
@UK PLC News Announcement

@UK PLC - Preliminary Results

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@UK plc

('@UK' or 'the Group')

Audited Preliminary results for the year ended 31 December 2007

@UK plc (AIM: ATUK), a provider of software solutions that facilitate eCommerce and eProcurement in the government, health and private sectors, today announces its audited Preliminary results for the year ended December 2007.

Financial Highlights:

- * Turnover £2,330,000, an increase of 8% (2006: £2,163,000).
- * Loss before taxation (adjusted for exceptional items and share based payments) of £2,258,000 (2006: £3,223,000)
- * After exceptional costs and share based payments loss before tax was £2,367,000 (2006: £3,495,000)
- * Loss per share of 6.3p (2006: loss per share of 9.3p)
- * Loss before tax in the second half of 2007 down 58% from the comparative period and 35% from the loss in the first half
- * At 31 December 2007 the Group had cash balances of £1,791,000 (2006: £4,119,000)
- * Cash burn continues to reduce and will be under £100,000 per month going forward

Commenting on the Preliminary results, Bernard Fisher, Chairman said:

'Activity in our target markets continues to be slow and whilst there is no indication that this will change in 2008 we will continue to address our new business pipeline within the NHS and Local Authorities.

The further cost savings achieved has reduced our monthly cash burn and will help to reduce losses in the current year.

Notwithstanding the lack of visibility in our markets, the Board remains positive about the quality of @UK's offering.'

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Notes to Editors:

@UK is a leading UK eMarketplace providers. @UK's software provides a secure internet eMarketplace enabling buyers such as local authorities, schools and hospitals to buy online from commercial suppliers ranging from large corporations to small to medium enterprises (SMEs). This allows buying and selling to take place with no paperwork and transposition reduced chance of errors, achieving major savings throughout the supply chain.

@UK PLC also offers services to new businesses, including incorporation, company secretarial services and filing annual returns. Over 150,000 companies have been incorporated using @UK's online company formation service.

@UK is included in the Software and Computer Services Sector (9530). For further information please visit www.ukplc.net.

Chairman's Statement

Introduction

This is @UK's third report to shareholders as an AIM listed company.

2007 has been another challenging year for @UK, with a lack of impetus in our traditional markets. We have made progress in our entry into the NHS market and continue to act decisively to reduce costs.

Financial Results

This is our first preliminary announcement prepared under IFRS, with comparisons against restated 2006 results. The reconciliation of the loss and net assets under UK GAAP to IFRS is set out in note 22 to the Preliminary Announcement. As anticipated in previous announcements, the change to IFRS had no material impact on the results.

In the year ended 31 December 2007, @UK achieved revenue of £2,330,000, an increase of 8% compared to the previous year (£2,163,000).

Sales of web and eCommerce services recorded an increase of 9% to £1,025,000 in the year ended 31 December 2007 compared to £940,000 in the prior year, while revenue from company formation services increased by 7% to £1,305,000 in the year ended 31 December 2007 compared to £1,223,000 in the prior year.

Gross margin rose to 63% from 59% reflecting the reductions in the number of staff carrying out implementation work for Supply-side customers. Operating expenses before exceptional items and share based payments reduced from £4,780,000 to £3,889,000. The reduction reflects the impact of cost savings.

Loss before taxation (adjusted for exceptional items and share based payments) in 2007 was £2,258,000 compared to £3,223,000 in the prior year.

£26,000 was charged as the cost calculated under IFRS 2 of share options granted to employees (2006: £51,000). Staff numbers were reduced further during the year, and by the year end had fallen by 41 to 44. An exceptional cost of £83,000 was incurred in making this reduction. At the peak in 2006 there were 115 employees. Following the Board changes referred to below the number of employees will shortly be 37.

After taking account of exceptional costs and share based payments the loss before tax for 2007 was £2,367,000, compared to £3,495,000 in the prior year.

At 31 December 2007 the Group had cash of £1,791,000 (2006: £4,119,000) available to take the Group through to profitability.

Half year on half year the run-rate of losses is being reduced: with the loss before tax in the second half of 2007 down 58% from the comparative period and 35% from the loss in the first half. After the Board changes the monthly cash burn will reduce to £100,000 per month.

Business focus

@UK's traditional market for its eCommerce solution was Local Authorities, and it was to service anticipated demand in this market that the Company raised funds in the AIM listing in December 2005. However activity in this market has been low throughout 2007 and there is no indication that this will change in 2008. Central Government has failed to follow through the mandated changes for each local authority to become 'e'-enabled. As a result many authorities are not achieving the significant savings and benefits which eProcurement has brought to those which have embraced the concept fully.

We were pleased to win the contract from NHS Supply Chain for a new catalogue/

content platform as part of the e-enablement strategy within the NHS. This provides us with a valuable entry into this market.

In 2008 we will continue to focus on developing the opportunity in the NHS market and on reducing our costs much as possible.

Board changes

With our smaller size and clearer focus we have decided it is now appropriate to simplify our Board structure to achieve cost savings and to better reflect the needs of the business. Today, following completion of our restructuring programme, our Chief Executive Officer Grant Oliver will be leaving the Group, and Jo Connell and Mike Tobin will be standing down as Non-Executive Directors. John Aiken, our Chief Financial Officer, will be taking on the additional responsibilities of Chief Executive Officer.

The changes will leave me as the sole Non-Executive Director: in due course if the Group's size and resources warrant it we will consider appointing additional Non-Executives.

I would like to thank Grant, Jo and Mike for the contributions they have made to the development of the Group.

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 2007. 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

Activity in our target markets continues to be slow and whilst there is no indication that this will change in 2008 we will continue to address our new business pipeline within the NHS and Local Authorities.

The further cost savings achieved has reduced our monthly cash burn and will help to reduce losses in the current year.

Notwithstanding the lack of visibility in our markets, the Board remains positive about the quality of @UK's offering.

Bernard R. Fisher
Chairman
31 March 2008

	Notes	£	£
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Revenue	4		
Existing operations		2,329,600	2,018,004
Acquisitions		-	144,976
-----	-----	-----	-----
Cost of sales		2,329,600	2,162,980
		(851,118)	(891,124)
-----	-----	-----	-----
Gross profit		1,478,482	1,271,856
Administrative expenses		(3,889,181)	(4,780,165)
Share based payments	20	(26,075)	(51,178)
-----	-----	-----	-----
Operating loss before exceptional item	5	(2,436,774)	(3,559,487)
Exceptional reorganisation costs	5	(83,485)	(219,962)
-----	-----	-----	-----
Operating loss			
Existing operations		(2,520,259)	(3,771,930)

Acquisitions		-	(7,519)
-----	-----	-----	-----
		(2,520,259)	(3,779,449)
Investment income	8	159,680	290,901
Finance costs	9	(6,869)	(5,989)
-----	-----	-----	-----
Loss on ordinary activities before taxation		(2,367,448)	(3,494,537)
Taxation	10	--	-
-----	-----	-----	-----
Loss for the year attributable to equity shareholders of the parent		(2,367,448)	(3,494,537)
-----	-----	-----	-----
Loss per share			
Basic and diluted	11	6.3p	9.3p
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Consolidated Income Statement
For the year ended 31 December 2007

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

-----	-----	2007	2006
	Notes	£	£
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Assets			
Non-current assets			
Goodwill	12	96,274	96,274
Other intangible assets	13	46,926	59,934
Property, plant and equipment	14	501,955	692,547
-----	-----	-----	-----
		645,155	848,755
-----	-----	-----	-----
Current assets			
Trade and other receivables	15	311,739	397,667
Cash and cash equivalents	16b	1,791,189	4,119,248
-----	-----	-----	-----
		2,102,928	4,516,915
-----	-----	-----	-----
Total assets		2,748,083	5,365,670
-----	-----	-----	-----
Liabilities			
Current liabilities			
Trade and other payables	17	(586,349)	(875,696)
Current tax liabilities		(2,878)	(2,878)
Financial liabilities - borrowings	18	(12,500)	(12,500)
-----	-----	-----	-----
		(601,727)	(891,074)
-----	-----	-----	-----
Non current liabilities			
Financial liabilities - borrowings	18	(54,800)	(66,667)
-----	-----	-----	-----
		(54,800)	(66,667)
-----	-----	-----	-----
Total liabilities		(656,527)	(957,741)
-----	-----	-----	-----
Total net assets		2,091,556	4,407,929
-----	-----	-----	-----
Shareholders' equity			
Called up share capital	19	377,798	376,074
Share premium account	19	10,113,881	10,113,881
Other reserve		630,030	606,754
Share-based payment reserve		77,253	51,178
Accumulated losses		(9,107,406)	(6,739,958)
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Total equity attributable to equity			

shareholders of the parent	2,091,556	4,407,929
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Consolidated Balance Sheet
31 December 2007

	Notes	2007 £	2006 £
Cash flows from operating activities			
Loss before taxation		(2,367,448)	(3,494,537)
Adjustments for:			
Interest		(152,811)	(284,912)
Depreciation of property, plant & equipment		262,238	140,207
Amortisation of other intangible assets		28,328	14,983
Share based payments		26,075	51,178
Changes in working capital			
Trade and other receivables		85,928	(149,323)
Trade and other payables		(264,347)	(195,471)
Net cash used by operations		(2,382,037)	(3,917,875)
Tax paid		-	(65,783)
Net cash outflow from operating activities		(2,382,037)	(3,983,658)
Cash flows from investing activities			
Interest received		159,680	290,901
Interest paid		(6,869)	(5,989)
Acquisition of subsidiary	16a	-	(21,994)
Purchase of intangible assets		(15,320)	(74,917)
Purchase of property, plant and equipment		(71,646)	(716,941)
Cash inflow/(outflow) from investing activities		65,845	(528,940)
Cash flows from financing activities			
Repayment of borrowings		(11,867)	(12,500)
Net cash outflow from financing		(11,867)	(12,500)
Net decrease in cash and cash equivalents		(2,328,059)	(4,525,098)
Cash and cash equivalents at beginning of period		4,119,248	8,644,346
Cash and cash equivalents at end of period	16b	1,791,189	4,119,248

Consolidated Cash Flow Statement
For the year ended 31 December 2007

	Share capital	Share premium	Other reserve	Share based payments reserve	Accumulated losses	Shareholders' equity
	£	£	£	£	£	£
At 31 December 2005	7,826,288					
Shares issued in the year	420	-	24,580	-	-	25,000
Share based payments	-	-	-	51,178	-	51,178
Retained loss for the year	-	-	-	-	(3,494,537)	(3,494,537)
At 31 December 2007	7,826,708	10,113,881	582,174	51,178	(3,245,421)	15,328,510

December 4,407,929 2006	376,074	10,113,881	606,754	51,178	(6,739,958)	
Shares issued in the year	1,724	-	23,276	-	-	25,000
Share based payments	-	-	-	26,075	-	26,075
Retained loss for the year	-	-	-	-	(2,367,448)	(2,367,448)
-----	-----	-----	-----	-----	-----	-----
At 31 December 2,091,556 2007	377,798	10,113,881	630,030	77,253	(9,107,406)	
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Consolidated Statement Of Changes In Shareholders Equity
For the year ended 31 December 2007

The other reserve arises because shares issued on the acquisition of subsidiaries have been recorded at par value and no share premium recognised as allowed by the Companies Act 1985.

Notes to the Preliminary Announcement

1. Basis of preparation

The Group's consolidated financial statements were prepared in accordance with the United Kingdom Generally Accepted Accounting Principles ('UK GAAP') until 31 December 2006. For the year ended 31 December 2007 the Group is required to prepare its financial statements in accordance with EU Endorsed International Financial Reporting Standards and IFRIC interpretations (collectively 'IFRS'). As such those financial statements take account of the requirements and options of IFRS1 'First-time Adoption of International Financial Reporting Standards ('IFRS') as they relate to the 2006 comparatives included therein.

Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the Group's equity and its net income and cash flows are provided in Note 23.

The preparation of financial statements requires the estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are based on management's best knowledge of the amounts, events or actions, actual results may differ from those estimates.

The financial information set out does not constitute statutory accounts for the purposes of section 240 of the Companies Act 1985. The Company's statutory accounts for the year ended 31 December 2007 will be delivered to the Registrar of Companies following the Annual General Meeting. The Company's statutory accounts for the year ended 31 December 2006, prepared under UK GAAP, have been delivered to the Registrar of Companies. The auditors' report on both those accounts was unqualified and does not contain a statement under Companies Act 1985 sections 237(2) or (3).

Copies of the annual report for the year ended 31 December 2007 are being sent to all shareholders and to the AIM Team and will also be available on the company's website at www.ukplc.net. Copies of the accounts for the year ended 31 December 2006 can be obtained by writing to the Company Secretary, @UK PLC, 5 Jupiter House, Calleva Park, Aldermaston, Berkshire RG7 8NN.

This announcement was approved by the board of @UK PLC and authorised for issue on 31 March 2008.

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, and in preparing an opening IFRS balance sheet at 1 January 2006 for the purpose of transition to IFRS.

1.1. Basis of accounting

These financial statements have been prepared for the first time in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 23. 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.

A separate income statement for the parent company has not been presented as permitted by section 230(4) of the Companies Act 1985.

1.2. Going concern

The Directors have reviewed the projections for the forthcoming 12 month period from the date of signing of these financial statements and based on the level of existing cash, projected income and expenditure, the Directors are satisfied that the Company and Group have adequate resources to continue in business for the foreseeable future. Accordingly the going concern basis has been used in preparing the financial statements.

1.3. 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.

1.4. 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. Goodwill is tested for impairment annually. 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. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

1.5. 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.

1.6. 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.

1.7. 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.

1.8. 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.

1.8.1. 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

1.8.2. 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.

1.8.3. 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.

1.9. 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 binomial 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.

1.10. 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.

1.11. 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.

1.12. 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.

1.13. 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.

1.14. 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.

1.15. 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 2 Share-based payment - Amendment relating to vesting conditions and cancellations.

IFRS 3 Business Combinations - Comprehensive revision on applying the acquisition method.

IFRS 8 Operating segments.

IAS 1 Presentation of Financial Statements - Comprehensive revision including requiring a statement of comprehensive income.

IAS 23 Borrowing Costs - Comprehensive revision to prohibit immediate expensing.

IAS 27 Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3.

IAS 28 Investments in Associates - Consequential amendments arising from amendments to IFRS 3.

IAS 31 Investments in Joint Ventures - Consequential amendments arising from amendments to IFRS 3.

IAS 32 Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation.

IFRIC 11 IFRS 2 : Group and Treasury Share Transactions.

IFRIC 12 Service Concession Arrangements.

IFRIC 13 Customer Loyalty Programmes.

IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

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.

1.16. 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

For management purposes, the Group is currently organised into one operating

divisions - e-commerce. This is the basis on which the Group reports its primary segment information. Set out below is an analysis of revenue recognised between principal product categories, which the Directors use to assess future revenue flows from customers.

	2007 £	2006 £
Revenue		
Company formation services	1,304,812	1,223,130
Web and eCommerce services	1,024,788	939,850
	2,329,600	2,162,980

All of the revenue derives from services provided in the United Kingdom.

5. Operating loss

	2007 £	2006 £
This is stated after the following:		
Staff costs (see note 7)	2,312,904	2,688,615
Depreciation of property, plant and equipment (see note 14)	262,238	140,207
Amortisation of other intangible assets (see note 13)	28,328	14,983
Research and development costs	207,855	291,407
Exceptional item - reorganisation costs (see note below)	83,485	219,962
In relation to acquisitions:		
Costs of sales	-	-
Administrative expenses	-	152,495

Reorganisation costs represent the costs incurred in reducing staff numbers.

6. Auditors remuneration

Amounts payable to Baker Tilly UK Audit LLP (2006: Baker Tilly) in respect of audit and non-audit services

	2007 £	2006 £
Audit of Company and consolidated accounts	29,050	26,050
Audit of subsidiaries	4,250	4,500
Other assurance services - interim review	5,500	4,750
Other services relating to:		
Taxation	4,350	4,000

7. Employees

	2007 £	2006 £
Staff costs including directors comprised:		
Wages and salaries	2,057,845	2,386,246
Pension	2,256	2,556
Social security costs	226,728	248,635
Share based payments	26,075	51,178
	2,312,904	2,688,615

	2007 No.	2006 No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Management and administration	15	16
Technical and delivery	39	38

Sales and marketing	15	29
-----	-----	-----
	69	83
-----	-----	-----

Directors' remuneration

	2007	2006
	£	£
-----	-----	-----
Emoluments for qualifying services	436,000	472,667
Compensation for loss of office	-	120,000
-----	-----	-----
	436,000	592,667
-----	-----	-----

The emoluments of the highest paid Director were £110,000 (2006: £80,000). No Directors were accruing benefits under a company pension scheme.

8. Investment income

	2007	2006
	£	£
-----	-----	-----
Interest on short term deposits	159,680	290,901
-----	-----	-----

9. Finance costs

	2007	2006
	£	£
-----	-----	-----
Interest on borrowings	6,869	5,989
-----	-----	-----

10. Taxation

	2007	2006
	£	£
-----	-----	-----
Tax charge for the year	-	-
-----	-----	-----
Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(2,367,448)	(3,494,537)
-----	-----	-----
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2006: 30%)	(662,885)	(1,048,361)
-----	-----	-----
Effects of:		
Expenses not deductible for tax purposes	73	11,637
Share based payments	7,301	15,353
Capital allowances less than/(in excess) of depreciation	31,192	(55,201)
Carry forward of tax losses	624,319	1,076,572
-----	-----	-----
	662,885	1,048,361
-----	-----	-----
Total tax expense	-	-
-----	-----	-----

The Group has estimated tax losses of £9,500,000 (2006: £7,200,000) 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 37,723,138 (2006: 37,593,941) and the following losses:

	2007 £	2006 £
-----	-----	-----
Unadjusted earnings:		
Loss for the year attributable to equity shareholders of the parent	(2,367,448)	(3,494,537)
-----	-----	-----
Add back:	83,485	219,962
Exceptional reorganisation costs	26,075	-51,178
Share-based payments		
-----	-----	-----
Adjusted earnings	(2,257,888)	(3,223,397)
-----	-----	-----

The share options and warrants are non-dilutive as they would not increase the loss per share in the year.
The basic and diluted loss per share calculated on the adjusted earnings is 6.0p (2006: 8.6p).

12. Goodwill

Group	£	
-----	-----	-----
1 January 2006		
Acquisition of Coding International Limited	-	96,274
-----	-----	-----
Cost and carrying value at 31 December 2007 and 2006		96,274
-----	-----	-----

13. Other intangible assets

	Computer software £	
-----	-----	-----
Cost:		
1 January 2006		-
Additions		74,917
-----	-----	-----
1 January 2007		74,917
Additions		15,320
-----	-----	-----
31 December 2007		90,237
-----	-----	-----
Amortisation:		
1 January 2006		-
Charge for the year		14,983
-----	-----	-----
1 January 2007		14,983
Charge for the year		28,328
-----	-----	-----
31 December 2007		43,311
-----	-----	-----
Carrying value at 1 January 2006		-
-----	-----	-----
Carrying value at 1 January 2007		59,934
-----	-----	-----
Carrying value at 31 December 2007		46,926
-----	-----	-----

14. Property, plant and equipment

	Fixtures, fittings and equipment £	Computer equipment £	Total £
-----	-----	-----	-----
Cost:			
1 January 2006	28,105	156,935	185,040
Acquisitions	858	888	1,746
Additions	263,915	453,026	716,941
-----	-----	-----	-----
1 January 2007	292,878	610,849	903,727

Additions	15,220	56,426	71,646
-----	-----	-----	-----
31 December 2007	308,098	667,275	975,373
-----	-----	-----	-----
Depreciation:			
1 January 2006	4,596	66,377	70,973
Additions	38,253	101,954	140,207
-----	-----	-----	-----
1 January 2007	42,849	168,331	211,180
Charge for the year	65,114	197,124	262,238
-----	-----	-----	-----
31 December 2007	107,963	365,455	473,418
-----	-----	-----	-----
Carrying value at 1 January 2006	23,509	90,558	114,067
-----	-----	-----	-----
Carrying value at 1 January 2007	250,029	442,518	692,547
-----	-----	-----	-----
Carrying value at 31 December 2007	200,135	301,820	501,955
-----	-----	-----	-----

15. Trade and other receivables

	2007	2006
	£	£
-----	-----	-----
Prepayments and accrued income	128,859	70,417
Amounts owed by related undertakings	-	-
Other receivable	7,353	13,829
Trade receivables	175,527	313,421
-----	-----	-----
	311,739	397,667
-----	-----	-----

The directors consider that the carrying value of trade and other receivables which approximates to the fair value.

16. Notes to the cash flow statement

a. Analysis of cash flows

Group	2007	2006
	£	£
-----	-----	-----
Acquisitions		
Purchase of subsidiary undertaking	-	(28,250)
Cash in subsidiary acquired	-	6,256
-----	-----	-----
Net cash outflow for acquisitions	-	(21,994)
-----	-----	-----

b. Analysis of changes in net funds

	31 December 2007	1 January 2007
-----	-----	-----
Net cash:		
Cash at bank and in hand	118,183	204,272
Money market deposits	1,673,006	3,914,976
-----	-----	-----
	1,791,189	4,119,248
-----	-----	-----

Money market deposits are restated at fair value.

17. Trade and other payables

	2007 £	2006 £
-----	-----	-----
Trade payables	228,194	268,929
Other taxation and social security	117,075	230,188
Other payables	-	25,000
Accruals and deferred income	241,080	351,579
-----	586,349	875,696
-----	-----	-----

The directors consider that the carrying value of trade and other payables approximates to the fair value.

18. Borrowings

	2007 £	2006 £
-----	-----	-----
Non current:		
Bank loan	54,800	66,667
-----	54,800	66,667
-----	-----	-----
Current:		
Bank loan	12,500	12,500
-----	12,500	12,500
-----	-----	-----
Analysis of maturity of bank loan		
Amounts payable within one year	12,500	12,500
Amounts payable within one to two years	12,500	12,500
Amounts payable within two to five years	37,500	37,500
Amounts payable after five years	4,800	16,667
-----	67,300	79,167
-----	-----	-----

The bank loan is repayable by instalments until 2013 and bears interest at a rate of 2 1/2% over the bank's base rate. The bank loan is secured by a fixed and floating charge over the Company's assets.

19. Share capital and share premium

	Number of shares	Ordinary shares £	Share premium £
-----	-----	-----	-----
At 1 January 2006	37,565,394	375,654	10,113,881
Shares issued in connection with acquisition	42,015	420	-
-----	37,607,409	376,074	10,113,881
At 31 December 2006			
Shares issued in connection with acquisition	172,413	1,724	-
-----	37,779,822	377,798	10,113,881
-----	-----	-----	-----

The total authorised number of ordinary shares is 250 million (2006: 250 million) with a par value of 1p each.

During the year 172,413 ordinary shares were issued at 14.5p in satisfaction of £25,000 of deferred consideration for the acquisition of Coding International Limited.

During 2007 the number of options granted under the @UK PLC Share Option Scheme

to subscribe for ordinary shares in the Company changed as follows:

	Number of options under grant
-----	-----
At 1 January 2007	1,465,178
Options granted during the year	1,367,000
Options lapsed during the year	(523,874)
-----	-----
At 31 December 2007	2,308,304
-----	-----

The options which have been granted at 31 December 2007 are as follows:

Number of options under grant	Subscription price per share	Exercise period
750,000	45p	December 2008 to December 2015
373,174	63p	January 2009 to January 2016
8,130	61.5p	June 2009 to June 2016
1,000,000	14.75p	January 2008 to January 2017
177,000	13p	June 2010 to June 2017

The Company has granted to Shore Capital a warrant to subscribe for 375,654 ordinary shares at 60p per share. The warrant is exercisable, in whole or in part, at any time for a period up to 14 December 2008.

20. 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	8 December 2005	31 January 2006	30 June 2006	26 June 2007
-----	-----	-----	-----	-----
Share price at grant date	60p	63p	61.5p	14.75p
Exercise price	45p	63p	61.5p	14.75p
Number of employees	1	31	20	2
Shares originally under option	250,000	644,121	270,895	367,000
Vesting period (years)	3	3	3	3
Expected volatility	31%	31%	31%	100%
Expected life (years)	4	4	4	4
Risk free rate	4.30%	4.30%	4.78%	4.78%
Rate ceasing employment before vesting (total)	0%	50%	95%	50%
Fair value per option	£0.17	£0.15	£0.15	£0.06

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 on the same terms. 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. A grant of 1 million shares on 30 January 2007 is not included above as the rate ceasing employment before vesting is 100%.

21. Financial instruments

	2007 £	2006 £
-----	-----	-----
Financial assets		
Floating rate interest bearing - cash	1,791,189	4,119,248
-----	-----	-----

Cash is held on short-term money market deposit or interest bearing deposit.

Financial liabilities

Floating rate interest bearing - bank loan (see note 18)	67,300	79,167
-----	-----	-----

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 Group's treasury policy is to protect post-tax cash flows of the business from the adverse effects of financial risks.

The Group's financial assets and liabilities comprise cash and liquid resources, and various items, such as trade debtors and trade creditors 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 finances its operations through funds raised from share issues. The Group is exposed to falling interest rates. 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 based on LIBOR.

22. Financial commitments

Group	2007 £	2006 £
-----	-----	-----
Future commitments under non-cancellable operating leases:		
Land and buildings, with expiry date		
- within one year	68,500	11,750
- between two and five years	-	153,000
-----	-----	-----

23. Reconciliation of Loss and Net Assets under UK GAAP to IFRS

In implementing the transition to IFRS, the Group has followed the requirements of IFRS 1 'First Time Adoption of International Financial Reporting Standards', which in general requires IFRS accounting policies to be applied fully retrospectively in deriving the opening balance sheet at the date of transition. In the Group's case this is 1 January 2006 being the start of the previous period that has been presented as comparative information. IFRS 1 contains certain mandatory exceptions and some optional exemptions to this principle of retrospective application. Where the Group has taken advantage of the exemptions they are noted below. The adoption of IFRS represents an accounting change only

and does not affect the operations or cash flows of the Group. The principal areas of impact are described below.

	2007 £	2006 £
-----	-----	-----
Operating loss under UK GAAP	(2,517,122)	(3,792,285)
Change in amortisation period of goodwill (note (a) below)	19,255	12,836
-----	-----	-----
Operating loss under IFRS	(2,497,867)	(3,779,449)

Retained loss under UK GAAP	(2,358,728)	(3,507,373)
Change in amortisation period of goodwill (note (a) below)	19,255	12,836
Retained loss under IFRS	(2,339,473)	(3,494,537)

	31 December 2006 UK GAAP	Effect of change	IFRS
	£	£	£
Assets			
Non-current assets			
Goodwill (note (a) below)	83,438	12,836	96,274
Intangible assets (note (b) below)	-	59,934	59,934
Property, plant and equipment (note (b) below)	752,481	(59,934)	692,547
	835,919	12,836	848,755
Current assets			
Trade and other receivables	397,667	-	397,667
Cash and cash equivalents	4,119,248	-	4,119,248
	4,516,915	-	4,516,915
Total assets	5,352,834	12,836	5,365,670
Liabilities			
Current liabilities			
Trade and other payables	(875,696)	-	(875,696)
Current tax liabilities	(2,878)	-	(2,878)
Financial liabilities - borrowings	(12,500)	-	(12,500)
	(891,074)	-	(891,074)
Non-current liabilities			
Financial liabilities - borrowings	(66,667)	-	(66,667)
	(66,667)	-	(66,667)
Total liabilities	(957,741)	-	(957,741)
Net assets	4,395,093	12,836	4,407,929
Shareholders' equity			
Called up share capital	376,074	-	376,074
Share premium	10,113,881	-	10,113,881
Other reserve	606,754	-	606,754
Share based payments reserve	51,178	-	51,178
Accumulated losses	(6,752,794)	12,836	(6,739,958)
Total shareholders' equity	4,395,093	12,836	4,407,929

There is no difference between UK GAAP and IFRS for the balance sheet as at 1 January 2006.

Explanation of reconciling differences between UK GAAP and IFRS

(a) The goodwill arising from the acquisition of Coding International Limited was previously amortised under UK GAAP on a straight-line basis over its estimated useful life of 5 years. This goodwill is no longer amortised, but is subject to reviews for impairment. The Group has taken advantage of the exemption not to apply IFRS 3 retrospectively to business combinations occurring prior to the date of transition to IFRS.

(b) Purchased computer software costs were previously recorded as property, plant and equipment as permitted by UK GAAP. In accordance with IAS 38, all purchased computer software is recorded as an intangible asset.

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