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@UK PLC
("@UK" or the "Company")

Audited Results for the year ended 31 December 2011

@UK PLC (AIM:ATUK.L), the cloud ecommerce marketplace, today announces its audited results for the year ended 31 December 2011.

Key Points

Financial:

- Turnover up 15% to £2,353,378 (2010: £2,051,037)
- Approximately 65% growth in Ecommerce revenues
- Loss after tax reduced by 84% to £88,534 (2010: £551,864)
- Reduction in operating cash usage by 83% to £50,304 (2010: £292,416)
- Year end cash increased to £420,246 (2010: £29,060) with a further £0.3 million raised post year end
- New sales team generated over £1m in proposals in past 2 months

Operational:

- Award and successful launch of GeM £1m marketplace contract with integrated payment for all Higher Education institutions
- Award of NHS Sustainability contract to carbon footprint the NHS
- Company awarded a place in all 4 lots of the new G-Cloud framework
- First mover advantage as a comprehensive Green Marketplace with every single item carbon footprinted, providing opportunities in both public and private sector
- First overseas sales ahead of target
- Indian operation established post-year end

Ronald Duncan, Executive Chairman, commented, "This has been the most successful year in @UK's history. We have grown revenues and moved into a profitable position on a monthly basis, however, perhaps more importantly, we now have major reference sites which demonstrate the considerable savings our ecommerce offerings can provide both public and private sector organisations.

"With a strong pipeline of customers for our ecommerce offerings both in the UK and internationally, an expanded sales team and a strengthened balance sheet, we look forward to another successful year in 2012."

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@UK PLC

@UK is Europe's leading Cloud Platform with over 1 million users, which is used for University and Colleges' procurement along with Local Authority, Schools and other Government and Private sector procurement.

The GeM marketplace for Universities on Colleges is the only card based national marketplace in the world and was successfully delivered for the 800 Universities and Colleges and the 680 National Suppliers, proving that Cloud Ecommerce delivers large complex projects for Government on time and budget.

Richard Benyon MP Minster for the Natural Environment, launched the @UK Green Ecommerce Marketplace back in October 2010, and it is now the largest repository of product carbon footprints in the World.

@UK was used by the National Audit Office to identify over £500 million in savings for 25% of NHS spend. The ground breaking SpendInsight system used to identify the savings resulted in the award of 2 PhD's in artificial intelligence.

@UK delivers key government commitments of Savings Sustainability, and SME Inclusion along with support for start-ups. @UK PLC has now created over 200,000 start up businesses and launched a new Cloud-Start-Up.com service to provide a complete suite of cloud business software to start-ups along with the essentials of Limited Company, Bank Account, Domain Name, Email, Ecommerce, Accounting system and membership of the @UK business club.

This has been followed by the announcement of the 2012StartUp.com campaign, which is supported by the AIM market of the London Stock Exchange, the Forum of Private Business, and Software Industry Association BASDA. The campaign aims for a 27% growth of 100,000 start up companies and growth for existing businesses. It is a practical campaign that will result in companies being formed and growing through @UK's technology.

Chairman's Statement:

Introduction

The Group experienced improved trading during the year.

Revenue increased by 15% to £2.4 million (2010: £2.1 million), while the loss after tax decreased by 84%; to £88,534(2010: £551,864), supported by an 83% reduction in operating cash usage to £50,304 (2010: £292,416). The Company's ecommerce business, its main growth engine, delivered a stronger than expected performance with a 65% growth in revenues.

Major successes included: -
GeM marketplace win for all Universities and Colleges (the only major e-marketplace contract that was available during the year);
Award of NHS Sustainability contract to carbon footprint the NHS: &,
First global ecommerce site for a GeM supplier.

Increased sales capacity

We have considerably strengthened our sales capacity over the past year.

Following the share placing in January 2011, we hired a new business development manager.

Towards the end of 2011, we hired our sales team leader, and started trial marketing of a new sales process. The new sales process has been an outstanding success and subsequently we raised a further £550,000 and started recruiting aggressively. This process was completed by the end of February 2012 and had its first full months of sales in March 2012. The sales team has generated over £1m in proposals to 67 potential customers.

In all we have identified approximately 10,000 UK-based prospects for the first stage of our offerings and our average proposal value is £16,000 with a second stage at £35-200k giving a UK potential market of up to £160 million per annum for the first stage and up to £350 million - £2 billion per annum for the second stage offering.

The challenge now is to convert proposals to cash, which we have achieved for the January sales.

Share placings

Following successful equity fund raisings undertaken during the year and post-year end from both existing and new investors the Company now has a robust balance sheet, strong cash position and increased sales team. An improved balance sheet is expected to improve @UK's position significantly when competing for future large Government contracts.

Dividend policy

The Board is not recommending the payment of a dividend for 2011. 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.

People

We have an exceptional group of employees and on behalf of the Board and shareholders, I would like to thank all our employees for their hard work and effort during the year, and congratulate everyone in achieving Investors in People in a record beating 3 weeks along with Dr Paul Roberts and Dr Matthew Brown on their PhD's for @UK PLC research.

New Products

We have another 2 PhD's in training, and have more research in the pipeline. In the past year we made significant (£ 266,109) investments in the GeM Contract Management system and our new Content Management system along with a next generation of our automatic web application creation platform.

We also customised our marketplace for social care and have received strong interest from Germany. We are therefore now developing a German version of the system.

Outlook

Our ecommerce pipeline is considerable.

We are making significant inroads into the UK public sector and are starting to see traction in the UK private sector, particularly for our carbon footprinting solutions. Our enlarged sales team is delivering immediate results, which we believe underlines the value of our solutions.

We are developing a leading position in the emerging social care marketplace sector. We won our first contract back in December and there are now 3 customers which are expected to use our marketplace. Social care is the largest area of spend for local authorities and our solution is the first to address all the challenges of individual budgets.

As well as experiencing increased demand in the UK, we are seeing considerable interest in our products and services from areas outside of the UK, particularly Asia Pacific and Europe. This is as a direct result of working with banking partners who are facing the same challenges in other markets as those in the UK.

Overall the last year has been a busy and productive time for @UK, during which we have consolidated our leading position in eProcurement in the UK, successfully sold and delivered a transformational project on time and within budget, whilst starting the move into international markets.

OPERATIONAL REVIEW

Financial Results

In the year ended 31 December 2011, @UK PLC increased revenue by 15% to £2,353,378 (2010: 2,051,037) and reduced its loss before taxation by 70% to £177,604 (2010: £592,000). This included the capitalisation of £266,109 of development expenditure (2010: 0).

Sales of web and eCommerce services recorded an increase of 65% in the year to £1,105,648 (2010: £669,049) as a result of the GeM and other contract wins.

Revenue from company formation services decreased by 15% to £1,021,698, (2010: £1,208,878) in the year which we believe is representative of the slowdown in the economy.

Revenue from coding increased by 31% to £226,032 (2010: £173,110) reflecting the increased product carbon footprinting activity.

As a result of the increase in web and ecommerce, gross margin increased to 77% (2010: 67%).

Continued attention to costs meant operating expenses before exceptional items and share based payments held steady at £1,961,247 (2010: £1,962,151). £16,520 was charged as the "cost" calculated under IFRS 2 of share options granted to employees (2010: charge £5,196).

At 31 December 2011 the Group had cash of £420,246 (31 December 2010: £29,060). Since the year end £0.3m has been raised in a placing of ordinary shares at 11p per share to provide additional funds for sales, marketing and working capital.

Share issues

On 12 January 2011, 5,305,000 ordinary shares in the Company were issued in a placing at 5p per share. On 21 December 2011 a further 4,545,455 shares were issued at 11p per share. The £765,250 in total was raised to provide funds for sales, marketing and working capital.

Since the year end, on 27 February 2012, the Company announced that it had placed 2,781,818 new ordinary shares in the Company at an issue price of 11p per share, raising £0.3 million to provide further funds for sales, marketing and working capital.

We were delighted with the support shown by our long term institutional investors during the fundraisings in 2011 and to welcome a major new institutional investor in February 2012.

Cost savings and demonstrable return on investment

@UK PLC helps deliver back office savings 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. Legacy catalogue driven marketplaces have difficulty dealing with complex processes and are unable to cope with real world pricing. This results in high (60% plus) invoice error rates. @UK PLC has zero invoice errors because of its ecommerce background where correct pricing at the point of payment is an essential part of the process. Ecommerce also requires that the system is continuously available which is why @UK PLC has developed a true cloud based solution - the only one available. As a cloud solution the entire process from providing the data to having the marketplace live can take as little as three 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.

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 CenSA has 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% global market share from a baseline of zero. We are now extending this offering 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.

The UK is the global leader in carbon footprinting and developed the international standard for product carbon footprinting along with the international reporting of organisational carbon footprinting via the Carbon disclosure project. @UK PLC as the UK, and thus global, leader is well positioned in this expanding global market.

BASDA Utilities XML and BASDA Green XML

@UK PLC is working for the Software Industry trade association BASDA in the creation of new standards BASDA Utilities XML and BASDA Green XML. Since the announcement of the standards at the RSA on 15 November 2011, another 2 utilities have joined the interoperability and testing program. The full list of participants is now:-

- @UK PLC
- British Gas/Centrica
- EDF
- Laser Energy Buying Group
- NPower
- Scottish and Southern
- Scottish Power
- Smartest Energy
- Total Gas and Power

BASDA Green XML is ahead of all the other international XML standards as the only standard to have addressed green issues, and is likely to form the basis for all the other standards eventual green extensions.

@UK PLC is supporting the BASDA Green XML standard to provide a fast route to market for the breakthroughs in product carbon footprinting. BASDA Utilities XML is expected to provide the catalyst for mass adoption of electronic invoicing, and @UK PLC will have a significant first move advantage.

Adult and Children's Social Care

The UK has the western world's most efficient health care system (it is the second most efficient system of a major economy behind Japan), and has the best end of life care in the world. The UK is leading the world in a new process to provide choice for state funded care. The @UK PLC ecommerce marketplace is ideally suited for this task since it is able to provide accurate pricing along with the complex negotiations required to arrange domiciliary and residential care.

@UK PLC expects to have the first live transactional social care marketplace, and has 2 other authorities that are expected to follow shortly after the first. We believe that this will form the basis of another solution to a major global problem.

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 its 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.

Operational Performance

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

Spend Analysis
Green Analysis
Eprocurement
Ecommerce
Email

In addition, we have a Company Formations division, which aims to increase the customer base into which we can cross sell the above solutions.

Spend Analysis (SpendInsight)

SpendInsight has taken off since the year end in terms of the number of organisations seeking proposals as a result of our new sales team and our proven track record.

Our work at the beginning of the year with the National Audit Office to provide the detailed analysis for its report 'the Procurement of Consumables in the NHS', shows the depth of our work and draws on the sheer weight of analysis that we have undertaken in the NHS and more widely across public and private sector organisations.

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

Green Analysis (GreenInsight)

While GreenInsight saw low sales during the year, since the year end there has been an uplift in demand for GreenInsight such that it is currently our best selling product, and has both the largest number and the largest total value of proposals. We negotiated a new agreement for our carbon data which was signed at the beginning of 2012 and have increased our margin from 50% to 90% on our increased volumes.

We have established ourselves as the market leader in organisational carbon footprinting, and this has been an important factor in contract wins across public and private sector as organisations move from scope 1/2 (gas and electric bills) to scope 3 (the entire carbon footprint of the organisation).

Carbon Footprinting

We have a 97.5% market share in product carbon footprinting because our technology provides significantly more accurate product carbon footprints at a fraction of the cost of previous methods. This is another area of significantly increased proposals.

By cutting the cost of product carbon footprinting from £ 20-100,000 per product to £ 4 per product for a quicker more accurate process we now have a number of organisations with 10's of thousands of products seeking product carbon footprints for all their products for the first time.

This is a major global market, and we have data for 97 countries with a blended rate for the remaining 50 countries of the world.

Eprocurement (including eMarketplace and Purchase2Pay)

In April 2011, @UK won the GeM marketplace contract, to provide a card only ecommerce marketplace to all of the UK's higher and further educational establishments. This is a transformational project and underlines the uniqueness of @UK's technology platform, not only in the UK but globally. Although the timescale for deployment was very tight for a national system, the system went live on 1st August 2011 exactly on time and to budget. This is testament to the overall project team, which has been drawn from the higher education sector as well as from @UK.

As part of the GeM contract we are currently enabling the 800 suppliers who hold National or Regional contracts with @UK websites and merchant accounts to allow them to accept card payment. Once this supplier base is fully enabled they will offer a compelling proposition to other buying organisations, as it will be possible to implement full eprocurement programmes for organisations in the certainty that they will be entirely funded by banking rebates. At a local level this proposition is also being demonstrated by Huddersfield University which is rolling out the full marketplace across all of its buying, in association with its pCard provider Barclaycard.

Whilst GeM has been our headline project we have also continued to deliver to our other customers, including our ecommerce customers and Findel Group plc another first, having carbon foot-printed all 46,000 of the goods that they sell, and continue to make progress with our schools marketplace.

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 have 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.

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.

Since the year end we have created the 2012StartUp.com campaign and we expect this to help drive traffic to our suppliers and the movement down from the large buying organisations to SME group purchasing.

SiteGenerator ecommerce

We made significant progress with our ecommerce software, and had a number of major account wins including our first global roll out for a GeM Supplier.

We created a new content management platform as part of our new global supplier site, and enhanced our blogging, and social media functionality to help our customers promote and sell on their sites. Since the year end have started the process of moving our new sites to the platform commencing with the new 2012StartUp.com site.

Email (CloudEmail4Business)

We continued to 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 these to our larger customers.

Start ups and Company Formations

This forms the basis of 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.

The start up market was depressed by the European financial uncertainly in the second half of the year. We have responded with our 2012StartUp.com campaign which was announced last month.

2012 Start Up.com

Our 2012StartUp.com campaign has got strong support from the AIM Market of the London Stock Exchange, the Forum of Private Business and BASDA, the software industry association, in the pre launch period, and we expect to launch the campaign shortly. It will help tie all the elements of our business together with

- Start ups creating ecommerce sites and spending their start up costs with our merchants
- Our merchants creating ecommerce sites to sell to the start ups and each other and
- Our growing export businesses creating ecommerce sites that we will promote as part of our global expansion into rapidly growing regions like Asia Pacific and
- And all our customers large and small moving to use our system for their purchasing in a sustainable way.

Increased sales capacity

We have considerably strengthened our sales capacity over the past year.

Following the January 2011 share round, we brought in a new business development manager.

Towards the end of 2011, we hired our sales team leader, and started trial marketing of a new sales process. The new sales process was a mixture of a sales process that had been created by a major electronic directory provider as a result of 9 months research to create a 4 week training course, and a new product mix that resulted in a much higher and faster conversion rate for customers.

The new process was transformational so we raised a further £ 550,000 and started to aggressively recruit a team to exploit this new sales process. The new process is working successfully across all parts of the public and private sectors including FTSE 100, NHS, Local Government; Universities, Housing Associations and Central Government.

This recruitment started 2012 with the 2nd person joining on 20th January and the next 3 on the 20th of February with the last member of the team on 28th February so that we had the complete team of 6 in place for March.

In all we have identified up to/approximately 10,000 UK-based prospects for our analysis offerings at a cost of £10,000 each for either Spend Analysis or Green Analysis.

In the past 2 months our sales team has generated over £1m in proposals to 67 potential customers with another 12 proposals expected to be created shortly, so we are significantly ahead of our analysis in terms of average proposal value of £ 16,000 giving us a market potential of £ 160 million per annum, with only the first £ 1 million addressed and a low drop out rate

Resources and Investors in People

We achieved Investors in People status at 3 weeks' notice to gain additional marks in a tender. It was a great validation of our culture and philosophy, which is to trust our people and allow them to get on with their work within a set of lightweight processes. The investors in people assessor concurred and said that we are a truly outstanding organisation.

There are very few organisations where the in house training and development results in PhD's and we congratulate Dr Paul Roberts and Dr Matthew Brown on their PhD's for @UK PLC research.

Our outstanding team is one of the reasons that we are able to deliver a large amount of change and work with a very limited amount of resources.

We increased our sales resource once it was clear that we had discovered a process that allowed us to repeatedly sell our services in a quick and effective manner, and we now need to take on some more marketing and development resources along with country managers to manage our international expansion.

International Expansion

Having products that can be quickly and easily sold means we are now in a position to be able to expand into the much larger international markets. We have now achieved this with our new sales team being able to book meetings that result in proposals after their first day's training. Every single team member has achieved a booked meeting within the first day after training.

Our Indian subsidiary is now registered and has made its first sale. It is expected to be self funding within a few months, and has been established at minimal (less than 10k) cost. This is because we took our time and carried out a detailed market survey along with training up our Indian team in our operations.

There is a significant difference in demand from G8 versus the remainder of the G20 countries and India gives a low cost centre where we can learn about the requirements of the emerging economies. The UK provides us with a leading set of products for the established economies.

Group Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	2011 £	2010 £
Revenue	4	2,353,378	2,051,037
Cost of sales		(551,845)	(673,847)
Gross profit		1,801,533	1,377,190
Administrative expenses		(1,961,247)	(1,962,151)
Share based payments	21	(16,520)	(5,196)
Operating loss	5	(176,234)	(590,157)
Finance costs	8	(1,370)	(1,433)
Loss on ordinary activities before taxation		(177,604)	(591,590)
Income tax expense	9	89,070	39,726
Loss for the year attributable to equity shareholders of the parent		(88,534)	(551,864)
Loss per share			
Basic and diluted	10	0.1p	0.9p

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

The Group had no other comprehensive income in 2010 or 2011 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 £88,534 (2010 - loss of £551,864). Total comprehensive income attributable to owners of the parent company is (£88,534) (2010 - (£551,864)).

Group Statement of Financial Position
31 December 2011

	Notes	2011 £	2010 £
Assets			
Non-current assets			
Goodwill	11	-	-
Other intangible assets	12	239,625	---
Property, plant and equipment	13	43,442	37,839
Investments	14	-	-
		283,067	37,839
Current assets			
Trade and other receivables	15	384,545	200,682
Taxes recoverable		55,197	30,000
Cash and cash equivalents	16	420,246	29,060
		859,988	259,742
Total assets		1,143,055	297,581
Liabilities			
Current liabilities			
Trade and other payables	17	(655,712)	(490,975)
Current tax liabilities		-	-
Financial liabilities - borrowings	18	(12,500)	(12,500)
		(668,212)	(503,475)
Non-current liabilities			
Financial liabilities - borrowings	18	(5,842)	(18,342)
		(5,842)	(18,342)
Total liabilities		(674,054)	(521,817)
Total net assets		469,001	(224,236)
Shareholders' equity			
Called up share capital	19	747,675	649,170
Share premium account	19	10,823,634	10,156,888
Other reserve		630,030	630,030
Share-based payment reserve		76,720	60,200
Accumulated losses		(11,809,058)	(11,720,525)
Total equity attributable to equity shareholders of the parent		469,001	(224,237)

Statements of Cash Flows
For the year ended 31 December 2011

		Group	
		2011	2010
	Notes	£	£
Cash flows from operating activities			
Loss before taxation		(177,604)	(591,590)
Adjustments for:			
Finance cost		1,370	1,433
Depreciation of property, plant & equipment		38,181	56,552
Amortisation of other intangible assets		26,484	1,751
Share based payments		16,520	5,196
Changes in working capital			
Trade and other receivables		(183,863)	230,936
Trade and other payables		164,735	(56,421)
Net cash used by operations		(114,177)	(352,143)
Tax received		63,873	59,727
Net cash used in operating activities		(50,304)	(292,416)
Cash flows from investing activities			
Interest paid		(1,370)	(1,433)
Development expenditure capitalised		(266,109)	-
Purchase of property, plant and equipment		(43,782)	(5,600)
Net cash used in investing activities		(311,261)	(7,033)
Cash flows from financing activities			
Issue of ordinary shares		765,251	115,879
Repayment of borrowings		(12,500)	(12,500)
Net cash generated from financing		752,751	103,379
Net increase/(decrease) in cash and cash equivalents		391,186	(196,070)
Cash and cash equivalents at beginning of period		29,060	225,130
Cash and cash equivalents at end of period	16	420,246	29,060

Statements Of Changes In Shareholders Equity
For the year ended 31 December 2011

Group	Share capital £	Share premium £	Other reserve £	Share based payments reserve £	Accumulated losses £	Shareholders' equity £
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)
Shares issued in the year	98,505	666,746	-	-	-	765,251
Share based payments	-	-	-	16,520	-	16,520
Retained loss for the year	-	-	-	-	(88,534)	(88,534)
At 31 December 2011	747,675	10,823,634	630,030	76,720	(11,809,058)	469,001
Company						
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 loss for the year	-	-		-	(531,201)	(531,201)
At 31 December 2010	649,170	10,156,888		60,200	(11,074,714)	(208,456)
Shares issued in the year	98,505	666,746		-	-	765,251
Share based payments	-	-		16,520	-	16,520
Retained loss for the year	-	-		-	(96,100)	(96,100)
At 31 December 2011	747,675	10,823,634		76,720	(11,170,814)	477,215

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

Extracts from the 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 Section 408 of 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 £88,534. 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.
The directors of the Group have prepared detailed projections and cash flow forecasts through to 31 December 2013. 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.

2.3.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.

The costs 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 are recognised as intangible assets and amortised over their estimated useful lives. Other research and development expenditure is written-off to the statement of comprehensive income in the year in which it is incurred.

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
- Development expenditure - 3 years

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

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.

2.8.1Trade 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.

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 1	First-time Adoption of International Financial Reporting Standards (effective 1 July 2011)
IFRS 7	Financial Instruments: Disclosures (effective 1 July 2011)
IFRS 9	Classification and Measurement of Financial Instruments (effective 1 January 2013)
IFRS 10	Consolidated Financial Statements (effective 1 January 2013)
IFRS 11	Joint Arrangements (effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (effective 1 January 2013)
IFRS 13	Fair Value Measurement (effective 1 January 2013)
Amendments to IAS 1	Presentations of Financial Statements (effective 1 July 2012)
Amendments to IAS 12	Income Taxes (effective 1 January 2012)
Amendments to IAS 19	Employee Benefits (effective 1 January 2013)
IAS 27	Consolidated and Separate Financial Statements (1 January 2013)
IAS 28	Investments in Associates (effective 1 January 2013)

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

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:

	2011				2010			
	Company Formation Services	Web and eCommerce services	Coding International Limited	Total	Company Formation Services	Web and eCommerce services	Coding International Limited	Total
	£	£	£	£	£	£	£	£
Revenue	1,021,698	1,105,648	226,032	2,353,378	1,208,878	669,049	173,110	2,051,037
Cost of Sales	(444,969)	(104,376)	(2,500)	(551,845)	(577,456)	(96,391)	-	(673,847)
Gross Profit	576,729	1,001,272	223,532	1,801,533	631,422	572,658	173,110	1,377,190

All of the revenue derives from services provided in the United Kingdom. During 2011 one customer for web and ecommerce services was responsible for revenue of £297,500, otherwise no single customer was responsible for greater than 10% of the Group's revenues .

Operating loss

	2011	2010
	£	£
This is stated after the following:		
Staff costs (see note 7)	1,189,656	1,071,612
Depreciation of property, plant and equipment (see note 13)	38,182	56,552
Amortisation of other intangible assets (see note 12)	26,484	1,751
Research and development costs	307,022	189,450

Auditors remuneration

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

	2011	2010
	£	£
Audit of Company and consolidated accounts	24,820	20,900
Audit of subsidiaries	1,400	1,600
Other services relating to:		
Taxation	3,650	1,650
Consultancy	4,050	-

Employees

	2011 £	2010 £
Staff costs including directors comprised:		
Wages and salaries	1,059,274	967,053
Social security costs	113,862	99,363
Share based payments	16,520	5,196
	1,189,656	1,071,612

	2011 No.	2010 No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Management and administration	10	11
Technical and delivery	22	19
Sales and marketing	2	2
	34	32

Directors remuneration

Emoluments for qualifying services:	2011 £	2010 £
RJ Duncan	78,000	67,625
HL Duncan	78,000	101,375
DJ Holloway	-	-
31 December 2011	156,000	169,000

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 nor exercised share options in the year.

Finance costs

	2011 £	2010 £
Interest on borrowings	1,370	1,433

Taxation

	2011 £	2010 £
R&D tax credit	55,197	30,000
Adjustment in respect of prior years	33,873	9,726
Tax credit for the year	89,070	39,726
Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(176,234)	(591,590)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.5% (2010: 28%)	(46,702)	(165,645)
Effects of:		
Expenses not deductible for tax purposes	530	560
Capital allowances less in excess of depreciation and amortisation	(6,527)	(1,093)
R&D tax credit claim in respect of current year	4,506	4,286
R&D tax relief claim in respect of prior years	(33,873)	(9,726)
Carry forward of tax losses	(7,004)	131,892
	(42,368)	125,919
Total tax credit	(89,070)	(39,726)

The Group has estimated tax losses of £10,600,000 (2010: £10,600,000) 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.

Loss per share

The calculations for loss per share are based on the weighted average number of shares in issue during the year 70,172,119 (2010: 60,063,115) and the following losses:

	2011 £	2010 £
Unadjusted earnings:		
Loss for the year attributable to equity shareholders of the parent	(88,534)	(551,864)
Add back:		
Share-based payments	16,520	5,196
Adjusted earnings	(72,014)	(546,668)

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 0.1p (2010: 0.9p).

Goodwill

Group	Cost £	Provision for impairment £	Carrying value £
1 January 2010, 31 December 2010 and 2011	96,274	(96,274)	-

Other intangible assets

Group and Company	Computer software £	Development Expenditure £	Total £
Cost:			
1 January 2010	90,237		90,237
Additions	--		--
1 January 2011	90,237	-	90,237
Additions	--	266,109	-266,109
31 December 2011	90,237	266,109	356,346
Amortisation:			
1 January 2010	88,486		88,486
Charge for the year	1,751		1,751
1 January 2011	90,237	--	90,237
Charge for the year	-	26,484	26,484
31 December 2011	90,237	26,484	116,721
Carrying value at 1 January 2010	1,751	-	1,751
Carrying value at 1 January 2011	--	-	--
Carrying value at 31 December 2011	--	239,625	-239,625

The remaining amortisation period for development expenditure is up to 3 years.

Property, plant and equipment

Group	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:			
1 January 2010	255,548	691,298	946,846
Additions	-	5,600	5,600
1 January 2011	255,548	696,898	952,446
Additions	-	43,782	43,782
31 December 2011	255,548	740,680	996,228
Depreciation:			
1 January 2010	191,221	666,831	858,052
Charge for the year	41,901	14,651	56,552
1 January 2011	233,122	681,482	914,604
Charge for the year	21,308	16,874	38,182
31 December 2011	254,430	698,356	952,786
Carrying value at 1 January 2010	64,327	24,464	88,791
Carrying value at 1 January 2011	22,426	15,413	37,839
Carrying value at 31 December 2011	1,118	42,324	43,442

14. Property, plant and equipment (continued)

Company	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:			
1 January 2010	254,690	687,862	942,552
Additions	-	5,600	5,600
1 January 2011	254,690	693,462	948,152
Additions	-	43,149	43,149
31 December 2011	254,690	736,611	991,301
Depreciation:			
1 January 2010	190,363	663,398	853,761
Charge for the year	41,901	14,651	56,552
1 January 2011	232,264	678,049	910,313
Charge for the year	21,308	16,759	38,067
31 December 2011	253,572	694,808	948,380
Carrying value at 1 January 2010	64,327	24,464	88,791
Carrying value at 1 January 2011	22,426	15,413	37,839
Carrying value at 31 December 2011	1,118	41,803	42,921

Investments

Company	£
Subsidiary undertakings (at cost):	
1 January 2010 and 2011 and 31 December 2011	61,771
Provision for impairment:	
1 January 2010 and 2011 and 31 December 2011	30,394
Carrying value at 1 January 2010 and 2011 and 31 December 2011	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.

Trade and other receivables

	Group	
	2011	2010
	£	£
Prepayments and accrued income	144,664	55,584
Amounts owed by related undertakings	-	--
Other receivables	28,861	8,224
Trade receivables	211,020	136,874
	384,545	200,682

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 £7,651 which have been due for a period greater than three months against which a provision of £3,290 has been made. The balance and all other balances have been due for less than three months and are considered to be recoverable.

Notes to the cash flow statement

Analysis of changes in net funds/debt

	Group	
	31 December 2011	1 January 2010
Cash at bank and in hand	420,246	29,060
	420,246	29,060

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.

Trade and other payables

	Group	
	2011	2010
	£	£
Trade creditors	181,263	167,929
Other taxation and social security	100,030	93,166
Other creditors	44,706	1,250
Accruals and deferred income	329,713	228,630
	655,712	490,975

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.

Borrowings

	Group	
	2011	2010
	£	£
Non current:		
Bank loan	5,842	18,342
Amounts owed to Group undertakings	-	-
	5,842	18,342
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	5,842	12,500
Amounts payable within two to five years	-	5,842
Amounts payable after five years	-	-
	18,342	30,842

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.

Share capital and share premium

	Number of shares	Ordinary shares £	Share premium £
At 1 January 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
Shares issued in connection with fund-raising	9,850,455	98,505	666,746
At 31 December 2011	74,767,452	747,675	10,823,634

The total authorised number of ordinary shares is 250 million (2010: 250 million) with a par value of 1p each. On 12 January 2011 5,305,000 ordinary shares in the Company were issued in a placing at 5p per share. On 21 December 2011 a further 4,545,455 shares were issued at 11p per share. The £765,250 in total 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 2011 the number of options granted under the @UK PLC Share Option Scheme to subscribe for ordinary shares in the Company changed as follows:

	Number	2011 Weighted average exercise price	Number	2010 Weighted average exercise price
At 1 January	6,151,540	8.2p	3,083,255	12.8p
Options granted during the year	-	--	3,150,000	3.5p
Options lapsed during the year	50,000	3.5p	81,715	1.75p
At 31 December	6,101,540	8.2p	6,151,540	8.2p
Exercisable at the year end	702,460	50.2p	500,000	45p

The options at 31 December 2011 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
3,100,000	3.5p	October 2013 to October 2020

19. Share capital and share premium (continued)

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.

Financial instruments

	2011 £	2010 £
Financial assets		
Floating rate interest bearing - cash	420,246	29,060

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 17)	18,342	30,842

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.

Sensitivity analysis has not been performed as any impact is considered immaterial.

Financial commitments

Present value of future commitments under non-cancellable operating leases:	2011 £	2010 £
Group		
Land and buildings, falling due		
- within 1 year	22,318	-
- within 2 to 5 years	70,745	-
- over 5 years	45,629	--
	138,692	-
Company		
Land and buildings, falling due		
- within 1 year	10,909	-
- within 2 to 5 years	34,580	-
	45,489	-

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 £Nil (2010: £4,838) in respect of services provided by the Company. The opening balance, which represented principal, was also the maximum balance outstanding.

The Company acts as guarantor under the lease for the property occupied by its subsidiary Coding International Limited. The annual rent under the lease which runs for 15 years from March 2011 is £12,550. During the year Coding International Limited charged the Company £50,000 for work performed (2010: £nil).

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

Key management compensation

	2011 £	2010 £
Short term employee benefits	260,000	275,000
Share based payment remuneration	4,311	717
	264,311	275,717

Share based payment remuneration represents the value of options granted to key management valued as described in note 19.

Post balance sheet event
Since the year end, on 27 February 2012, the Company announced that it had placed 2,781,818 new ordinary shares in the Company at an issue price of 11p per share, raising £0.3million to provide additional working capital.

NOTE TO THE ANNOUNCEMENT

The 2011 Annual Report and Accounts will be sent to shareholders shortly and will be available from the company's website www.uk-plc.net/invest along with the latest research.

The extracts set out above do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2010 which contained an unqualified audit report and which did not make any statements under Section 498 of the Companies Act 2006 have been, and accounts for the year ended 31 December 2011 will be, delivered to the Registrar of Companies.

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