting the slow-down in new company formations during the recession.

As a result of the increase in web and eCommerce gross margin rose to 73% from 70% and operating expenses before exceptional items and share based payments reduced from £2,869,000 to £2,421,000.

Loss before taxation (adjusted for exceptional items and share based payments) in 2009 was £799,000 compared to £1,522,000 in the prior year.

£10,000 was credited as the "cost" calculated under IFRS 2 of share options granted to employees (2008: credit of £13,000). An exceptional cost of £69,219 was incurred in making reductions in staff costs.

The overall loss for 2009 was £721,000, compared to £1,340,000 in the prior year.

At 31 December 2009 the Group had cash of £225,000 (2008: £553,000).

Operational review

Our focus over the past year has been to create a lean and effective company with a clear strategic direction.

Strategy

Our strategy is to focus on our core technical strength and to increasingly use channel partners to take our products to market. A core channel for us is with banking partners where we believe that payment provides the final compelling piece in the eProcurement jigsaw. In the UK, payment within 3 days is a very attractive option for all suppliers of goods and services, especially in the current economic environment. We are currently working to extend the marketplace within Europe and also to increase our focus on providing eProcurement services to large European multi-nationals. There has been a substantial amount of work done to the marketplace technology over the course of the last 12 months to make the entire system multi-lingual as well as multi-currency. This is now complete and we hope to have our first non UK marketplace up and running later this year.

Chairman's Statement

We announced our belief that @UK PLC with around 1 million logins was the number 1 cloud platform in the UK. We now have over 10,000 applications on our platform, and are well placed to leverage this strong position. We are seeking partners for our Cloud Platform, and believe that continuing to build the number of applications that have been created on our platform along with our user base will help keep us in the forefront of this seismic step change in software development and applications delivery.

The sectors that we have seen the most growth in are Spend Analysis and email, so we have created a new Green Analysis service GreenInsight, and improved our marketing with the SpendInsight.com website. We have created a new cloud based email hosting service, this takes advantage of significant improvements in our overall system efficiency, and has made major advances in spam removal, and we are about to start marketing.

Marketplace and procurement

We believe we have a world leading solution and that our platform is able to create everything from Company Formations through to eProcurement. However, we have had issues in realising the potential from the UK public sector. One of the key delays in implementing our eMarketplace has been the long sales cycle with public sector organisations who are increasingly looking for cashable savings from eProcurement rather than the traditional ROI based on process efficiencies. Through our work with Barclaycard we have developed a complete Source-to-Pay model which not only identifies cashable savings, but also provides revenues from the use of electronic payment methods. By engaging with a buying organisation (public or private sector) through spend analysis we are able to use their purchasing data to create a compelling case for adopting the complete solution. In large organisations we regularly identify savings opportunities of over £1m and by further analysing their data we can create a case to move a substantial portion of their spend onto an embedded purchasing card within the marketplace. The rebates from this move can be into 6 figures and suppliers benefit by being paid in 3 days. @UK PLC is unique in being able to offer this complete service and the payment element is only possible because of our eCommerce heritage, where @UK PLC suppliers have a fully PCI (payment card industry) compliant web site which can securely take payments via an internet merchant account.

In the period we also showcased our solutions at National Social Service Conferences. The boundary between Health and Local Government is changing as NHS Primary Care Trusts and Local Authorities increase collaboration. Our work in Social Services and our positioning as the only leading marketplace in both sectors leaves us well placed to take advantage of these changes. Within the NHS we are on the N3 network and are accredited to hold patient data securely, this along with our PCI compliance allows us to support the 'self managed care' agenda where we can hold a virtual card for each individual, within the marketplace, which can be used to buy elements of a care package securely and with controls.

As part of a greater focus on marketing and clearly communicating with all of our customers we have created new websites for SpendInsight, and Company Formations and are working on a new company website which will showcase our suppliers and help them to maximise their revenues both in the UK and overseas.

SpendInsight

During the year our Spend Analysis software SpendInsight was used to analyse approximately 25% of NHS Spend for London Procurement Programme (LPP) and LPP was our main channel to market during the year. LPP had a change of management at the end of 2009 and the project within London stalled, however the solution had already been taken up by other NHS bodies and the NHS continues to form a key element of our SpendInsight revenues for 2010.

Our R&D Team has continued to enhance SpendInsight, our Spend Analysis solution. SpendInsight provides detailed product item information through a fully automated Artificial Intelligence engine. This significantly reduces the cost and time to produce the information, differentiating our solution in the market. As one of only 8 suppliers on the OGC Buying Solutions Framework and with over £60bn of public sector spend analysed, we are well placed to capitalise on this opportunity. Since the year end we have launched a new website to promote SpendInsight, and make the product more accessible. We are working with a range of partners who add value to our offering by helping clients realise the savings identified by the analysis.

Company Formations

The overall company formation market was still down at the start of the year and recovered from a low base in the second half of the year. Given this, we believe the 6% fall in revenues in our Company Formation business was a commendable result. It was helped by the fact that a significant proportion of our revenues come from associated services such as registered office. There are signs that the fall in the overall market has ended with an 11.7% increase in the number of companies formed in the second half of 2009 compared with the same period in 2008.

Since the year end we have launched a new website for our Company Formations Business to improve its marketing and take advantage of the rebound in the company formation market.

We have also passed a significant milestone in 2010 with the 200,000th company formation using our system.

Chairman's Statement

eCommerce, hosting, domains and email

Our eCommerce revenues held steady over the year with growth in email and hosting, despite no investment in these areas. We increasingly moved our eCommerce offerings upwards towards supported services for enterprise customers. As part of a fundamental review of how we sell our eCommerce services we have clearly separated our 'click and build' eCommerce from the provision of enterprise solutions such as 'SiteGenerator Enterprise edition' and 'CatalogueMaster'. The 'click and build' element of our portfolio will now be accessed through the @UK PLC marketplace directly where the value proposition will be clear from simply browsing the live marketplace.

A separate web site will articulate the range of enterprise solutions to a corporate audience, as their requirements are different to those of smaller merchants and any project is a mixture of technology deployment and systems integration.

We now have considerable overcapacity in our London data centre and have upgraded our email services for small and large companies. This has been a growth area for us and in the current economic climate we believe that there is a good opportunity to migrate larger organisations from expensive in-house platforms to the @UK PLC email service. Equally we can use some of this capacity to increase our hosting business, although our key focus remains on selling our own bundled eCommerce, hosting and security.

Green offerings and commitment

Our development of GreenInsight, and e2class means that we have an opportunity to take a lead on product level carbon analysis and accounting. It was a key part of our desire to make a significant difference to our customers, since our target is to achieve a reduction in our customers use of resources that is at least 10x greater than our use of resources, and the first step is a quick and cost effective way to measure both sides use of resources, that flows automatically out of our spend analysis.

Ethical and Environmental business is a growth area, and is set to grow more rapidly as we come out of the recession. We intend to re-launch GreenInsight and e2class (ethical and environmental classification) at the business of bio-diversity summit in London on the 13th of July, at the same time that BASDA Green XML is launched. BASDA Green XML will allow main stream finance systems to make use of our green data in a fully integrated manner.

Our intention is to provide carbon footprint data for all the products on our system, and to allow buyers to offset the carbon footprint associated with all their purchases, at the time of purchase.

We are also publishing our corporate and social responsibility report on our website.

Share issue

When releasing our 2008 results in April last year we announced the Board's intention to raise £150,000 through a placing of new ordinary shares to provide additional working capital for the company. This fundraising was completed with the issue of 15,000,000 shares at 1p. Following announcement of that placing the Board received some further expressions of interest in subscribing for new shares so a further £50,000 was raised in May 2009 through the issue of 5,000,000 ordinary shares at 1p.

People

On behalf of the Board I would like to thank all our employees for their hard work and effort during the year.

Dividend policy

The Board is not recommending the payment of a dividend for 2009. In the immediate future, the Board is committed to building the Group's business and accordingly all the Group's financial resources are being applied to this end. In the longer term, the Directors intend to adopt a progressive dividend policy appropriate to the Group's financial performance.

Summary and outlook

We believe that the cost cutting and business refocusing activities of the past year have left us in a good position to capitalise on opportunities both in the UK and overseas. We manage cash very tightly and have a strong pipeline of opportunities, a baseline of recurring revenues, as well as a predictable company formations revenue stream.

While this is a time of great economic uncertainty, the @UK PLC portfolio of service offerings is aimed clearly at helping our clients save money and maximise revenues. In our relationship with the banks we have a very compelling offering that will deliver our joint services to our customers at low or no cost and realise immediate cashable savings. We believe that this is very attractive to both public and private sector organisations and delivering this remains our focus for 2010 and beyond.

A handwritten signature in black ink, appearing to read 'Ronald Duncan', written in a cursive style.

Ronald Duncan
Chairman
28 June 2010

Board of Directors and Advisors

Ronald Duncan – 47 **(Executive Chairman)**

Ronald Duncan co-founded @UK PLC in 1999. Prior to @UK PLC, he spent ten years running his own computer software development company, servicing projects using a range of languages and platforms. Ronald studied Physics at Cambridge and is a Chartered Physicist and Member of the Institution of Analysts and Programmers. He is a former UK downhill ski champion who competed internationally for ten years, including at two Olympics, and was chairman of the Snow sports GB, the governing body of skiing and snowboarding, from 2002-2004 and left the organisation in a strong position having won 3 world cups.

Lyn Duncan – 51 **(Commercial Director)**

Lyn Duncan co-founded @UK PLC in 1999, having gained a particular interest in the procurement field and has been actively working in this area since the late 1980's when she worked with Henley Management Consultants on a product which integrated purchasing and marketing processes. Her wider interest in technology developed when working for BT as a manager of emerging technologies such as shared computing and email into BT's corporate client base through a series of flagship business centres. Prior to founding @UK PLC, she worked as a management consultant (both at Oasis and as an independent consultant leading on national initiatives within the NHS) gaining over ten years' experience of leading technology-driven change initiatives in the public and private sector.

David Holloway – 47 **(Non-Executive Director)**

David Holloway has over 20 years experience in IT, including working in successful start-ups. Most recently David was Chief Executive and co-founder of Codian Limited, which was set up in 2003 and sold to Tandberg in 2007 for \$270M. David then worked as Senior Vice President of Network Products at TANDBERG ASA listed as TAA on the Oslo stock market, until it was acquired by Cisco Systems in April 2010.

Company Secretary
Alice Mary Teresa Morwood-Leyland

Company number
3732253

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5 Jupiter House
Calleva Park
Aldermaston
Reading
Berkshire RG7 8NN

Nominated Adviser and Broker
Beaumont Cornish Limited
2nd Floor, Bowman House
29 Wilson Street
London EC2M 2SJ

Auditor to the Company
Menzies LLP
3rd Floor
Kings House
12-42 Wood Street
Kingston upon Thames
Surrey
KT1 1TG

Solicitors to the Company
Halliwells LLP
3, Hardman Square
Manchester M3 3EB

Bankers
HSBC
No 2 The Parade
Mulford's Hill
Tadley
Hants RG26 3LG

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Directors' Report

The Directors present their report with the Financial Statements of the Company and Group for the year ended 31 December 2009.

Principal activities

@UK PLC provides eBusiness software that runs on a cloud platform and is sold as a service. The software provides a complete range of applications from Incorporating using the eCommerce engine through to eProcurement. The eCommerce and eProcurement combine to provide a unique marketplace since other marketplaces do not have the eCommerce element. The eProcurement side of the system is mainly used by large organisations such as the UK Public sector covering areas such as schools, hospitals, local authorities, universities and other organisations. The eCommerce side is used by suppliers of all sizes. @UK PLC is also one of the largest online company formation agencies in the UK and provides a range of company services and related products.

Review of the business

A review of the business during the year is given in the Chairman's Statement and in the Operating and Financial Review. Included in those reviews are references to the Group's future prospects and these statements should be read as part of this report.

Result for the year

The results for the year ended 31 December 2009 and the financial position at that date are set out in the Financial Statements. The loss of the Group for the year after taxation amounted to £720,874 (2008: £1,340,381).

Issue of shares

On 24 April 2009 15,000,000 ordinary shares in the Company were issued in a placing at 1p per share. In connection with the issue the Company issued 7,500,000 warrants, at a ratio of 1 to 2, to subscribe for shares at a price of 2p per share within 5 years from the date of the placing. On 7 May 2009 a further 5,000,000 shares and 2,500,000 warrants were issued on the same terms. The £200,000 (£198,500 net of expenses) was raised to provide additional working capital.

Dividend

The Directors do not recommend the payment of a dividend on the ordinary shares.

Research and development

During the year the Group expended £258,769 (2008: £277,611) on research and development activities. As well as ongoing development of the features and functionality within its service, in the Autumn @UK PLC completed projects to develop a product aware search engine with Reading University and Goldsmiths College, University of London.

Directors

The names of the present Directors of the Company, together with brief career details, are shown on page 17.

The interests of the Directors in office at the year-end in the 1p ordinary shares of the Company were as follows:

	31 December 2009	31 December 2008 (or date of appointment)
	Number	Number
HL Duncan	12,888,991*	7,064,039*
RJ Duncan	18,089,237*	12,214,285*
DJ Holloway (appointed 1 October 2008)	5,070,588	70,588

*The interests shown for HL and RJ Duncan each include a joint interest in 12,824,952 shares (31 December 2008: 7,000,000 shares).

Following their subscription to the share issues in August 2009 the directors were granted warrants to subscribe for new ordinary shares at 2p per share. HL and RJ Duncan (jointly) received warrants over 2,912,476 shares and DJ Holloway over 2,500,000 shares. The warrants are exercisable up to five years after issue. On 28 August 2009 HL and RJ Duncan were awarded options over 187,500 and 300,000 ordinary shares in the Company respectively. These options are exercisable at 1.75p between three and ten years after issue.

On 4 January 2010 HL and RJ Duncan jointly bought 50,000 ordinary shares in the Company. There were no other changes in the Directors' interests since 31 December 2009.

Policy on payment of suppliers

The Company agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier. At 31 December 2009 Company trade creditors represented approximately 33 days (2008: 28 days).

Going concern

As detailed in note 2.2 of the financial statements the directors have analysed the combination of the nature of the Group's business, its cash balance and the current economic climate to allow the Group to continue trading for a period of 12 months from the date these accounts were

Directors' Report

agreed. Having considered these uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future and as such have prepared the financial statements on the going concern basis. They have reached this conclusion having reviewed the Group's accounts, budgets and forecasts. The Directors have reduced costs so that the group will be cash neutral on current sales projections. The Directors note that should sales fall below expected levels it will be possible to reduce the Group and Company's costs to offset the shortfall. The board announced on 7 May 2009 that there was no current plan to issue any further ordinary shares, and this remains the case, however should there be a change of circumstances it may be necessary to raise further funds at short notice.

Financial Instruments

The risk exposure of the Group and how the Group addresses this is detailed in note 22 of the Financial Statements.

Directors' and officers' liability insurance

The Company has maintained throughout the year and continues to maintain liability insurance for its Directors and officers.

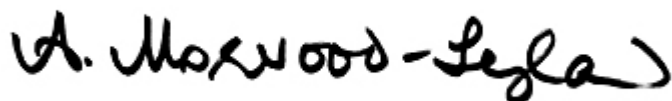
Substantial shareholdings

As at 1 June 2010 the Company had been notified under the Disclosure and Transparency Rules of the following interests of 3% or more in its issued share capital:

	Number of ordinary shares	Percentage
RJ Duncan	18,089,237*	31.22
ML Pasternak	6,150,000	10.64
DJ Holloway	5,070,588	8.78
Majedie Asset Management Ltd	2,847,642	4.93
Gartmore Investment Management	2,520,577	4.36
W McDonald	2,500,000	4.33

*The Company has also been notified by HL Duncan of an interest in 12,888,991 shares, which includes a joint interest in 12,824,952 shares which is included in RJ Duncan's interest shown above.

By order of the Board



Alice Morwood-Leyland

Secretary

28 June 2010

Directors' Responsibilities

In the preparation of financial statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with IFRS as adopted by the European Union ("EU") and have elected to prepare the Company financial statements in accordance with UK 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 the Group and of the profit or loss of the Company for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRSs adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the @UK PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

A resolution approving the re-appointment of Menzies LLP will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board by:



Ronald Duncan
Executive Chairman
28 June 2010

Independent Auditors' Report

To the members of @UK PLC

We have audited the financial statements of @UK PLC for the year ended 31 December 2009 which comprises the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in the preparation is applicable law and International Reporting Standards (IFRSs) as adopted by European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of Companies Act 2006.

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 shareholders 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 Director's Responsibilities Statement set out on page 20, 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 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 parent 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 of the parent company's affairs as at 31 December 2009 and of the Group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report

To the members of @UK PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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.

Andrew Cook FCA (Senior Statutory Auditor)

For and on behalf of

MENZIES LLP

3rd Floor

Kings House

12-42 Wood Street

Kingston upon Thames

Surrey

KT1 1TG

28 June 2010

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2009

	Notes	2009 £	2008 £
Revenue	4	2,295,404	2,172,278
Cost of sales		(623,655)	(643,005)
Gross profit		1,671,749	1,529,273
Administrative expenses		(2,420,640)	(2,868,938)
Share based payments	21	9,577	12,672
Operating loss before exceptional item	5	(739,314)	(1,326,993)
Exceptional items	5	(69,219)	(228,079)
Operating loss		(808,533)	(1,555,072)
Investment income	8	12,710	40,915
Finance costs	9	(2,696)	(7,554)
Loss on ordinary activities before taxation		(798,519)	(1,521,711)
Income tax expense	10	77,645	181,330
Loss for the year attributable to equity shareholders of the parent		(720,874)	(1,340,381)
Loss per share			
Basic and diluted	11	1.4p	3.5p

Revenue and operating loss for the year all derive from continuing operations.

The Group had no other comprehensive income in 2008 or 2009 consequently the loss for the year is equal to the total comprehensive income for the year.

Statements of Financial Position
31 December 2009

	Notes	Group		Company	
		2009 £	2008 £	2009 £	2008 £
Assets					
Non-current assets					
Goodwill	12	—	—	—	—
Other intangible assets	13	1,751	16,847	1,751	16,847
Property, plant and equipment	14	88,791	228,794	88,791	228,317
Investments	15	—	—	31,377	31,377
		90,542	245,641	121,919	276,541
Current assets					
Trade and other receivables	16	481,618	534,971	458,820	500,589
Cash and cash equivalents	17	225,130	553,376	191,493	550,529
		706,748	1,088,347	650,313	1,051,118
Total assets		797,290	1,333,988	772,232	1,327,659
Liabilities					
Current liabilities					
Trade and other payables	18	(547,396)	(540,685)	(495,843)	(503,279)
Current tax liabilities		—	—	—	—
Financial liabilities - borrowings	19	(12,500)	(12,500)	(12,500)	(12,500)
		(559,896)	(553,185)	(508,343)	(515,779)
Non current liabilities					
Financial liabilities - borrowings	19	(30,842)	(42,300)	(62,219)	(849,965)
		(30,842)	(42,300)	(62,219)	(849,965)
Total liabilities		(590,738)	(595,485)	(570,562)	(1,365,744)
Total net assets		206,552	738,503	201,670	(38,085)
Shareholders' equity					
Called up share capital	20	577,798	377,798	577,798	377,798
Share premium account	20	10,112,381	10,113,881	10,112,381	10,113,881
Other reserve		630,030	630,030	—	—
Share-based payment reserve		55,004	64,581	55,004	64,581
Accumulated losses		(11,168,661)	(10,447,787)	(10,543,513)	(10,594,345)
Total equity attributable to equity shareholders of the parent		206,552	738,503	201,670	(38,085)

Company Registration Number 3732253

The financial statements on pages 23 to 39 were approved by the Board of Directors on 28 June 2010 and authorised for issue on 28 June 2010 and signed on their behalf by:



Ronald Duncan
Executive Chairman

Statements of Cash Flows
For the year ended 31 December 2009

	Notes	Group		Company	
		2009 £	2008 £	2009 £	2008 £
Cash flows from operating activities					
Loss before taxation		(798,519)	(1,521,711)	(26,813)	(1,506,241)
Adjustments for:					
Finance income (net)		(10,013)	(33,361)	(10,274)	(33,361)
Depreciation of property, plant & equipment		156,168	253,645	155,694	252,488
Amortisation of other intangible assets		15,096	30,079	15,096	30,079
Share based payments		(9,577)	(12,672)	(9,577)	(12,672)
Goodwill impairment provision		—	96,274	—	—
Provision against investment		—	—	—	30,094
Loss on disposal of fixed assets		—	25,057	—	25,057
Waiver of amount owed to Group undertaking		—	—	(776,290)	—
Changes in working capital					
Trade and other receivables		(75,054)	(44,824)	(84,733)	7,435
Trade and other payables		6,711	(45,620)	(9,305)	(42,900)
Net cash used by operations		(715,188)	(1,253,133)	(746,202)	(1,250,021)
Tax received		206,054	—	206,054	—
Net cash outflow from operating activities		(509,134)	(1,253,133)	(540,148)	(1,250,021)
Cash flows from investing activities					
Interest received		12,710	40,915	12,710	40,915
Interest paid		(2,696)	(7,554)	(2,472)	(7,554)
Purchase of intangible assets		—	—	—	—
Purchase of property, plant and equipment		(16,168)	(7,855)	(16,168)	(6,781)
Proceeds from sale of property, plant and equipment		—	2,314	—	2,314
Cash inflow/(outflow) from investing activities		(515,288)	27,820	(546,078)	28,894
Cash flows from financing activities					
Issue of ordinary shares		198,500	—	198,500	—
Repayment of borrowings		(11,458)	(12,500)	(11,458)	(12,500)
Net cash outflow from financing		187,042	(12,500)	187,042	(12,500)
Net decrease in cash and cash equivalents		(328,246)	(1,237,813)	(359,036)	(1,233,627)
Cash and cash equivalents at beginning of period		553,376	1,791,189	550,529	1,784,156
Cash and cash equivalents at end of period	17	225,130	553,376	191,493	550,529

Statements Of Changes In Shareholders Equity
For the year ended 31 December 2009

	Share capital	Share premium	Other reserve	Share based payments reserve	Accumulated losses	Shareholders' equity
Group	£	£	£	£	£	£
At 31 December 2007	377,798	10,113,881	630,030	77,253	(9,107,406)	2,091,556
Share based payments	—	—	—	(12,672)	—	(12,672)
Retained loss for the year	—	—	—	—	(1,340,381)	(1,340,381)
At 31 December 2008	377,798	10,113,881	630,030	64,581	(10,447,787)	738,503
Shares issued in the year	200,000	(1,500)	—	—	—	198,500
Share based payments	—	—	—	(9,577)	—	(9,577)
Retained loss for the year	—	—	—	—	(720,874)	(720,874)
At 31 December 2009	577,798	10,112,381	630,030	55,004	(11,168,661)	206,552
Company						
At 31 December 2007	377,798	10,113,881		77,253	(9,266,213)	1,302,719
Share based payments	—	—		(12,672)	—	(12,672)
Retained loss for the year	—	—		—	(1,328,132)	(1,328,132)
At 31 December 2008	377,798	10,113,881		64,581	(10,594,345)	(38,085)
Shares issued in the year	200,000	(1,500)		—	—	198,500
Share based payments	—	—		(9,577)	—	(9,577)
Retained profit for the year	—	—		—	50,832	50,832
At 31 December 2009	577,798	10,112,381		55,004	(10,543,513)	201,670

The other reserve arises because shares issued on the acquisition of subsidiaries have been recorded at par value and no share premium recognised.

Notes to the Financial Statements

1. General information

@UK PLC (“the Company”) and its subsidiaries (together “the Group”) provides an integrated software platform for eProcurement and eCommerce the trading of goods and services between purchasers such as public sector bodies and their suppliers, along with the analysis and coding of spend and product data. The Group also provides services to new businesses, including incorporation, company secretary services and filing annual returns, using its software platform. The Company is a public limited company which is listed on the Alternative Investment Market of the London Stock Exchange and is incorporated and operates in the UK. The address of the registered office is 5 Jupiter House, Calleva Park, Aldermaston, Berkshire RG7 8NN.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated. IAS 1 ‘Presentation of Financial Statements’ has been adopted during the period. Under IAS 1 certain presentational changes have been made to the accounts including changes to the names of the primary statements and the layout of the Income Statement. IFRS 8 ‘Operating Segments’ has been adopted during the period. IFRS 8, operating and reportable segments are determined and reviewed by the Board of Directors.

On the adoption of IFRS 8, changes were required to the reporting segments of those previously presented in accordance with IAS 14 ‘Segment Reporting’. This was as a result of the requirement to present information in line with management information used to assess performance and allocate resources. Comparative information has been restated where necessary to conform with IFRS 8.

2.1. Basis of accounting

These financial statements have been prepared in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

As permitted under the Companies Act 2006 a separate income statement for the parent company has not been presented.

2.2. Going concern

The Group had a loss attributable to shareholders for the year of £720,874. The directors have taken steps to take the group to profitability, and more importantly to reduce cash consumption given the remaining cash levels available to the group.

Recognising the requirement to maintain cash the following actions have taken place:

- The directors have carried out a strategic review of the Group’s businesses and made a significant reduction in the cost base without significantly impacting future revenues.
- The company formation market is showing signs of recovery, and the Company has invested in a new website to maximise market share.
- The SpendInsight business area has had further investment in a new marketing website, and this has generated a significant increase in its sales pipeline
- The group has a number of further quantifiable efficiency improvements that do not impact revenues which will be realised in the forthcoming year.
- The Company raised additional working capital through a placement of ordinary shares in 2009. Whilst there are no current plans to raise further funds, given the reduced liquid resources there may be a requirement to raise additional working capital and this may need to be raised at short notice.
- The company has invested in new product areas in the form of email, green products, a new company formation website, and an improvement in efficiency of existing operations. That allow for growth without the requirement for any additional purchases of IT equipment.

The directors of the Group have prepared detailed projections and cash flow forecasts through to 31 December 2011. In considering these cash flow forecasts, the directors have carefully considered the assumptions and sensitivities and have concluded that the Group can remain within the level of available finance. However, in arriving at this view, the directors are cognisant of the fact that given the nature of the Group’s business and in the current economic climate there are inherent risks surrounding the achievability of the Group’s forecast sales and margins and the timing of cash flows, including, inter alia, when projected sales will occur and the timing of receipts relating thereto.

These uncertainties are reduced because the group has a dependable forward income stream based on renewable income from public sector buyers and suppliers, and that this income is counter cyclical since it is driven by the requirement for both sides to improve efficiency and cut costs. The income from company formations is cyclical, however since it is paid by credit card, it is reasonably reliable and does not attract credit risk. The company formation market has recovered in the 2nd half of 2009, and the recovery has continued into 2010. The Company recorded a 10% rise in year on year formations for January 2010 and a 19% rise in our year on year formations for February 2010. The comparable figures for the overall market were a 7.7% year on year rise in January and a 16.7% year on year rise in February.

The directors of the Group have concluded that the combination of these circumstances does mean the Group is able to continue trading within its current working capital position. Having considered these uncertainties, and given the potential to raise additional finance and or make additional cost savings, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date the accounts were signed and as such have prepared the accounts on the going concern basis.

2. Summary of significant accounting policies (continued)

2.3. Consolidation

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefit from their activities. Subsidiaries are fully consolidated from the date on which control is transferred until the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The investment in subsidiaries in the Company's balance sheet are shown at cost less provision for diminution in value.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

2.4. Goodwill

Goodwill arising on acquisitions represents the excess of the consideration given plus any associated costs for investments in subsidiary undertakings over the fair value of the identifiable assets and liabilities acquired. Adjustments are made to fair values to bring the accounting policies of acquired businesses into alignment with those of the Group. Provision is made for any impairment in the value of goodwill. The costs of integrating and reorganising acquired businesses are charged to the post acquisition income statement.

In accordance with IFRS1, the Group has applied the exemption from retrospectively recalculating goodwill which arose on acquisitions prior to 1 January 2006. This goodwill is included at its deemed cost, being the amount recorded under UK GAAP as at 1 January 2006. Goodwill is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of these cash generating units represents the group's investment in each country of operation by primary reporting segment. Goodwill is tested for impairment annually. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.5. Other intangible assets

Other intangible assets are shown at historical cost less accumulated amortisation and impairment losses.

Amortisation is charged to administrative expense in the income statement on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The useful lives are as follows:

- Software - 3 years

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

Research and development expenditure is written-off to the income statement in the year in which it is incurred unless the costs are directly associated with the development of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, when they are recognised as intangible assets and amortised over their estimated useful lives.

2.6. Property, plant and equipment

All are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment is provided to write each asset down to its estimated residual value on a straight-line basis over its estimated useful life, as follows:

- Computer equipment 3 years
- Fixtures, fittings and equipment 3 to 5 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in the income statement.

2.7. Impairment of assets

The Group assess at each balance sheet date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value.

For goodwill and intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated at each balance sheet date and whenever there is an indication of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement.

2.8. Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group has become a party to the contractual provisions of the instrument.

2.8.1. Trade receivables

Trade receivables are initially recognised at fair value and then subsequently measured at amortised cost using the effective interest rate method. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2.8.2. Trade payables

Trade payables are initially recognised at fair value and then subsequently measured at amortised cost using the effective interest rate method. Trade payables are not interest bearing and are stated at their nominal value.

2.8.3. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

2.8.4. Equity Instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

2. Summary of significant accounting policies (continued)

2.9. Share based payments

The group has applied the requirements of IFRS 2: Share-based Payments.

The group issues equity-settled share-based payments to its employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

2.10. Pensions

All pension schemes operated by the Group are defined contribution schemes. The costs are charged to the income statement in the year in which they are incurred.

2.11. Revenue

Revenue is measured at fair value of consideration received or receivable for goods sold and services provided to customers outside the Group, net of Value Added Tax and any discounts. Where invoices are raised in advance of the income being earned through the performance of the service, the unearned portion is included in the accounts as deferred income, and released to the Profit and Loss Account as earned.

2.12. Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term. The Group does not hold any assets under hire purchase contracts or finance leases and has not received any benefits as an incentive to sign a lease of whatever type.

2.13. Current and deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in jointly controlled entities, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

2.14. Provisions

Provisions are recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.15. Standards and interpretations not applied

At that date of authorisation of these Financial Statements, the following Standards and Interpretations (International Financial Reporting Interpretation Committee – IFRIC), which have not been applied in these Financial Statements, were in issue but not yet effective:

IFRS 3	Business Combinations (revised) (effective 1 July 2009)
IAS 27	Consolidated and Separate Financial Statements (revised) (effective 1 July 2009)
Amendment to IAS 39	Eligible Hedged Items (effective 1 July 2009)
IFRIC 17	Distributions of Non-cash Assets to Owners (effective 1 July 2009)
IFRIC 18	Transfers of Assets from Customers (effective 1 July 2009)
Amendment to IFRS 1	Additional Exemptions for First-time Adopters (effective 1 January 2010)
Amendments to IFRS 2	Group Cash-settled Share-based Payment Transactions (effective 1 January 2010)
Amendments to IAS 32	Classification of Rights Issues (effective 1 February 2010)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
IAS 24	Related Party Transactions (revised) (effective 1 January 2011)
Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement (effective 1 January 2011)
IFRS 9	Financial Instruments (effective 1 January 2013)

The Directors have considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Group or that they would not have a material impact on the Group's financial statements.

Notes to the Financial Statements

3. Accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Goodwill has been tested for impairment by comparing the amount of goodwill against future forecast results including cash flows expected to be generated in the future by the appropriate asset, cash-generating unit, or business segment.
- The fair value of share-based payments is measured using a binomial model which inherently makes use of significant estimates and assumptions concerning the future applied by the directors.

4. Revenue - Segmental analysis

The Group has adopted IFRS 8 "Operating Segments" in the current period. The Groups operating segments under IFRS have been determined with reference to the information presented in the management accounts reviewed by the Board of Directors. The Group's main reportable segments are Company Formation and web and eCommerce services. These are managed from one operating platform and cannot be readily separated, so all management decisions in connection with these segments are taken to ensure the relevant skill sets are in place to maximise the return from these resources.

The Chief Operating Decision Maker, which is taken to be the Board of Directors, evaluates the performance and resource requirements of these segments in unison to ensure maximum efficiencies within the business. Resources are shared; in particular technical support and research and development advances are shared between the two in the form of improvements and refinements being made to the underlying platform that hosts them.

The Directors consider the most beneficial method of splitting these segments to provide useful information to users of the accounts is to provide details down to the Gross Profit level only. From then on any further detail would necessitate arbitrary cost allocation that they do not use in managing the business and is not considered meaningful in terms of how resources are actually utilised. Similarly, any split of the balance sheet assets would involve arbitrary allocation.

Coding International is the Company's 100% trading subsidiary and so these results are extracted from that company's own accounts that are published separately and consolidated into these results in accordance with statutory requirements. Details of the balance sheet for Coding International Limited can be obtained from those accounts.

The revenue recognised and Gross profit attributable between reportable segments is shown below:

	2009				2008			
	Company Formation Services	Web and eCommerce services	Coding International Limited	Total	Company Formation Services	Web and eCommerce services	Coding International Limited	Total
	£	£	£	£	£	£	£	£
Revenue	1,182,482	830,255	282,667	2,295,404	1,262,289	663,492	246,497	2,172,278
Cost of Sales	(536,005)	(87,650)	—	(623,655)	(526,842)	(99,481)	(16,682)	(643,005)
Gross Profit	646,477	742,605	282,667	1,671,749	735,447	564,011	229,815	1,529,273

All of the revenue derives from services provided in the United Kingdom and no single customer is responsible for greater than 10% of the Group's revenues.

Notes to the Financial Statements

5. Operating loss

	2009	2008
	£	£
This is stated after the following:		
Staff costs (see note 7)	1,313,604	1,375,361
Depreciation of property, plant and equipment (see note 14)	156,168	253,645
Amortisation of other intangible assets	15,096	30,079
Research and development costs	258,769	277,671
Exceptional items		
– reorganisation costs (see note below)	69,219	131,805
– provision for impairment of goodwill	—	96,274
	69,219	228,079

Reorganisation costs represent the costs incurred in reducing staff numbers and in 2008 the loss on disposal of assets when vacating offices.

6. Auditors remuneration

Amounts payable to Menzies LLP in respect of audit and non-audit services

	2009	2008
	£	£
Audit of Company and consolidated accounts	20,600	20,000
Audit of subsidiaries	1,550	1,500
Other services relating to:		
Taxation	1,550	1,500

7. Employees

	2009	2008
	£	£
Staff costs including directors comprised:		
Wages and salaries	1,195,469	1,244,055
Pension	—	—
Social security costs	127,712	144,248
Share based payments	(9,577)	(12,672)
	1,313,604	1,375,631

	2009	2008
	No.	No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Management and administration	12	11
Technical and delivery	21	25
Sales and marketing	4	1
	37	37

Notes to the Financial Statements

Directors remuneration

	2009	2008
	£	£
Emoluments for qualifying services:		
RJ Duncan	103,125	87,500
HL Duncan	91,875	76,250
DJ Holloway (appointed 1 October 2008)	16,667	5,000
WJ Aiken (resigned 30 September 2008)	—	58,731
JL Connell (resigned 31 March 2008)	—	6,250
BR Fisher (resigned 30 May 2008)	—	15,000
GA Oliver (appointed 30 January 2007, resigned 31 March 2008)	—	30,000
M Tobin (resigned 31 March 2008)	—	6,250
31 December 2009	211,667	284,981

All of the payments above relate to salary or fees. None of the Directors receives any benefits or is accruing benefits under a Company pension scheme.

In addition to the payments shown above, in 2008 GA Oliver received £60,000 and WJ Aiken received £40,000 as compensation for loss of office and in lieu of notice.

8. Investment income

	2009	2008
	£	£
Interest on short term deposits	2,402	40,915
Other interest	10,308	—
	12,710	40,915

9. Finance costs

	2009	2008
	£	£
Interest on borrowings	2,696	4,753
Other interest	—	2,801
	2,696	7,554

Notes to the Financial Statements

10. Taxation

	2009 £	2008 £
R&D tax credit	50,000	178,409
Adjustment in respect of prior years	27,645	2,921
Tax credit for the year	77,645	181,330
Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(798,519)	(1,521,711)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2008: 28%)	(223,585)	(426,079)
Effects of:		
Expenses not deductible for tax purposes	2,292	5,104
Share based payments	(2,682)	(3,548)
Capital allowances less than/(in excess) of depreciation	25,285	50,811
Loss on disposal of fixed assets	—	7,024
R&D tax credit claim in respect of current year	7,143	(8,333)
R&D tax relief claim in respect of prior years	(27,645)	(128,409)
Other adjustment in respect of prior years	—	(2,921)
Carry forward of tax losses	141,547	325,031
	145,940	244,749
Total tax credit	(77,645)	(181,330)

The Group has estimated tax losses of £10,100,000 (2008: £9,700,000) available for carry forward against future trading profit. No deferred tax asset has been recognised in respect of the losses given the uncertainty regarding available future taxable profits.

11. Loss per share

The calculations for loss per share are based on the weighted average number of shares in issue during the year 51,245,575 (2008: 37,779,822) and the following losses:

	2009 £	2008 £
Unadjusted earnings:		
Loss for the year attributable to equity shareholders of the parent	(720,874)	(1,340,381)
Add back:		
Exceptional reorganisation costs	69,219	228,079
Share-based payments	(9,577)	(12,672)
Adjusted earnings	(661,232)	(1,124,974)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: share options. The company has made a loss and the potential share options are therefore anti-dilutive.

The basic and diluted loss per share calculated on the adjusted earnings is 1.3p (2008: 3.0p).

12. Goodwill

	Cost £	Provision for impairment £	Carrying value £
Group			
1 January 2008	96,274	—	96,274
Impairment provision		(96,274)	(96,274)
31 December 2008 and 2009	96,274	(96,274)	—

Notes to the Financial Statements

13. Other intangible assets

Group and Company	Computer software £
Cost:	
1 January 2008	90,237
Additions	—
1 January 2009	90,237
Additions	—
31 December 2009	90,237
Amortisation:	
1 January 2008	43,311
Charge for the year	30,079
1 January 2009	73,390
Charge for the year	15,096
31 December 2009	88,486
Carrying value at 1 January 2008	46,926
Carrying value at 1 January 2009	16,847
Carrying value at 31 December 2009	1,751

14. Property, plant and equipment

Group	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:			
1 January 2008	308,098	667,275	975,373
Additions	—	7,855	7,855
Disposals	(52,550)	—	(52,550)
1 January 2009	255,548	675,130	930,678
Additions	—	16,168	16,168
31 December 2009	255,548	691,298	946,846
Depreciation:			
1 January 2008	107,963	365,455	473,418
Disposals	(25,179)	—	(25,179)
Charge for the year	62,099	191,546	253,645
1 January 2009	144,883	557,001	701,884
Disposals	—	—	—
Charge for the year	46,338	109,830	156,168
31 December 2009	191,221	666,831	858,052
Carrying value at 1 January 2008	200,135	301,820	501,955
Carrying value at 1 January 2009	110,665	118,129	228,794
Carrying value at 31 December 2009	64,327	24,464	88,791

Notes to the Financial Statements

14. Property, plant and equipment (continued)

Company	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:			
1 January 2008	307,240	664,913	972,153
Additions	—	6,781	6,781
Disposals	(52,550)	—	(52,550)
1 January 2009	254,690	671,694	926,384
Additions	—	16,168	16,168
Disposals			
31 December 2009	254,690	687,862	942,552
Depreciation:			
1 January 2008	107,664	363,094	470,758
Disposals	(25,179)	—	(25,179)
Charge for the year	62,016	190,472	252,488
1 January 2009	144,501	553,566	698,067
Disposals			
Charge for the year	45,862	109,832	155,694
31 December 2009	190,363	663,398	853,761
Carrying value at 1 January 2008	199,576	301,819	501,395
Carrying value at 1 January 2009	110,189	118,128	228,317
Carrying value at 31 December 2009	64,327	24,464	88,791

15. Investments

Company	£
Subsidiary undertakings (at cost):	
1 January 2008 and 2009 and 31 December 2009	61,771
Provision for impairment:	
1 January 2008	—
Charge in the year ended 31 December 2008	30,394
1 January and 31 December 2009	30,394
Carrying value at 1 January 2008	61,771
Carrying value at 1 January and 31 December 2009	31,377

The investments represent the Company's 100% holding in the ordinary shares of @Software PLC and its wholly owned subsidiary Software Limited (incorporated in the United Kingdom; non-trading) and Coding International Limited (incorporated in the United Kingdom; provides coding services for use in procurement). As Coding International Limited's balance sheet showed net liabilities provision was made for impairment in the value of the investment in 2008.

Notes to the Financial Statements

16. Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Prepayments and accrued income	97,672	101,869	93,590	90,105
Amounts owed by related undertakings	—	—	22,868	12,764
Taxation recoverable	50,000	178,409	50,000	178,409
Other receivables	16,321	22,663	17,926	22,363
Trade receivables	317,625	232,031	274,436	196,948
	481,618	534,971	458,820	500,589

The Group's financial assets are fairly short term in nature. The directors consider that the carrying value of trade and other receivables approximates to the fair value.

A provision of £96,733 was made in 2008 against amounts due from Coding International Limited included within amounts owed by related undertakings above.

17. Notes to the cash flow statement

Analysis of changes in net funds/debt

	Group		Company	
	31 December 2009	1 January 2008	31 December 2009	1 January 2008
Cash at bank and in hand	225,130	43,100	191,493	40,253
Money market deposits	—	510,276	—	510,276
	225,130	553,376	191,493	550,529

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short term highly liquid investments with a maturity of three months or less.

18. Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade creditors	135,881	151,393	123,470	139,542
Other taxation and social security	117,097	88,011	101,885	79,779
Other creditors	8,495	5,963	8,495	5,913
Accruals and deferred income	285,923	295,318	261,993	278,045
	547,396	540,685	495,843	503,279

The Group's financial liabilities are fairly short term in nature. In the opinion of the directors the book values equate to their fair value

19. Borrowings

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Non current:				
Bank loan	30,842	42,300	30,842	42,300
Amounts owed to Group undertakings	—	—	31,377	807,665
	30,842	42,300	62,219	849,965
Current:				
Bank loan	12,500	12,500	12,500	12,500
	12,500	12,500	12,500	12,500
Analysis of maturity of bank loan				
Amounts payable within one year	12,500	12,500	12,500	12,500
Amounts payable within one to two years	12,500	12,500	12,500	12,500
Amounts payable within two to five years	18,342	29,800	18,342	29,800
Amounts payable after five years	—	—	—	—
	43,342	54,800	43,342	54,800

The bank loan is repayable by instalments until 2013 and bears interest at a rate of 2½% over the banks base rate. The bank loan is secured by a fixed and floating charge over the Company's assets. The amount owed to Group undertakings has no fixed repayment schedule.

20. Share capital and share premium

	Number of shares	Ordinary shares £	Share premium £
At 1 January 2008 and 2009	37,779,822	377,798	10,113,881
Shares issued in connection with fund-raising	20,000,000	200,000	(1,000)
At 31 December 2009	57,779,822	577,798	10,112,881

The total authorised number of ordinary shares is 250 million (2008: 250 million) with a par value of 1p each.

During 2009 20,000,000 ordinary shares were issued at 1p in order to raise additional working capital for use within the business.

During 2009 the number of options granted under the @UK PLC Share Option Scheme to subscribe for ordinary shares in the Company changed as follows:

	2009		2008	
	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 January 2009	955,786	44.3p	2,308,304	32.4p
Options granted during the year	3,155,795	1.75p	—	—
Options lapsed during the year	(1,028,326)	8.2p	(1,352,518)	24.0p
At 31 December 2009	3,083,255	12.8p	955,786	44.3p

The options at 31 December 2009 are as follows:

Number of options under grant	Subscription price per share	Exercise period
500,000	45p	December 2008 to December 2015
202,460	63p	January 2009 to January 2016
2,380,795	1.75p	August 2012 to August 2019

Notes to the Financial Statements

21. Share based payments

The Group has a share option scheme under which the Remuneration Committee can grant options over shares in the Company to employees of the Group. Options are granted with a fixed option price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. The scheme allows for performance criteria or market conditions to be attached to the options, but this has not generally been done. Options are valued using the Black Scholes option pricing model. The fair value of options granted and the assumptions used in the calculations are as follows:

Grant Date	31 January 2006	30 June 2006	26 June 2007	28 August 2009	15 September 2009
Share price at grant date	63p	61.5p	13p	1.6p	1.6p
Exercise price	63p	61.5p	13p	1.75p	1.75p
Number of employees	31	20	2	37	1
Shares originally under option	644,121	270,895	367,000	2,930,795	225,000
Vesting period (years)	3	3	3	3	3
Expected volatility	31%	31%	100%	90%	90%
Expected life (years)	4	4	4	4	4
Risk free rate	4.30%	4.78%	4.78%	2.45%	2.45%
Rate ceasing employment before vesting (total)	57%	98%	50%	25%	100%
Fair value per option	£0.15	£0.15	£0.06	£0.003	£0.003

No dividends were assumed. The expected volatility is based on the historical volatility of the Company's shares to the extent information was available and of the shares of similar entities. In addition to the grant above on 8 December 2005, options over 500,000 shares were also granted to former directors of the Company at an exercise price of 45p per share. As part of the terms of their compensation for loss of office in 2006 they were allowed to retain those options. These were valued at the date on which the directors ceased to be employees and the value written off as it was in respect of past services.

22. Financial instruments

	2009	2008
	£	£
Financial assets		
Floating rate interest bearing – cash	225,130	553,376
Financial liabilities		
Floating rate interest bearing – bank loan (see note 19)	43,342	54,800

There is no material difference between the book value of financial assets and liabilities noted above, and the fair value.

The main objective of the Groups treasury policy is to protect post-tax cash flows of the business from the adverse effects of financial risks.

The Groups financial assets and liabilities comprise cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The Group has no undrawn borrowing facilities. The Group is not exposed to significant foreign exchange risk.

The Group does not enter into instruments for speculative purposes. The Group is exposed to credit risk predominantly from trade receivables and cash and cash equivalents held with banks. The group's exposure to bad debts is reduced as its major customers tend to be public sector bodies.

The Group finances its operations through funds raised from share issues. The Group is exposed to falling interest rates, but has considered the potential impact of the risk of falling interest rates and do not consider this to have a material impact on the results. The Group uses a combination of fixed and floating deposits for its cash balances. The Group has not hedged the exposure to interest rate fluctuations through the use of derivative instruments. Funds on deposit bear interest rates related to LIBOR.

Notes to the Financial Statements

23. Financial commitments

	2009	2008
	£	£
Group		
Future commitments under non-cancellable operating leases:		
Land and buildings, with expiry date		
– within one year	36,333	47,751
– between one and two years	—	28,600
– over two years	—	—
	36,333	76,351
Company		
Future commitments under non-cancellable operating leases:		
Land and buildings, with expiry date		
– within one year	12,500	23,918
– between one and two years	—	—
	12,500	23,918

24. Related party transactions

Mr RJ Duncan and Mrs HL Duncan are the landlords of a property which is occupied by the Group. The annual rent is currently £24,000. Isabella M Deas Limited, a company owned by Mr Duncan's parents and in which he has a minority interest, is the landlord of a second property which is occupied by the Group. The annual rent is currently £24,000.

At the end of the year Mrs HL Duncan was owed £7,520 for expenses incurred. At the end of the year Mr RJ Duncan owed £4,838 in respect of services provided by the Company. This balance, which represents principal, was also the maximum balance outstanding.

During the year the Company's dormant subsidiary Software Limited waived £776,288 of the balance due to it by the Company as a reorganisation of intercompany balances.

There is no party which has Ultimate control of the Group.

Key management compensation

	2009	2008
	£	£
Short term employee benefits	321,667	390,814
Share based payment remuneration	584	3,915
Compensation for loss of office and in lieu of notice	—	100,000
31 December 2009	322,251	494,729

Share based payment remuneration represents the value of options granted to key management valued as described in note 21.