@UK PLC - Preliminary Results

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@UK PLC

Maiden Preliminary Results for the year ended 31 December 2005

@UK PLC (AIM:ATUK.L), a leading provider of software solutions that facilitate eCommerce/eProcurement, today announces its maiden preliminary results for the year ended 31 December 2005.

Highlights to April 2006

* Results in line with expectations following successful December 2005 IPO, raising £8m gross

* eCommerce revenues up by 80%

* Overall turnover up 21% to £1.5m (2004: £1.2m)

* Strategically significant contract wins, including the Leeds Teaching Hospitals Trust, North Yorkshire County Council and East Renfrewshire

* A member of the consortium delivering the Zanzibar Managed Service contract for the Office of Government Commerce

* Staff numbers now doubled to 66, in line with stated strategy

Commenting on today's announcement, Lyn Duncan, Managing Director, said:

'This has been an extremely exciting and successful year for @UK. @UK has developed a seamless eCommerce solution, in line with the Government's requirement for public sector eProcurement following the 2004 Gershon report. Based on the achievements in 2005, the Board is confident of the company's ability to deliver continued revenue growth during 2006 and to achieve further commercial milestones throughout the year.'

An analyst briefing will be held at the offices of Smithfield, 10 Aldersgate Street, London, EC1A 4HJ at 9.30 am today.

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Notes to Editors:

eCommerce can be defined as the buying and selling of products and services over the internet. eProcurement is the particular process by which large organisations carry out their purchasing using eCommerce. @UK offers a unique solution within the field of eCommerce/eProcurement. Using its online network, public sector bodies such as local authorities, schools and hospitals and private sector enterprises can buy online from small to medium enterprises (SMEs), as well as larger suppliers. At the same time those suppliers generally set up a trading website on @UK which can be used to sell online to other businesses and even consumers worldwide. @UK is currently focused strongly on selling this approach to buyers throughout the public sector since this sector offers specific opportunities as a result of the UK Government's stated requirements for eProcurement.

Currently, there are over 1,000 public sector bodies spending over £100 billion annually on goods and services with around one million suppliers. These public sector bodies have now been given specific performance targets in connection with eProcurement, and substantial sums have been invested by the Government in eCommerce platforms in both central and local Government.

These projects form a core part of the 'Gershon' efficiency drive to save the public purse more than £20 billion annually by 2007/08. This drive followed the publication in July 2004 of Sir Peter Gershon's report, 'Releasing resources to the front line: Independent Review of Public Sector Efficiency'. In addition, the Government encourages public sector bodies to engage with local companies and stimulate their adoption of eCommerce.

The Directors believe that @UK is ideally positioned to experience significant growth as these public sector bodies put in place the necessary online links with their suppliers.

@UK listed on AIM in December 2005, raising £8 million before expenses at an issue price of 60p. @UK is included in the Software and Computer Services Sector (9530). For further information please visit www.ukplc.net.

CHAIRMAN'S STATEMENT

Introduction
I am delighted to present my first report as Chairman and @UK's first report to shareholders as an AIM Listed company.

Admission to AIM
The key event of the year was our successful float on AIM through Shore Capital. This was completed on 14 December 2005, with shares being placed at 60 pence per share to raise £8 million before expenses for the Company. These funds will be used to finance the roll out of @UK's products and services nationwide as we exploit the many opportunities that exist within the fast growing eCommerce/eProcurement market. I am pleased to welcome all new investors.

Financial Results
During the year the Company delivered a strong financial performance. Results are in line with market expectations set at the time of the IPO. Turnover increased by more than 21% to £1,454,000, whilst overall eCommerce sales rose by 80%. Loss before tax (before exceptional item) was £885,000 compared to £385,000 in the previous year, the increase reflecting the increase in our cost base in preparation for the successful roll-out of our products and services across the public sector.

An exceptional goodwill write-off of £798,000 was incurred as a result of the acquisition of @Software PLC, necessary as part of the fundraising and Admission to AIM. After taking account of this exceptional item the loss before tax for the year was £1,684,000.

Board
I joined the Board in May 2005 as Non Executive Chairman and was followed by fellow Non Executive Directors, Jo Connell and Mike Tobin, before the flotation. Jo and Mike have excellent credentials both within the technology and quoted company arena, and will be of great benefit to the Company as it embarks on its stated strategy of rapid growth.

It is the Board's intention to comply with the Combined Code, where practicable for a company of @UK's size. On flotation we established an audit committee and remuneration committee.

People

On behalf of the Board, I thank all our employees for their enormous contribution and effort during the year. The successful IPO gives us an unprecedented platform for future growth and our new share option scheme provides all employees with the opportunity to share in our future success.

Summary

2005 has been a watershed year for @UK. eCommerce revenue grew by 80% whilst our successful AIM Admission secured the investment needed to take us through our next stage of growth. Our unique approach to online trading sees us in a strong position to become the company of choice for providing eCommerce solutions to the public and private sectors.

Based on the achievements in 2005, the Board is confident of the company's ability to deliver continued revenue growth during 2006 and to achieve further commercial milestones throughout the year.

Bernard R. Fisher
Chairman
11 April 2006

MANAGING DIRECTOR'S REVIEW

eCommerce/eProcurement -A Major Opportunity

@UK has developed a unique approach to allow transactions via eCommerce between buyers such as public sector bodies - local authorities, schools and hospitals, and corporate enterprises, and sellers such as small to medium enterprises (SMEs) as well as larger companies. Our solution is very well received by public bodies as it has significant Local Economic Development benefits as well as allowing authorities to purchase (by eProcurement) in a cost-effective, paperless way. At this time the Company is focused strongly on the buyers within the public sector although our solution offers benefits to any arena and any type of procurement e.g. buying services as well as goods anywhere in the world.

Currently, there are over 1,000 UK public sector bodies spending over £100 billion annually on goods and services from around one million suppliers - all of whom may be considered as potential customers for @UK. These public sector bodies have been given specific targets in connection with eCommerce. Substantial sums have been invested by the Government in eProcurement platforms for both central and local Government. Without effective and efficient connection to the supplier base, however, Government Purchase to Pay systems would be largely ineffective.

These eProcurement projects form a core part of the 'Gershon' efficiency drive to save the public purse more than £20 billion annually by 2007/08. This followed the publication in July 2004 of Sir Peter Gershon's report, 'Releasing resources to the front line: Independent Review of Public Sector Efficiency'. In addition to increased efficiency, the Government strongly encourages public sector bodies to engage with local companies. @UK is a leading provider of these links.

The Directors believe that @UK is positioned to experience significant growth as these public sector bodies put in place the link with their suppliers.

What sets @UK apart in the market is that we have a solution which is used by both the public sector body or large private enterprise as the buyer (our 'buyside' customers), and their suppliers (our 'supply-side' customers); providing seamless, user friendly eCommerce for all sizes of supplier, from small local providers to multinational companies.

The Successful @UK Business Model

Our strategy is to target buyers in the public sector, signing them up as customers before turning our attention to their suppliers. Once set-up work and training has been completed, we then work with the buyside customer to adopt their suppliers (which may be several thousand in number) onto the @UK eCommerce platform. This means that buyers can use our network to purchase from their suppliers, but one of the attractive features of the system is that those same suppliers are also immediately available to be accessed by any other buyer on the network at no extra charge.

@UK charges set-up and annual fees to both its buyside and supplyside customers but ongoing transaction fees are not charged. We believe that this fixed charge is also attractive to our clients, especially the smaller companies in that they can budget without having to provide for any variation in costs. It is on this basis that we believe that as take up of the @UK solution grows, the business will have a large, recurring and stable revenue base.
@UK works closely with partners who have important links to our clients. These include Sage, which has a pre-eminent position in providing financial software for the SME market place, and Capita Education Services, which has a dominant position in the supply of management information systems to schools in England and Wales.

@UK charges set-up and annual fees to both its buyside and supplyside customers. Transaction fees are not charged. As take up of the @UK solution grows, we believe the business will have a large recurring revenue base.

Operational Overview

eProcurement - I am pleased with the progress made in 2005. During the year we worked hard to ensure that @UK is seen as the leading supplier of eProcurement services to the public sector, and our aim is to become in turn the company of first choice for providing eCommerce solutions to its supplier base.
We have made and continue to make significant progress across all sectors and are now working with 72 Public Sector Organisations:

Local Authorities - we started the year with two client authorities, and are now pleased to report that a total of 48 authorities have adopted the @UK eProcurement solution as their chosen approach. Our geographic spread now extends from Dorset and Devon in the South West, to Maidstone in the South East and as far north as North Yorkshire and Durham in the North East. Since the year end, East Renfrewshire in Scotland has adopted our solution. We still have many further opportunities in the pipeline.

Central Government - During the year the Office of Government Commerce contracted with a consortium led by PA Consulting for the provision of the Zanzibar Managed Service, the Government's new public sector eProcurement and marketplace system. @UK is a key member of the consortium, with the lead role in supplier adoption, enabling suppliers to engage with the public bodies through an eCommerce platform. I am very pleased to tell you that we expect this to lead to further major opportunities for @UK. Zanzibar announced its first major contract with the Department for Work and Pensions (DWP) in February, and currently has 22 Public Sector clients, both Central Government and NHS.

National Health Service - During the year we have worked successfully with Sage on a project at University Hospital Birmingham. This project marked our entry into the National Health market. This has been consolidated since the year end by winning a contract to work with the Leeds Hospital Group, the largest NHS Trust in the UK.

Education - We continue to promote our initiative in this area and were pleased when nine Greater Manchester Boroughs selected us. We are the preferred provider of an electronically based schools purchasing information service. Currently we have in excess of 2,000 schools registered on our system. This gives us 10% of the UK schools market and provides us with the critical mass to adopt education suppliers onto our system.

Private Sector - While not a target sector for us at present, 2005 saw our first private sector buyside customer, Johnson Service Group.

Suppliers - To attract buyside customers it is important to be able to demonstrate that @UK has a range of large suppliers on our platform. During the year, we are pleased to report that Dell, Rentacrate, Cannon Hygiene and Office Depot (Viking Direct), all signed up on the @UK eCommerce platform. During the first quarter this has remained our principal focus and we are now moving to a phase of mass supplier adoption.

Company Formations - Our company formation services business grew by 9% in the year. Pricing for basic on-line formation services continues to be under pressure. We intend to develop this business and are currently working to enhance our product offerings. We intend to provide a more complete business start up and support service. This will increase the potential for the upsell of eCommerce solutions whilst providing additional services to many of our micro suppliers to the Public sector.

Marketing - Throughout 2005 marketing efforts were largely directed at building awareness of @UK within the public sector. By attending industry exhibitions and targeting relevant press, we endeavour to ensure that @UK has a high profile and is viewed as the leading supplier of eCommerce services to the public sector. To this end we believe that our close working relationships with Sage and Capita and membership of the Zanzibar consortium has contributed greatly to this aim.

People - since our IPO, we have invested in recruitment and training and our staff numbers have more than doubled to 66. In addition we have created an Implementation and Training Centre, to drive significant supplier adoption in line with our strategy.

Financial Results

Turnover for the year was £1,454,000, an increase of 21% over the previous year (2004: £1,203,000). Web and ecommerce sales rose by 80% to £372,000. Gross margin fell from 61% to 47% reflecting lower margins on Company Formation sales, and the cost of pay-per-click advertising of Company Formation products.

Operating expenses before exceptional item increased from £1,101,000 to £1,593,000. The rise reflects the increase in the cost base in preparation for the roll-out of our products and services across the UK public sector.

As part of the preparation for our pre-IPO and IPO fundraisings it was necessary to acquire @Software PLC and its subsidiary Software Limited, which had a large holding in @UK shares. This also consolidated the ownership of @UK's intellectual property. The acquisition gave rise to goodwill of £798,000. It has been provided against in full in these accounts as an exceptional item.

After taking account of this exceptional item the loss before tax for the year was £1,684,000 compared to £385,000 in the previous year.

The company had a number of share issues in the year to raise funds for the development of the business, most notably the IPO which raised £8 million before expenses and a pre-IPO fundraising which raised £2.2 million before expenses. We ended the year with net funds of £8,553,000.

Transition to International Accounting Standards

As an AIM listed company @UK will adopt IAS for our financial statements for the year ending 31 December 2007. Our IAS evaluation is ongoing.

Outlook

This has been an extremely exciting and successful year for @UK. Thanks to the successful placing and AIM flotation by Shore Capital in December last year, we are now in a strong position with the financial resources in place to deliver what we believe is the premier eProcurement solution to both the public and private sectors. @UK has developed a solution which is entirely compatible to both buyers and suppliers and with the Government requirement for the public sector to adopt an eProcurement solution following the Gershon report, we look forward to rapid and sustained growth over the coming years.

Since obtaining that funding we have continued to consolidate our position with our buyside clients which now number 72 across Local Authorities, NHS and Zanzibar. Simultaneously we have been putting in place the additional resources needed to allow us to start the major push on supplier adoption for all of our buyside customers. The Board expects this investment to be reflected in a steady growth in turnover through the rest of the year.

We will continue our efforts to recruit buyside customers. Further progress has been made already, most notably, with our first authority in Scotland, East Renfrewshire, and another reference site in the NHS, the Leeds Teaching Hospitals Trust, the largest NHS Trust in the UK.

I am looking forward to the challenges of the next year and the opportunity that exists to substantially grow our business.

Lyn Duncan

Managing Director
11 April 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2005

	Notes	2005	2004
		£	£
TURNOVER	3	1,454,073	1,202,924
Cost of sales		(764,186)	(473,958)
Gross profit		689,887	728,966
Administrative expenses		(1,593,323)	(1,100,822)
OPERATING LOSS BEFORE EXCEPTIONAL ITEM		(903,436)	(371,856)
Exceptional goodwill write-off	2	(798,408)	-
OPERATING LOSS		(1,701,844)	(371,856)
Interest receivable		27,510	-
Interest payable		(9,549)	(12,889)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,683,883)	(384,745)
Taxation	4	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION, RETAINED		(1,683,883)	(384,745)
LOSS PER SHARE	5		
Basic and diluted		8.5p	2.2p

The turnover and operating loss for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

GROUP BALANCE SHEET
31 December 2005

	Notes	2005	2004
		£	£
FIXED ASSETS			
Tangible Assets		114,067	10,564
Investments		-	-
		114,067	10,564
CURRENT ASSETS			
Debtors		226,839	123,684
Cash at bank and in hand		8,644,345	4,360
		8,871,184	128,044
CREDITORS: Amounts falling due within one year		(1,079,796)	(774,198)

NET CURRENT ASSETS/(LIABILITIES)		7,791,388	(646,154)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,905,455	(635,590)
CREDITORS: Amounts falling due within one year		(79,167)	(91,667)
TOTAL NET ASSETS/(LIABILITITES)		7,826,288	(727,257)
CAPITAL AND RESERVES			
Called up share capital	7	375,654	180,677
Share premium account	8	10,113,881	1,646,144
Other reserve	8	582,174	-
Profit and loss account	8	(3,245,421)	(2,554,078)
EQUITY SHAREHOLDERS' FUNDS	9	7,826,288	(727,257)

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2005

	Notes	2005 £	2004 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	10a	(1,307,510)	(28,994)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(5,747)	(6,889)
TAXATION		(25,012)	-
CAPITAL EXPENDITURE		(120,755)	(14,153)
ACQUISITIONS		(125,918)	-
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(1,584,942)	(50,036)
MANAGEMENT OF LIQUID RESOURCES		(7,567,974)	-
FINANCING		10,224,927	62,500
INCREASE IN CASH	10b	1,072,011	12,464

Notes to the Preliminary Statement

1 Accounting policies and basis of preparation

The financial information set out in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 31 December 2005 or 2004, but is derived from those accounts. The statutory accounts for the year ended 31 December 2004 have been delivered to the Registrar of Companies, and those for the year ended 31 December 2005 will be delivered to the Registrar of Companies following the Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and do not contain statements under Companies Act 1985 sections 237(2) or (3).

The Financial Information is presented on the basis of the accounting policies contained in the Financial Statements for the year ended 31 December 2004. Accounting policies adopted in the year in respect of the basis of consolidation, goodwill on acquisition and share based payments are set out below.

Copies of the Group's audited statutory accounts for the year ended 31 December 2005 will be dispatched to shareholders and the AIM team shortly. Copies will also be available to the public at the Company's office at Jupiter House, Calleva Park, Aldermaston, Berks RG7 8NN.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2005. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra group sales and profits are eliminated fully on consolidation.

Goodwill
Goodwill arising on acquisitions, representing the excess of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life of a maximum of 20 years, on an acquisition by acquisition basis. Provision is made for any impairment in the value of goodwill.
Share options
The issue of shares under employee share schemes is charged to the profit and loss account over the vesting period. The charge is determined by reference to the fair value of the options issued at the time of grant, and the effect of any non-market vesting conditions such as option lapses. An option may lapse if, for example, an employee ceases to be employed by @UK before the end of the vesting period. Estimates of future such employee departures are taken into account when accruing the cost.

2 Exceptional item
The exceptional item represents the provision for impairment, in full, of the goodwill which arose on the acquisition of @Software PLC in the year (see note 6).

3 Segmental analysis

	2005	2004
	£	£
Company formation services	1,081,607	995,924
Web and ecommerce services	372,466	207,000
	1,454,073	1,202,924

In the opinion of the Directors, it is not possible to analyse profit on ordinary activities before tax or net assets by class of business due to the integrated nature of the Company's operations. Such analysis is therefore not presented. All turnover arose in the United Kingdom.

4 Taxation

	2005	2004
	£	£
Taxation charge for the year	-	-
Factors affecting tax for the year:		
Loss on ordinary activities before taxation	(1,683,883)	(371,856)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	(505,165)	(111,557)
Effects of:		
Expenses not deductible for tax purposes	340,995	2,093
Capital allowances less than/(in excess) of depreciation	(10,845)	(2,861)
Carry forward of tax losses	175,015	112,325
	505,165	111,557
Current tax charge	-	-

The group has estimated tax losses of £3,664,000 (2004: £3,081,000) 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.

5 Loss per share

The basic and diluted loss before tax after adjusting for the exceptional item is 4.4p (2004: 2.2p).

The calculations for loss per share are based on the weighted average number of shares in issue during the year, 19,920,248 (2004: 17,842,849) and the following loss:

	2005	2004
	£	£
Unadjusted earnings		
Loss on ordinary activities after tax	(1,683,883)	(384,745)
Add back exceptional write-off of goodwill	798,408	-
Adjusted earnings	(885,475)	(384,745)

The share options and warrants are non-dilutive as they would not increase the loss per share in the year.

6 Acquisition

On 25 October 2005 the Company acquired 100% of the issued share capital of @Software PLC for a consideration comprising 3,137,687 ordinary shares of 1p each in the company. The fair value of the consideration was £1,411,959. In accordance with sections 131 and 133 of the Companies Act 1985, the Company has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issued. The resulting difference on consolidation has been credited to other reserves.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value	Revaluation	Fair value
	£	£	£
Investment (3,137,687 shares in @UK PLC)	615,408	796,551	1,411,959
Other debtor	25,000	-	25,000
Overdraft	(125,918)	-	(125,918)
Taxation	(90,795)	-	(90,795)
Accruals and deferred income	(17,594)	-	(17,594)
Amounts owed to related party	(298,236)	-	(298,236)
Amounts owed to @UK	(290,865)	-	(290,865)
Net assets	(183,000)	796,551	613,551
Goodwill			798,408
			1,411,959
Satisfied by:			
Shares issued			1,411,959

The acquisition of @Software PLC was carried out as part of the arrangements for the pre-IPO and IPO fundraisings and also to ensure that ownership of @UK's intellectual property was consolidated (@Software PLC and Software Limited having carried out a substantial part of the research and development for @UK). A provision for impairment has been made for the full value of the goodwill.

7 Share Capital

	2005	2004
	£	£
Authorised:		
250,000,000 (2004: 20,000,000) ordinary shares of 1p each	2,500,000	200,000

Allotted, issued and fully paid:		
37,565,394 (2004: 18,067,726) ordinary shares of 1p each	375,654	180,677

On 1 November 2005 677,778 'A' ordinary shares of 1p each were issued at 90p each. Convertible loan notes were issued with a value of £500,000 on 25 October 2005 with a further £1,090,000 being issued on 1 November 2005.

On 25 October 2005 3,137,687 ordinary shares were issued as consideration for the acquisition of @Software PLC and its wholly owned subsidiary Software Limited (see note 6). Software Limited's principal asset was 3,137,687 ordinary shares in @UK.

On 14 December 2005 12,500,000 ordinary shares were issued at 60p in the placing and admission to AIM. Additionally 833,333 shares held by Software Limited were placed at 60p per share. Immediately prior to the Admission to AIM the convertible loan notes converted into 3,533,333 ordinary shares and the 'A' ordinary shares converted into 1,355,556 ordinary shares.

On 20 December 2005 2,304,354 shares, being the balance of the shares held by Software Limited, were purchases at 48p per share and immediately cancelled. This purchase was made to ensure that the Group no longer had any holding in the Company's shares.

In addition during the year another 1,275,446 shares were issued at prices between 50p and 90p.

Other than the issue to acquire @Software PLC, the shares were issued to raise funds to develop the Company's business.

At 31 December 2005 under the @UK Share Option Scheme options had been granted over 750,000 Ordinary shares at an exercise price of 45p per share. The options are exercisable between December 2008 and December 2015. At the time of grant the market value was 60p per share. Other than these options there were no options granted, exercised or cancelled in the year.

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.

8 Reserves

	Share premium £	Other reserve £	Profit and loss account £
At 1 January 2005	1,646,144	-	(2,554,078)
Shares issued in the year	10,419,308	1,380,582	-
Expenses of equity share issues in the year	(862,990)	-	-
Purchase of own shares	(1,088,581)	-	-
Retained loss for the year	-	-	(1,683,883)
Goodwill written-off in year	-	(798,408)	798,408
Gain on placing and on purchase of own shares (note a)	-	-	194,132
At 31 December 2005	10,113,881	582,174	(3,245,421)

Note (a) A value of 45p was attributed to the shares in @UK on the acquisition of Software Limited (see note 6). The gain which arose on the placing of shares at 60p and the repurchase and cancellation at 48p has been taken to reserves.

9 Reconciliation of movements in shareholders funds

	2005	2004

	£	£
Loss for the year	(1,683,883)	(384,745)
Shares issued in the year	11,154,920	75,000
Purchase of own shares	(1,111,624)	-
Gain on placing and purchase of own shares	194,132	-
Net addition/(depletion) to shareholders' funds	8,553,545	(309,745)
Opening shareholders' funds	(727,257)	(417,512)
Closing shareholders' funds	7,826,288	(727,257)

10 Notes to the cash flow statement

a. Reconciliation of operating loss to net cash outflow from operating activities

	2005	2004
	£	£
Operating loss	(1,701,844)	(371,856)
Depreciation	17,252	7,038
Write-off of goodwill	798,408	-
Loss on disposal of fixed asset	-	2,123
Increase in debtors	(376,312)	(77,903)
(Decrease)/Increase in creditors	(45,014)	411,604
Net cash outflow from operating activities	(1,307,510)	(28,994)

b. Reconciliation of net funds/debt

	2005	2004
	£	£
Increase in cash for the year	1,072,011	12,464
Cash outflow from management of liquid resources	7,567,974	-
Cash outflow from decrease in net debt	12,500	12,500
Change in net debt arising from cash flows	8,652,485	24,964
Net Debt at 1 January	(99,807)	(124,771)
Net Funds at 31 December	8,552,678	(99,807)

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