



**Annual Report and Accounts
2010**

Key Points

Financial:

- Turnover down 11% to £2,051,000 (2009: £2,295,000)
- Cash outflow before finance down 42% to £299,000 (2009: £515,000)
- Adjusted loss before tax down 26% to £592,000 (2009: £799,000)
- Costs reduced by 19% to £1,967,000 (2009: £2,421,000)

Operational:

- Launch of Green Marketplace by Richard Benyon Minister for the Natural Environment
- Google support for new Green Marketplace launch
- National Audit Office use of SpendInsight to identify £500 million in savings for the NHS
- SpendInsight: growth of spend analysed by 290% from £ 15.9 billion to £ 62 billion

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Business Overview

Introduction

@UK PLC's business is built around a leading cloud technology platform. This system allows us to quickly build highly complex secure internet applications that are pre-integrated into most major financial systems. The result is a large number of leading solutions which partners help us take to market.

The core solutions that we have built on our cloud platform are:

- Spend Analysis - SpendInsight
- Green Analysis - GreenInsight
- Eprocurement - Ecommerce Marketplace and p2p
- Ecommerce - SiteGenerator
- Email - CloudEmail4Business

We have 3 key themes for taking these to market:

- Austerity and transparency
- Green and social responsibility
- Cloud services

Austerity and transparency

The world is in the midst of a global austerity program, and @UK PLC helps deliver the back office savings required through its SpendInsight Artificial Intelligence system that has the unique ability to deliver line item information from complex free text purchasing data. The potential savings identified by SpendInsight requires an ecommerce marketplace to realise the savings. @UK PLC is the only ecommerce marketplace. The other marketplaces are catalogue driven, because @UK PLC is a cloud solution the entire process from providing the data to having the marketplace live can take as little as 3 weeks.

Recovery from austerity requires innovation and growth which is normally delivered by small businesses. @UK PLC has streamlined the process of setting up and running small businesses. The next step is to help them to take their products and services more quickly to market, which @UK PLC delivers through its public ecommerce marketplace.

Less obvious is the requirement for transparency. The UK is a mature society that has low levels of corruption. Transparency along with a free press are the two keys to reducing corruption. @UK PLC can deliver transparent procurement, whilst streamlining the process. There is an ongoing requirement for transparent procurement in the mature economies and an urgent requirement for transparent procurement throughout the developing world economies.

Green and social responsibility

Green and corporate and social responsibilities have both been subjective areas, because the cost of accurate carbon footprinting has been prohibitive. @UK PLC in conjunction with SenSA have made a significant breakthrough that now makes product level carbon footprints affordable. @UK PLC has slashed the cost of product carbon footprints to £4 per item and quickly established a 97.5% market share from a baseline of zero. We expect to extend this into the other areas of sustainability and corporate and social responsibility. This is a growing market area and @UK PLC has quickly established a significant position.

Cloud services

Cloud is a major shift in computing. @UK PLC has a significant lead in this area having been a cloud platform for over 10 years, and has built a number of highly complex applications on our cloud platform. Our ecommerce marketplace is significantly more complex than most ERP systems, like SAP and Oracle, since it handles the entire source to pay cycle in real time with accurate pricing across multiple systems. The reason that we have been able to build a better application with significantly less resources is the speed at which applications can be created on our platform. We believe that demand will increase for secure cloud based applications in the fields of ecommerce and eprocurement that can be rapidly deployed and are pre-integrated with the leading on premise systems.

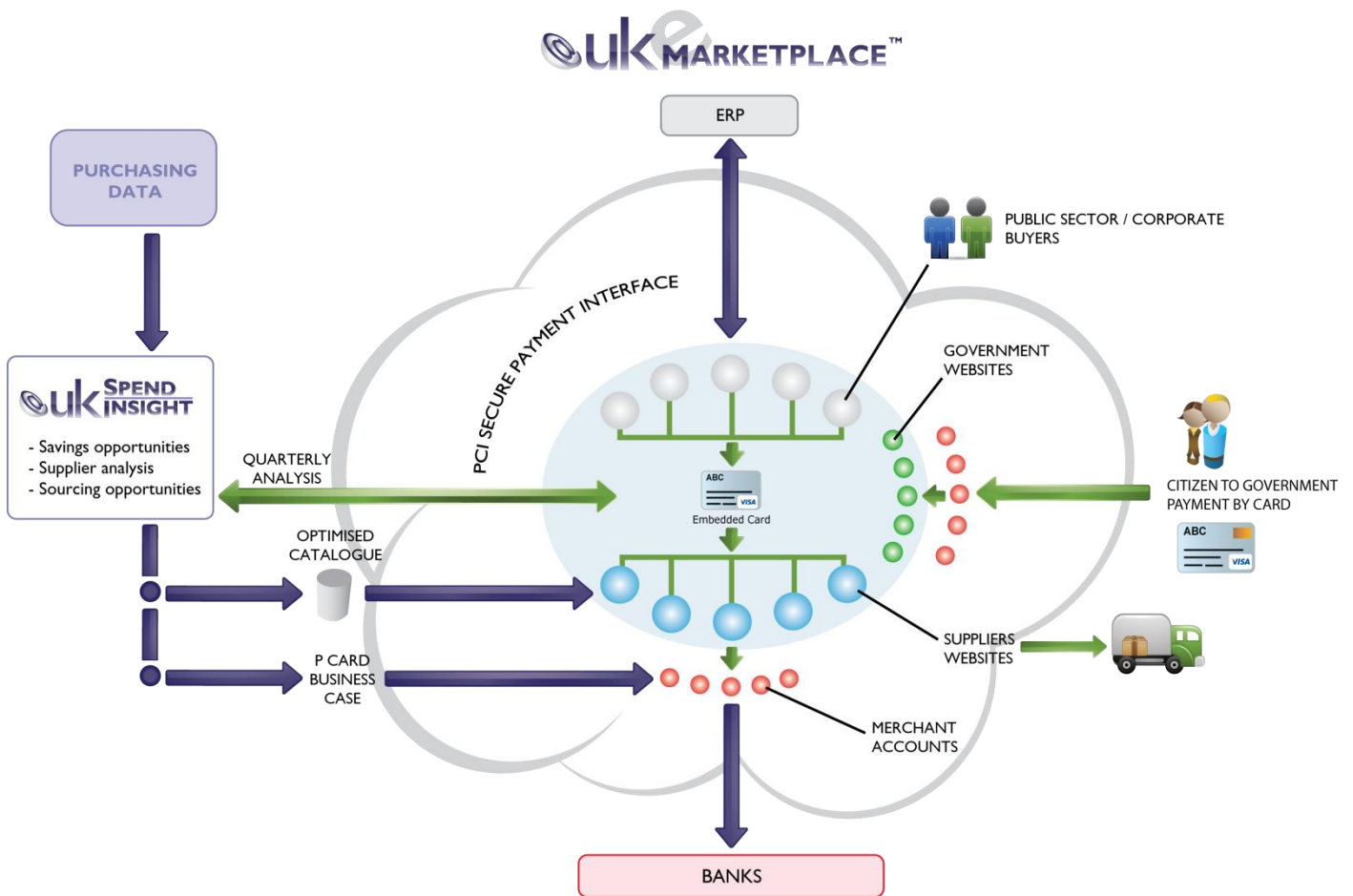
Spend Analysis

The process starts with Spend Analysis; SpendInsight has been used by the National Audit office in their report into commodity spending with in the NHS. This identified over £ 500 million in savings.

SpendInsight typically finds:

- 2 - 5 % immediate savings on controlled spend (mixture of incorrect prices, and marginal improvements in pricing) and
- 10 – 20 % medium/longterm savings on un-controlled spend

Using the @UK PLC ecommerce marketplace delivers the immediate savings as the system ensures that the correct contract prices are available to people placing orders. The @UK PLC ecommerce marketplace is unique, because it comes from an ecommerce heritage where correct prices are mandatory as the customer’s credit card is 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.

Our procurement customers are delighted to have timely meaningful information for the first time on their supply chain’s carbon footprint. This allows procurement for the first time to take a strategic look at supply chain carbon reduction.



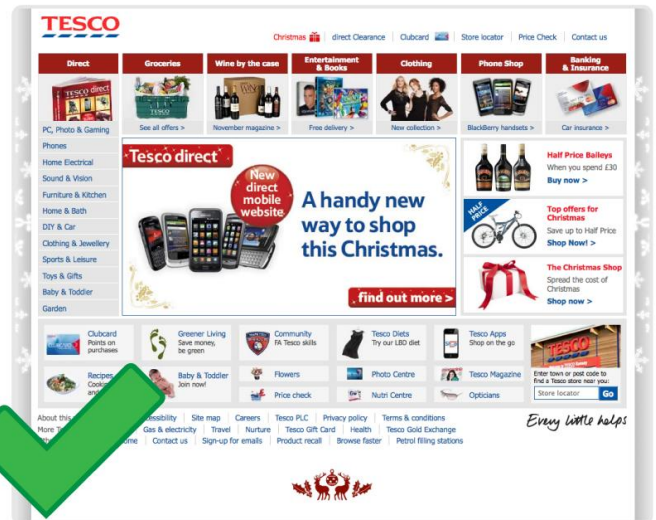
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GreenInsight relies on e2class, this a new coding and classification system created by @UK PLC’s subsidiary Coding International. It pulls together all previous coding systems, NSV (National Supply Vocabulary) and derived systems such as NPC, NHS eClass, 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.

Ecommerce Marketplace and Payments

Our ecommerce marketplace ensures that prices are correct along with the correct delivery charges and other variable or derived pricing so that we have the correct price from the point of requisition through to invoice. Surprisingly this is a revolutionary breakthrough since our competitors marketplaces have all been derived from catalogue loading procurement solutions that predated ecommerce.

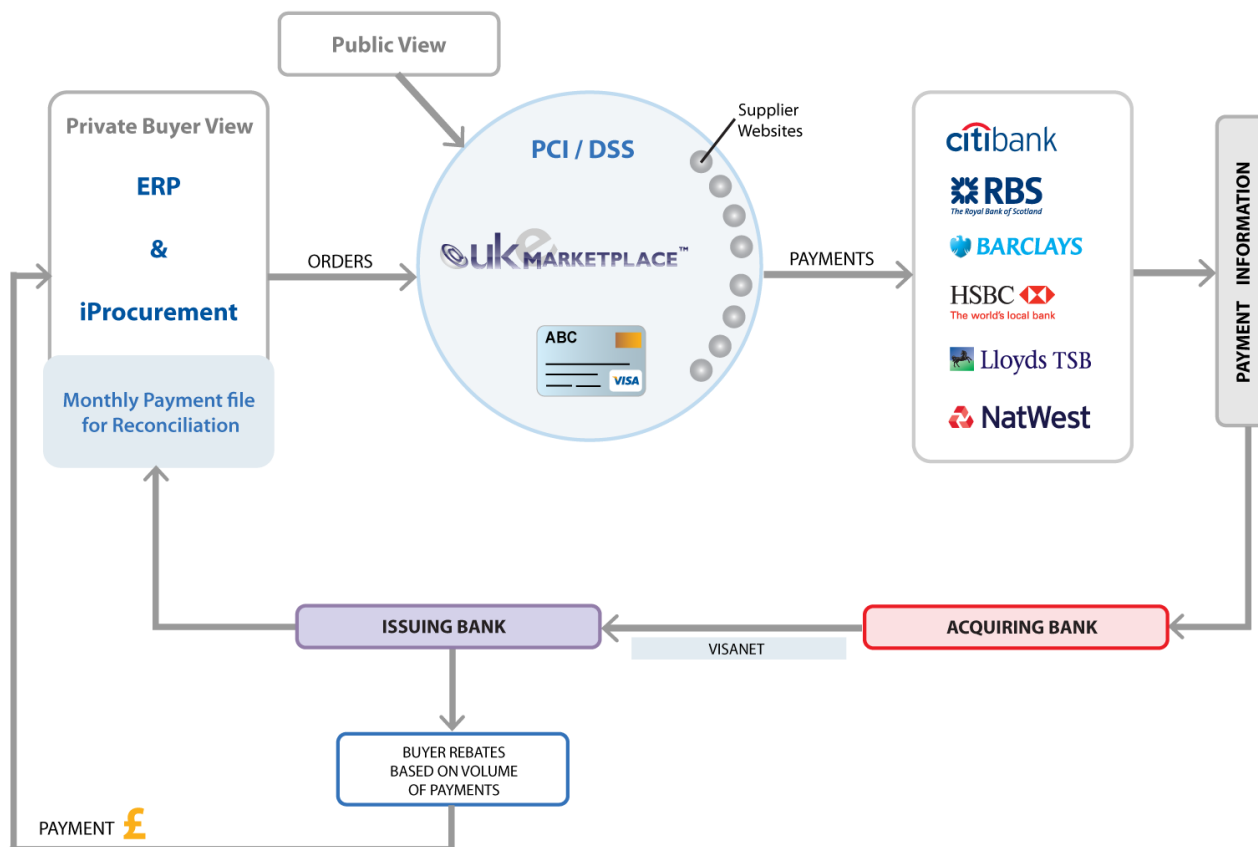
Make the move from 'Mail Order' to 'eCommerce' and make real Savings



Business Overview

We are also both the only Marketplace to be Payment Card Industry/Data Security Standard compliance, along with being the only major cloud platform with PCI/DSS compliance.

This is why Barclaycard Commercial jointly market our solution, because it is the only ecommerce marketplace, and thus is able to both accept payment by purchasing cards, but increase the potential volume of transactions 10 fold since suppliers do not need PCI/DSS compliance, and this combined with the support for all Visa merchants to provide line item detail invoices. Delivers the 10 fold increase in transaction volumes.



New Public Green Marketplace

Our new marketplace was launched by Richard Benyon, Minister for the Natural Environment on the 7 of October 2010.



Our spend analysis shows that around 65% of public sector spending is uncontrolled, with increased growth in 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.

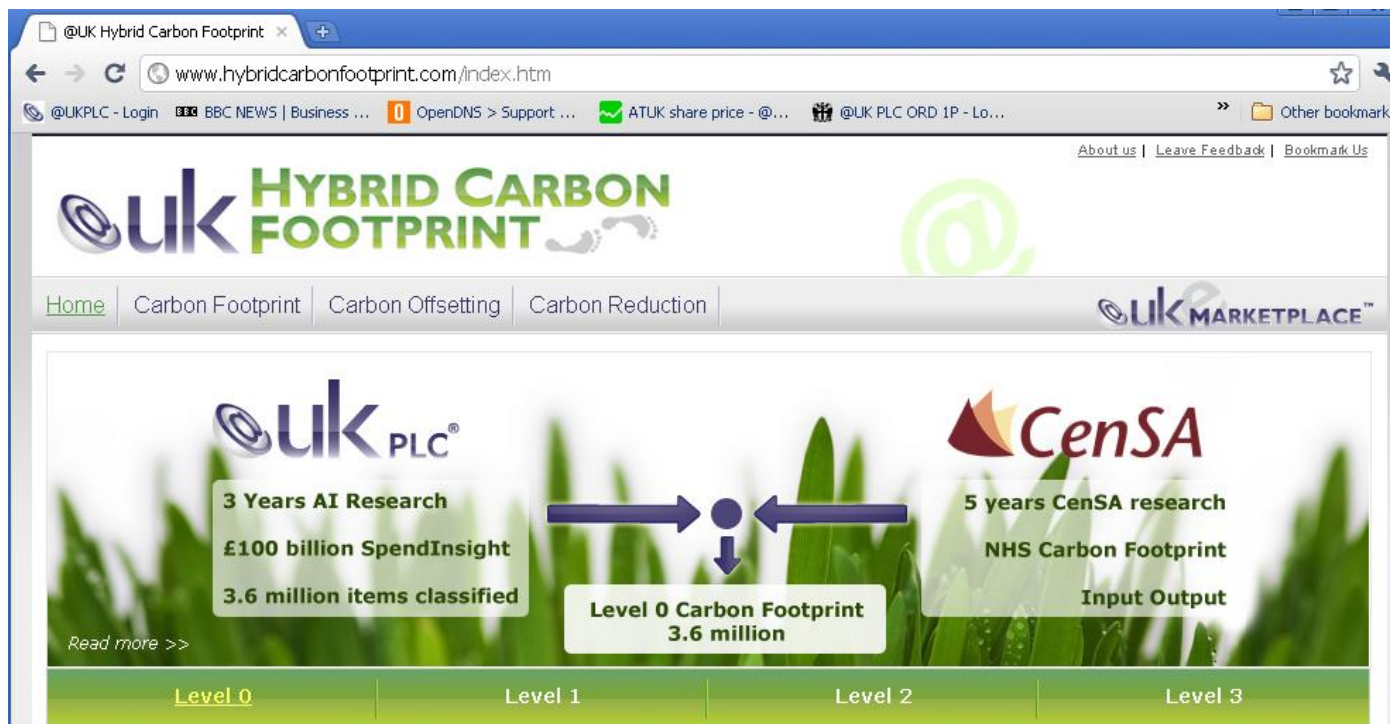
Our analysis shows that over 5,000 public sector bodies have purchased from our ecommerce suppliers in this manner. Our new website seeks not only to maximise these opportunities for our suppliers, but to provide reporting data which can be used with the buying organisations to move them to a more controlled environment.

This means that we grow whither the public sector changes and manages to roll out our controlled ecommerce marketplace to delivery savings or if things stay the same and the majority of spend remains uncontrolled and we deliver this to our suppliers.

Coding and Classification

Product Carbon Footprints

Our new Product Carbon Footprinting solution is delivered by our subsidiary Coding International.

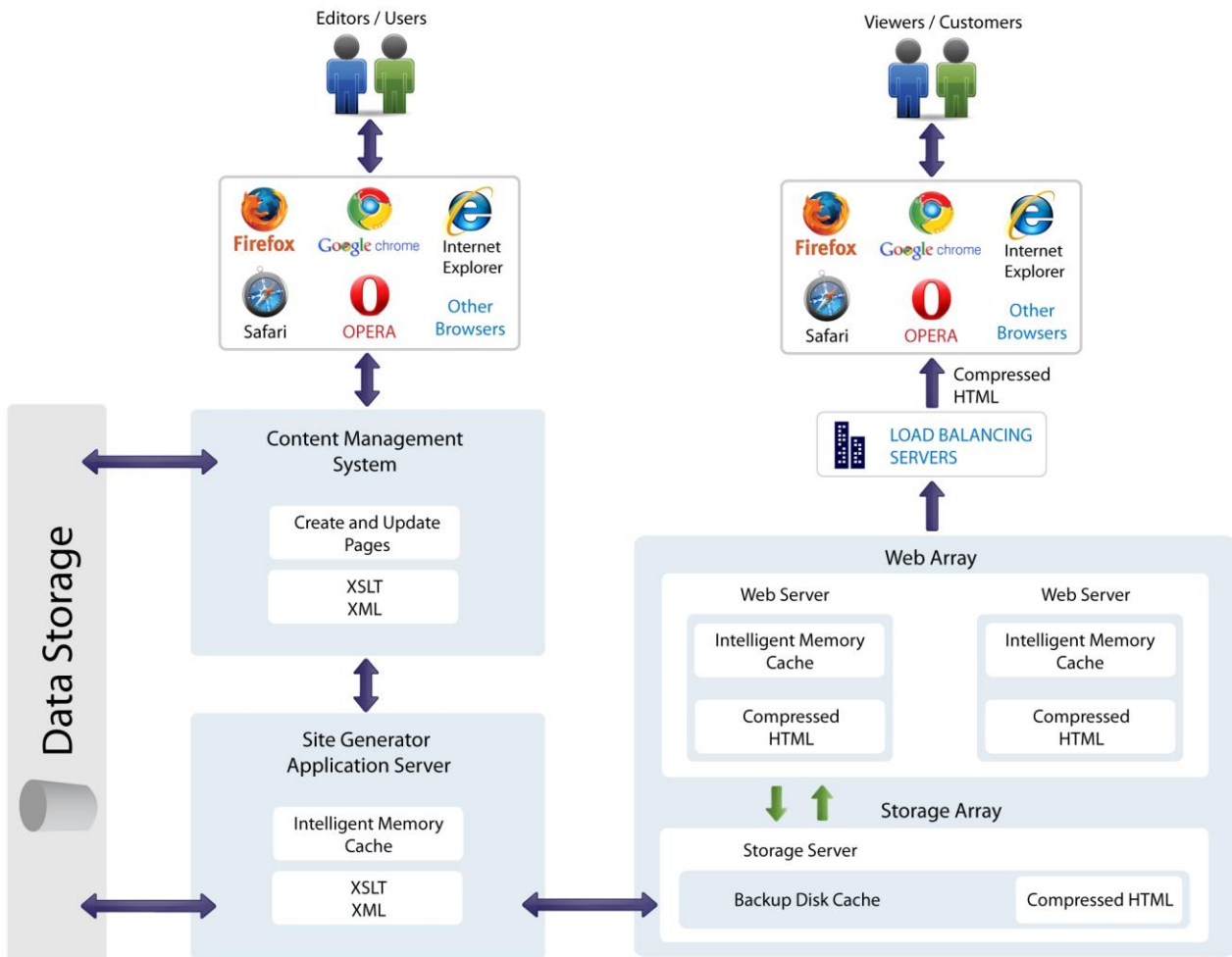


We have made it profitable for the first time for large suppliers to have every item that they sell carbon footprinted, and the products offset so that they are carbon neutral at the point of sale. Previously, only Airlines and other suppliers with a simple product range were able to offer this facility. Now it is possible for suppliers with over 10,000 items to calculate the carbon footprint of every item that they sale and then offset the result.

The cost to a supplier of carbon offsetting is very small at current market rates (typically less than 1/10th of a penny per product sold). This is very attractive to suppliers how have been seeking for a cost effective way to realise their green targets.

SiteGenerator eCommerce overview

As part of our new cloud platform we have implemented a new intelligent caching system for the content management system that drives our ecommerce websites. This has produced a significant performance improvement, whilst maintaining our 100% availability.



@UK PLC's SiteGenerator eCommerce engine is unique in supporting B2B, B2G and B2C off a single platform. Having to deal with the demands of consumers means that our system has an unrivalled speed and ease of use for the B2B and B2G markets. Our B2B and B2G sophistication means that we are able to integrate with all major financial systems, providing significant benefits to all our customers.

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 220,000 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 during the year we launched a new Company Formations website aimed at marketing the above services to take advantage of the rebound in the Company Formations market.



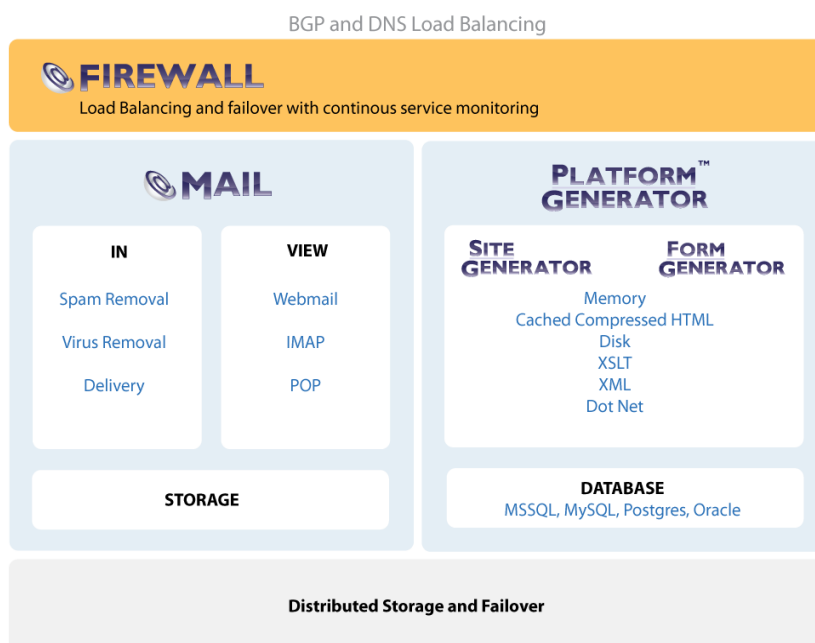
New Cloud Email System

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 last year and stated that Microsoft currently had 70% of their developers working on interacting with the cloud, and this is now 90% and that they are deploying 12,000 servers per month (the same number that are required to power Facebook). 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 or
- 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:

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A year of transformation

2010 has been a year of transformation for @UK, during which, against a difficult economic backdrop, we have created new solutions while cutting costs and ensuring the financial stability of the business. Revenues during the first half of the year were negatively impacted by various factors outside of our control, such as the cessation of our contract with the London Procurement Program the previous November following a change of management, the standstill across the public sector caused by the General Election and the phony war from the time of the Election until the announcement of the Comprehensive Spending Review in October, where no public sector bodies wanted to make any savings before the cuts were negotiated. The general economic downturn also impacted the level of business we saw in our Company Formation business which remained at the lower level seen in 2009.

As a response to these circumstances we implemented cost-cutting procedures, reducing operating costs by £444,000 to £1,967,000 and reducing our cash outflow before financing from £515,000 to £299,000.

Against this negative backdrop, @UK PLC managed to deliver significantly ahead of initial market expectations and in line with the enhanced expectations which were raised after the Comprehensive Spending review and the launch of our Green Marketplace.

We are pleased to report that since the Comprehensive Spending Review we have seen a marked strengthening of our market, and have been encouraged by the initial response to initiatives launched in the year such as our Green Marketplace and entry into the Universities sector.

Our focus during the year was on the strict control of costs, while supporting future growth through the launch of innovative green spin offs of our core Spend Analysis software and public Marketplace.

Our green highlights were the launch of:

- GreenInsight at the Global Business of Biodiversity Symposium on 13 July, and
- GreenMarketplace by Richard Benyon, Minister for the Natural Environment, on 7 October.

We believe the University sector represents a strong growth opportunity for us going forward. In the second half of the year, we began actively targeting the sector in tandem with our partner, Barclaycard, Initial feedback is that we are now a leading provider going forward thanks to our unique ability to provide an ecommerce rather than a catalogue marketplace. This has required a large amount of education for the sector of the differences between ecommerce and catalogue marketplaces, along with establishing our solution as the solution of choice moving forward. We were delighted to announce on 28 February 2011 that we were providing a Spend Analysis service and eCommerce Marketplace to the University of Huddersfield.

Our belief is that other areas within the Public Sector will now move to a similar understanding. While as ever the timing is uncertain, the NHS recently announced that it would be looking to put in place an ecommerce marketplace by 2012.

We have several opportunities, which with a reduced cost base and funding from our share placing in January we are well placed to realise.

Financial Results

In the year ended 31 December 2010, @UK PLC reduced its loss before taxation to £592,000 (2009: £799,000). This reduction was achieved despite a drop in revenue of £244,000 to £2,051,000, a decrease of 11% (2009: £2,295,000). The cash outflow before financing was significantly reduced to £299,000 (2009: £515,000). Careful cash management saw a reduction in the outflow from £182,000 in the first 6 months of the year to £117,000 in the second.

Revenue from company formation services increased by 2% to £1,208,878 in the year (2009: £1,182,000). This was due to improved commission arrangements with partners and an increase in the sales of ancillary products and services.

Sales of web and eCommerce services, including coding, recorded a decrease of 24% in the year to £842,000 (2009: £1,132,000). This reflects the halt of the London Procurement Program spend analysis service and a significant coding project in 2009 which did not recur at the same level in 2010. As a result of the decrease in web and eCommerce, gross margin fell to 67% (2009: 73%).

Continued attention to costs achieved a reduction in the year in operating expenses before exceptional items and share based payments to £1,962,000 (2009: £2,421,000). £5,000 was charged as the "cost" calculated under IFRS 2 of share options granted to employees (2009: Credit £10,000).

At 31 December 2010 the Group had cash of £29,000 (2009: £225,000). Since the year end £265,000 has been raised in a placing of ordinary shares at 5p per share to provide additional funds for sales, marketing and working capital.

Chairman's Statement

Operational review

Our top down pipeline is

SpendInsight > Contract management > ecommerce marketplace > supplier ecommerce sites

SpendInsight

SpendInsight has taken off in terms of the number of organisations analysed and the savings potential.

	Amount of procurement spend analysed		
	Via @UK's cloud Spend Analysis Service	Via @UK's legacy Spend Analysis Service	Total
2008	£1.1bn	£8.0bn	£9.1bn
2009	£15.9bn	£8.0bn	£23.9bn
2010	£62.1bn	£8.0bn	£70.1bn
Total	£79.1bn	£24.0bn	£103.1bn

These translated into revenues with London Procurement Program and it has not yet translated into significant revenues with NHS Shared Business Services. NHS SBS have identified significant savings across their member trusts, but experienced some reluctance amongst trusts to purchase the information. Following the issue of National Audit Office report we expect this reluctance to reduce over the coming year as trusts seek to achieve the savings identified in the NAO report.

There are opportunities for SpendInsight across all the sectors with Universities looking the next most positive after health, followed by Local and Central Government.

Contract Management

We developed a new contract management system to address the requirements of our group purchasing customers so that they could roll out line item contract management to all their members in a fully integrated format with our ecommerce marketplace. This addressed a significant gap in the market, because the existing contract management systems were diaries of when contracts needed to be let and managed the process of letting contracts rather than delivering the results of contract negotiations to purchasers to use and make savings.

SpendInsight provides the data for line item contract management and line item contract management populates our marketplace with the information for improved purchasing.

Ecommerce marketplace

Private ecommerce marketplaces

Our private ecommerce marketplace sales have started to grow and our pipeline is now at its best state since the 2005 rush to sign up for eprocurement prior to the deadline. So far only the higher education sector has put in place an eprocurement program, however the other major change is that customers today want to quickly roll out and implement the program whereas in 2005 there was no drive to use the system.

This has a significant effect on our revenues, since in 2005 our revenue split was 10x Supplier vs 1x buyer, because we assumed that we would sign up 1,000 supplier ecommerce sites out of 10-20,000 suppliers and the 1,000 supplier ecommerce sites at an average of £200 each were worth £200,000 per year vs our £20,000 per year for the buy-side.

We now provide free ecommerce sites to the suppliers. However about one-third use paying sites and we expect this percentage to increase as they see more revenues coming from our ecommerce sites.

Public/Green ecommerce marketplace

We made significant improvements to our ecommerce marketplace during the year. The key change is that we now actively promote the public face of our marketplace in order to capture more of the 'uncontrolled' public sector spend (i.e. spend which is not directed through a public body's official procurement channel). Results from our Spend Analysis has identified that the majority (65%) of spend in public sector is currently still uncontrolled, and we expect this to be the case until such time there is widespread adoption of systems such as our ecommerce marketplace which make the implementation of 'controlled' procurement more easy to achieve. In the meantime there is a requirement for suppliers to maximise their sales into this uncontrolled spend, and we now offer that route via the public side of our marketplace, thereby enabling our suppliers to have access to both controlled and uncontrolled public sector spend.

Chairman's Statement

An analysis of the organisations purchasing through our system showed that we already have over 5,000 public sector bodies purchasing via our system in an uncontrolled manner. The launch of our new public marketplace in conjunction with Google Adwords for our ecommerce suppliers to help them maximise the traffic to our system, is a major step towards increasing the spend through our system, along with new cost per sale and carbon neutral revenue streams.

Supplier ecommerce sites

As we increase traffic and sign up more buyers we are increasing the uptake of our supplier ecommerce sites. We have also significantly increased the price range from our 2005 pricing of £48 to £960 per year. This is now our core range of ecommerce sites with a professional range from £2,500 and an Enterprise range from £35,000 per annum.

Ecommerce is now a major part of our suppliers turnover, and they expect to pay for a first class ecommerce offering that we are able to provide, covering B2B, B2C and B2G product sets.

Our bottom up pipeline

Start up > Domain name > email > ecommerce > purchasing group

We have a strong position in the company formation market, and we want to extend this into sole traders and other start-ups. In the past year, we have put a significant investment into our email services to make them fully cloud based, so that we can provide the same level of security and reliability on email as we do on ecommerce.

Our public ecommerce marketplace will help our startups to start selling more quickly and then we plan to provide them with group purchasing so that they can buy more effectively from the beginning.

Startups and Company Formations

Our company formation service continued to perform well during the year and although the number of new companies formed during the year was similar to the 2009 numbers, there was an increase in the take up of ancillary products and services leading to increased revenues from this sector in 2010. The launch of a new Company Formations website in the latter part of the year has resulted not only in increased traffic but also an increase in the spend per client going forward into 2011.

Domain Names and Emails

We rewrote our domain name registration system, and put significant effort into our new Cloud Email 4 Business solution, which now has a number of large business email features, and we expect to be able to cross sell to our larger customers.

SiteGenerator ecommerce

We made significant progress with our ecommerce software, and had a number of major account wins including our first Fortune 500 Company.

We rewrote the front end of our system making it much more efficient, and providing us with more resources for our email services. We also improved its capability with our six new sites created as path finders for the new technology.

During the year we rewrote our Investor relations site, our Company Formation site and our main website converting this to our public marketplace, SpendInsight.com, Green-Insight.com and HybridCarbonFootprint.com.

These are all running on the new platform.

Share issue

On 31 August 2010 4,803,842 ordinary shares in the Company were issued in a placing at 1p per share. On 16 September 2010 a further 2,333,333 shares were issued at 3p per share. The £118,038 (£115,879 net of expenses) was raised to provide additional working capital.

Since the year end, on 12 January 2011, the Company announced that it had placed 5,305,000 new ordinary shares in the Company at an issue price of 5p per share, raising £262,250 to provide additional working capital. We were delighted with the support shown by our long term institutional investors during the fundraising.

Chairman's Statement

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 2010. 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.

Outlook

We have a number of exciting opportunities which we are starting to convert into revenues. Whilst the public sector is slow moving and can be frustrating, there is now a real impetus to deliver savings. We have proven solutions to quickly identify these savings via our SpendInsight artificial intelligence and can then deliver the savings via our ecommerce marketplace.

Our investment in technology, where our competitors have struggled for survival, means that we are well placed to maximise this opportunity with our partners Barclaycard Commercial and NHS Shared Business Services.

The opportunity is large, and we believe that our patience will now be rewarded, with the National Audit Office Report highlighting the case for using our solutions, and delivering the Government's objective of sustainable savings.



Chairman

22 March 2011

Board of Directors and Advisors

Ronald Duncan – 48 *(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 – 52 *(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 – 48 *(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, until it was acquired by Cisco Systems in April 2010.

Company Secretary

Alice Mary Teresa Morwood-Leyland

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Directors' Report

The Directors present their report with the Financial Statements of the Company and Group for the year ended 31 December 2010.

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 2010 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 £551,863 (2009: £720,874).

Issue of shares

On 31 August 2010 4,803,842 ordinary shares in the Company were issued in a placing at 1p per share. On 16 September 2010 a further 2,333,333 shares were issued at 3p per share. The £118,038 (£115,879 net of expenses) was raised to provide additional working capital.

Since the year end, on 12 January 2011, the Company announced that it had placed 5,305,000 new ordinary shares in the Company at an issue price of 5p per share, raising £262,250 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 £189,450 (2009: £258,769) on research and development activities.

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 2010	31 December 2009
	Number	Number
HL Duncan	14,439,833*	12,888,991*
RJ Duncan	19,640,079*	18,059,237*
DJ Holloway	5,070,588	5,070,588

*The interests shown for HL and RJ Duncan each include a joint interest in 14,375,794 shares (31 December 2009: 12,824,952 shares).

Following their subscription to the share issues in April 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.

Since 31 December 2010 RJ Duncan has acquired 250,000 shares and DJ Holloway has acquired 80,387 shares.

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 2010 Company trade creditors represented approximately 35 days (2009: 33 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 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 become cash generative on current sales projections. The Directors note that should sales fall below expected levels it will be possible to reduce the

Directors' Report

Group and Company's costs to offset the shortfall. The board announced on 12 January 2011 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. The Directors believe that this would be achievable given current circumstances.

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

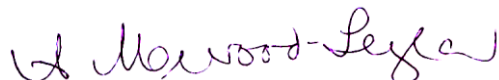
The Company has maintained throughout the year and continues to maintain liability insurance for its Directors and officers.

Substantial shareholdings

As at 21 March 2011 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 & HL Duncan and associated family	20,562,109	29.28
ML Pasternak	6,150,000	8.76
DJ Holloway	5,150,975	7.34
Majedie Asset Management Ltd	4,247,642	6.05
Gartmore Investment Management	3,020,557	4.30
W McDonald	2,500,000	3.56

By order of the Board



Alice Morwood-Leyland
Secretary
22 March 2011

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
22 March 2011

Independent Auditor's Report

To the members of @UK PLC

We have audited the financial statements of @UK PLC for the year ended 31 December 2010 which comprise the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Cash Flow, the Consolidated and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their 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 the 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the 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 2010 and of the Group's loss for the year 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 year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's 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

Chartered Accountants and Statutory Auditors

3rd Floor

Kings House

12-42 Wood Street

Kingston upon Thames

Surrey

KT1 1TG

22 March 2011

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2010

	Notes	2010 £	2009 £
Revenue	4	2,051,037	2,295,404
Cost of sales		(673,847)	(623,655)
Gross profit		1,377,190	1,671,749
Administrative expenses		(1,962,151)	(2,420,640)
Share based payments	21	(5,196)	9,577
Operating loss before exceptional item	5	(590,157)	(739,314)
Exceptional items	5	—	(69,219)
Operating loss		(590,157)	(808,533)
Investment income	8	—	12,710
Finance costs	9	(1,433)	(2,696)
Loss on ordinary activities before taxation		(591,590)	(798,519)
Income tax expense	10	39,726	77,645
Loss for the year attributable to equity shareholders of the parent		(551,864)	(720,874)
Loss per share			
Basic and diluted	11	0.9p	1.3p

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

The Group had no other comprehensive income in 2009 or 2010 consequently the loss for the year is equal to the total comprehensive income for the year.

The loss attributable to the owners of the parent company is £551,864 (2009 – loss of £720,874). Total comprehensive income attributable to owners of the parent company is (£551,864) (2009 – (£720,874)).

Statements of Financial Position
31 December 2010

	Notes	Group		Company	
		2010 £	2009 £	2010 £	2009 £
Assets					
Non-current assets					
Goodwill	12	—	—	—	—
Other intangible assets	13	—	1,751	—	1,751
Property, plant and equipment	14	37,839	88,791	37,839	88,791
Investments	15	—	—	31,377	31,377
		37,839	90,542	69,216	121,919
Current assets					
Trade and other receivables	16	230,682	481,618	206,813	458,820
Cash and cash equivalents	17	29,060	225,130	21,584	191,493
		259,742	706,748	228,397	650,313
Total assets		297,581	797,290	297,613	772,232
Liabilities					
Current liabilities					
Trade and other payables	18	(490,975)	(547,396)	(443,850)	(495,843)
Current tax liabilities		—	—	—	—
Financial liabilities - borrowings	19	(12,500)	(12,500)	(12,500)	(12,500)
		(503,475)	(559,896)	(456,350)	(508,343)
Non current liabilities					
Financial liabilities - borrowings	19	(18,342)	(30,842)	(49,719)	(62,219)
		(18,342)	(30,842)	(49,719)	(62,219)
Total liabilities		(521,817)	(590,738)	(506,069)	(570,562)
Total net assets		(224,236)	206,552	(208,456)	201,670
Shareholders' equity					
Called up share capital	20	649,170	577,798	649,170	577,798
Share premium account	20	10,156,888	10,112,381	10,156,888	10,112,381
Other reserve		630,030	630,030	—	—
Share-based payment reserve		60,200	55,004	60,200	55,004
Accumulated losses		(11,720,525)	(11,168,661)	(11,074,714)	(10,543,513)
Total equity attributable to equity shareholders of the parent		(224,237)	206,552	(208,456)	201,670

Company Registration Number 3732253

The financial statements on pages 22 to 39 were approved by the Board of Directors on 22 March 2011 and authorised for issue on 22 March 2011 and signed on their behalf by:



Ronald Duncan
Executive Chairman

Statements of Cash Flows
For the year ended 31 December 2010

	Notes	Group		Company	
		2010 £	2009 £	2010 £	2009 £
Cash flows from operating activities					
Loss before taxation		(591,590)	(798,519)	(570,928)	(26,813)
Adjustments for:					
Finance cost/(income) (net)		1,433	(10,013)	1,228	(10,274)
Depreciation of property, plant & equipment		56,552	156,168	56,552	155,694
Amortisation of other intangible assets		1,751	15,096	1,751	15,096
Share based payments		5,196	(9,577)	5,196	(9,577)
Waiver of amount owed to Group undertaking		—	—	—	(776,290)
Changes in working capital					
Trade and other receivables		230,936	(75,054)	232,007	(84,733)
Trade and other payables		(56,421)	6,711	(51,993)	(9,305)
Net cash used by operations		(352,143)	(715,188)	(326,187)	(746,202)
Tax received		59,727	206,054	59,727	206,054
Net cash outflow from operating activities		(292,416)	(509,134)	(266,460)	(540,148)
Cash flows from investing activities					
Interest received		—	12,710	—	12,710
Interest paid		(1,433)	(2,696)	(1,228)	(2,472)
Purchase of intangible assets		—	—	—	—
Purchase of property, plant and equipment		(5,600)	(16,168)	(5,600)	(16,168)
Proceeds from sale of property, plant and equipment		—	—	—	—
Cash inflow/(outflow) from investing activities		(299,449)	(515,288)	(273,288)	(546,078)
Cash flows from financing activities					
Issue of ordinary shares		115,879	198,500	115,879	198,500
Repayment of borrowings		(12,500)	(11,458)	(12,500)	(11,458)
Net cash outflow from financing		103,379	187,042	103,379	187,042
Net decrease in cash and cash equivalents		(196,070)	(328,246)	(169,909)	(359,036)
Cash and cash equivalents at beginning of period		225,130	553,376	191,493	550,529
Cash and cash equivalents at end of period	17	29,060	225,130	21,584	191,493

Statements Of Changes In Shareholders Equity
For the year ended 31 December 2010

	Share capital	Share premium	Other reserve	Share based payments reserve	Accumulated losses	Shareholders' equity
Group	£	£	£	£	£	£
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
Shares issued in the year	71,372	44,507	—	—	—	115,879
Share based payments	—	—	—	5,196	—	5,196
Retained loss for the year	—	—	—	—	(551,863)	(551,863)
At 31 December 2010	649,170	10,156,888	630,030	60,200	(11,720,524)	(224,236)
Company						
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 loss for the year	—	—		—	50,832	50,832
At 31 December 2009	577,798	10,112,381		55,004	(10,543,513)	201,670
Shares issued in the year	71,372	44,507		—	—	115,879
Share based payments	—	—		5,196	—	5,196
Retained profit for the year	—	—		—	(531,201)	(531,201)
At 31 December 2010	649,170	10,156,888		60,200	(11,074,714)	(208,456)

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.

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 statement of comprehensive income for the parent company has not been presented.

2.2. Going concern

The Group had a loss attributable to shareholders for the year of £551,864. 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 kept the Group’s businesses under review and reduced the cost base without significantly impacting future revenues.
- The Company has invested in a new website to maximise market share in Company Formations. Improved commission arrangements have been put in place with partners and work continues to increase the sales of ancillary products and services.
- The SpendInsight business area has had very positive publicity around achievable savings in the public sector and this is generating significant sales interest.
- The Company raised additional working capital through placements of ordinary shares in 2010 and again since the year end. Whilst there are no current plans to raise further funds, there may be a requirement to raise additional working capital and this may need to be raised at short notice. The Directors’ believe that this would be achievable given current circumstances.
- 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 2012. 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 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 statement of financial position 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 statement of comprehensive income.

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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income.

2.7. Impairment of assets

The Group assess at each statement of financial position 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 statement of financial position 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 statement of comprehensive income.

2.8. Financial instruments

Financial assets and financial liabilities are recognised on the group's statement of financial position 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 statement of comprehensive income 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.

Notes to the Financial Statements

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 statement of comprehensive income 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 statement of comprehensive income 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 statement of financial position 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 statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income, 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 statement of financial position 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 Combination (effective 1 July 2010)
IFRS 9	Financial Instruments (effective 1 January 2013)
IFRS 7	Financial Instruments Disclosures (effective 1 January 2011 and 1 July 2011)
Amendments to IAS 32	Classification of Rights Issues (effective 1 February 2010)
IAS 1	Presentation of Financial Statements (effective 1 January 2011)
IAS 24	Related Party Transactions (revised) (effective 1 January 2011)
IAS 27	Consolidated and Separate Financial Statements (effective 1 July 2010)
IAS 34	Interim Financial Reporting (effective 1 January 2011)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement (effective 1 January 2011)

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 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 statement of financial position 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 statement of financial position for Coding International Limited can be obtained from those accounts.

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

	2010				2009			
	Company Formation Services	Web and eCommerce services	Coding International Limited	Total	Company Formation Services	Web and eCommerce services	Coding International Limited	Total
	£	£	£	£	£	£	£	£
Revenue	1,208,878	669,049	173,110	2,051,037	1,182,482	830,255	282,667	2,295,404
Cost of Sales	(577,456)	(96,391)	—	(673,847)	(536,005)	(87,650)	—	(623,655)
Gross Profit	631,422	572,658	173,110	1,377,190	646,477	742,605	282,667	1,671,749

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

	2010	2009
	£	£
This is stated after the following:		
Staff costs (see note 7)	1,071,612	1,313,604
Depreciation of property, plant and equipment (see note 14)	56,552	156,168
Amortisation of other intangible assets (see note 13)	1,751	15,096
Research and development costs	189,450	258,769
Exceptional items		
– reorganisation costs (see note below)	—	69,219
	—	69,219

Reorganisation costs represent the costs incurred in reducing staff numbers and in 2009 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

	2010	2009
	£	£
Audit of Company and consolidated accounts	20,900	20,600
Audit of subsidiaries	1,600	1,550
Other services relating to:		
Taxation	1,650	1,550

7. Employees

	2010	2009
	£	£
Staff costs including directors comprised:		
Wages and salaries	967,053	1,195,469
Social security costs	99,363	127,712
Share based payments	5,196	(9,577)
	1,071,612	1,313,604

	2010	2009
	No.	No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Management and administration	11	12
Technical and delivery	19	21
Sales and marketing	2	4
	32	37

Notes to the Financial Statements

Directors remuneration

	2010	2009
	£	£
Emoluments for qualifying services:		
RJ Duncan	67,625	103,125
HL Duncan	101,375	91,875
DJ Holloway (appointed 1 October 2009)	—	16,667
31 December 2010	169,000	211,667

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.

8. Investment income

	2010	2009
	£	£
Interest on short term deposits	—	2,402
Other interest	—	10,308
	—	12,710

9. Finance costs

	2010	2009
	£	£
Interest on borrowings	1,433	2,696
Other interest	—	—
	1,433	2,696

Notes to the Financial Statements

10. Taxation

	2010 £	2009 £
R&D tax credit	30,000	50,000
Adjustment in respect of prior years	9,726	27,645
Tax credit for the year	39,726	77,645
Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(591,590)	(798,519)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2009: 28%)	(165,645)	(223,585)
Effects of:		
Expenses not deductible for tax purposes	560	2,292
Capital allowances less than/(in excess of) depreciation	(1,093)	25,285
Loss on disposal of fixed assets	—	—
R&D tax credit claim in respect of current year	4,286	7,143
R&D tax relief claim in respect of prior years	(9,726)	(27,645)
Other adjustment in respect of prior years	—	—
Carry forward of tax losses	131,892	138,865
	125,919	145,940
Total tax credit	(39,726)	(77,645)

The Group has estimated tax losses of £10,600,000 (2009: £10,100,000) 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 60,063,115 (2009: 51,245,575) and the following losses:

	2010 £	2009 £
Unadjusted earnings:		
Loss for the year attributable to equity shareholders of the parent	(551,864)	(720,874)
Add back:		
Exceptional reorganisation costs	—	69,219
Share-based payments	5,196	(9,577)
Adjusted earnings	(546,668)	(661,232)

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 0.9p (2009: 1.3p).

12. Goodwill

	Cost £	Provision for impairment £	Carrying value £
Group			
1 January 2009	96,274	—	96,274
Impairment provision		(96,274)	(96,274)
31 December 2009 and 2010	96,274	(96,274)	—

Notes to the Financial Statements

13. Other intangible assets

Group and Company	Computer software £
Cost:	
1 January 2009	90,237
Additions	—
1 January 2010	90,237
Additions	—
31 December 2010	90,237
Amortisation:	
1 January 2009	73,390
Charge for the year	15,096
1 January 2010	88,486
Charge for the year	1,751
31 December 2010	90,237
Carrying value at 1 January 2009	16,847
Carrying value at 1 January 2010	1,751
Carrying value at 31 December 2010	—

14. Property, plant and equipment

Group	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:			
1 January 2009	255,548	675,130	930,678
Additions	—	16,168	16,168
1 January 2010	255,548	691,298	946,846
Additions	—	5,600	5,600
31 December 2010	255,548	696,898	952,446
Depreciation:			
1 January 2009	144,883	557,001	701,884
Charge for the year	46,338	109,830	156,168
1 January 2010	191,221	666,831	858,052
Charge for the year	41,901	14,651	56,552
31 December 2010	233,122	681,482	914,604
Carrying value at 1 January 2009	110,665	118,129	228,794
Carrying value at 1 January 2010	64,327	24,464	88,791
Carrying value at 31 December 2010	22,426	15,413	37,839

Notes to the Financial Statements

14. Property, plant and equipment (continued)

Company	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:			
1 January 2009	254,690	671,694	926,384
Additions	—	16,168	16,168
1 January 2010	254,690	687,862	942,552
Additions	—	5,600	5,600
31 December 2010	254,690	693,462	948,152
Depreciation:			
1 January 2009	144,501	553,566	698,067
Charge for the year	45,862	109,832	155,694
1 January 2010	190,363	663,398	853,761
Charge for the year	41,901	14,651	56,552
31 December 2010	232,264	678,049	910,313
Carrying value at 1 January 2009	110,189	118,128	228,317
Carrying value at 1 January 2010	64,327	24,464	88,791
Carrying value at 31 December 2010	22,426	15,413	37,839

15. Investments

Company	£
Subsidiary undertakings (at cost):	
1 January 2009 and 2010 and 31 December 2010	61,771
Provision for impairment:	
1 January 2009 and 2010 and 31 December 2010	30,394
Carrying value at 1 January 2009 and 2010 and 31 December 2010	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	
	2010	2009	2010	2009
	£	£	£	£
Prepayments and accrued income	55,584	97,672	52,368	93,590
Amounts owed by related undertakings	—	—	—	22,868
Taxation recoverable	30,000	50,000	30,000	50,000
Other receivables	8,224	16,321	39,872	17,926
Trade receivables	136,874	317,625	114,616	274,436
	230,682	481,618	206,856	458,820

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.

Included in the Group's trade and other receivables balances are debtors with a carrying value of £18,334 which have been due for a period greater than six months for which full provision has been made. All other balances have been due for less than six months and are considered to be recoverable.

17. Notes to the cash flow statement

Analysis of changes in net funds/debt

	Group		Company	
	31 December	1 January	31 December	1 January
	2010	2009	2010	2009
Cash at bank and in hand	29,060	225,130	21,584	191,493
	29,060	225,130	21,584	191,493

Cash and cash equivalents (which are presented as a single class of asset on the face of the statement of financial position) 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	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	167,929	135,881	138,231	123,470
Other taxation and social security	93,166	117,097	86,655	101,885
Other creditors	1,250	8,495	1,251	8,495
Accruals and deferred income	228,630	285,923	217,713	261,993
	490,975	547,396	443,850	495,843

The Group's financial liabilities are fairly short term in nature and due for payment in a period of less than 6 months. In the opinion of the directors the book values equate to their fair value.

Notes to the Financial Statements

19. Borrowings

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Non current:				
Bank loan	18,342	30,842	18,342	30,842
Amounts owed to Group undertakings	—	—	31,377	31,377
	18,342	30,842	49,719	62,219
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	5,842	18,342	5,842	18,342
Amounts payable after five years	—	—	—	—
	30,842	43,342	30,842	43,342

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 2009	37,779,822	377,798	10,113,881
Shares issued in connection with fund-raising	20,000,000	200,000	(1,500)
At 31 December 2010	57,779,822	577,798	10,112,381
Shares issued in connection with fund-raising	7,137,175	71,372	44,507
At 31 December 2010	64,916,997	649,170	10,156,888

The total authorised number of ordinary shares is 250 million (2009: 250 million) with a par value of 1p each.

On 31 August 2010 4,803,842 ordinary shares in the Company were issued in a placing at 1p per share. On 16 September 2010 a further 2,333,333 shares were issued at 3p per share. The £118,038 (£115,879 net of expenses) was raised to provide additional working capital.

Subscribers to the share issues in August 2009 were granted warrants to subscribe for a total of 10 million new ordinary shares at 2p per share. The warrants are exercisable up to five years after issue.

During 2010 the number of options granted under the @UK PLC Share Option Scheme to subscribe for ordinary shares in the Company changed as follows:

	2010		2009	
	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 January 2010	3,083,255	12.8p	955,786	44.3p
Options granted during the year	3,150,000	3.5p	3,155,795	1.75p
Options lapsed during the year	81,715	1.75p	(1,028,326)	8.2p
At 31 December 2010	6,151,540	8.2p	3,083,255	12.8p

The options at 31 December 2010 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
2,299,080	1.75p	August 2012 to August 2019
3,150,000	3.5p	October 2013 to October 2020

Notes to the Financial Statements

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 Jan 2006	28 Aug 2009	24 Oct 2010
Share price at grant date	63p	1.6p	3.5p
Exercise price	63p	1.75p	3.5p
Number of employees	31	37	31
Shares originally under option	644,121	2,930,795	3,150,000
Vesting period (years)	3	3	3
Expected volatility	31%	90%	90%
Expected life (years)	4	4	4
Risk free rate	4.30%	2.45%	1.75%
Rate ceasing employment before vesting (total)	57%	25%	25%
Fair value per option	£0.15	£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.

21. Financial instruments

	2010	2009
	£	£
Financial assets		
Floating rate interest bearing – cash	29,060	225,130
Cash is held in current or short term deposit account. All other finance assets are non-interest bearing.		
Financial liabilities		
Floating rate interest bearing – bank loan (see note 19)	30,842	43,342

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.

Notes to the Financial Statements

22. Financial commitments

	2010	2009
	£	£
Group		
Future commitments under non-cancellable operating leases:		
Land and buildings, with expiry date		
– within one year	—	36,333
	—	36,333
Company		
Future commitments under non-cancellable operating leases:		
Land and buildings, with expiry date		
– within one year	—	12,500
	—	12,500

23. 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 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.

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

Key management compensation

	2010	2009
	£	£
Short term employee benefits	275,000	321,667
Share based payment remuneration	717	584
31 December 2010	275,717	322,251

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