

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Annual Report for the year ended  
31 July 2008

Registered No 4016625

MONDAY



\*AJGN7C31\*

A17

03/08/2009

35

COMPANIES HOUSE

# **COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED**

## **Directors' report for the year ended 31 July 2008**

The directors present their report and the audited consolidated financial statements for the financial year ended 31 July 2008.

### **INCORPORATION**

The company was incorporated in England and Wales on 13 June 2000.

### **DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

Directors are required by UK Company Law to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the company and group as at the end of the financial year and of the profit or loss for that financial year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

### **PRINCIPAL ACTIVITY**

The principal activities of the group are the development and sale of Intellectual Property software and the provision of IP paralegal services.

### **BUSINESS REVIEW**

The results for the year show a pre-tax loss of £0.023m (2007: £1.480m loss). Equity shareholders funds amount to a deficit of £3.846m (2007: £1.975m).

### **RESULTS AND DIVIDENDS**

The consolidated profit and loss account for the year is set out on page 5.

The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2008 (2007: £nil).

# **COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED**

**Directors' report for the year ended  
31 July 2008 (continued)**

## **FINANCIAL RISK MANAGEMENT**

The company addresses financial risk as set out below.

### Credit risk

Cash deposits are only placed with financial institutions having a high quality investment grade credit rating. Credit checks are carried out where appropriate for new and existing customers.

### Liquidity risk

The company takes account of cash flow requirements when determining the period of time for which funds are placed on deposit with financial institutions.

### Cash flow risk

The board monitors the level of funds held within the business to ensure there are sufficient funds available for working capital, capital expenditure and the payment of tax liabilities.

### Currency Risk

The Company holds assets and liabilities denominated in currencies other than sterling, the functional currency. It is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Company's policy is not to enter into any currency hedging transactions

## **DIRECTORS AND THEIR INTERESTS**

The directors of the company, who held office during the year, and subsequently, were:

C. J. R. Gibson  
P. L. Sewell  
M. A. Shanahan  
A. J. Webb  
C.M. Lintell  
D.C. Grant

No director had any interest in the company during the year.

## **SECRETARY**

The secretary of the company at 31 July 2008 was Mourant & Co. Capital Secretaries Limited, who had been secretary for the whole of the year then ended and subsequently.

## **AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Directors' report for the year ended  
31 July 2008 (continued)

## INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office.

By order of the board

Registered office:

8<sup>th</sup> Floor  
68 King William Street  
London  
EC4N 7DZ



Director

27 JULY 2009

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Computer Patent Annuities International Limited for the year ended 31 July 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

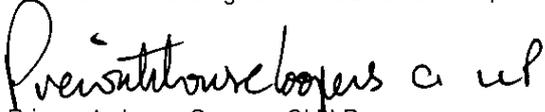
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 July 2008 and of the group's loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers CI LLP  
Chartered Accountants and Registered Auditors  
Jersey, Channel Islands

30 July 2009

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 July 2008

	<i>Notes</i>	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
<b>TURNOVER</b>			
Continuing Operation		17,315	15,916
Acquisitions		-	587
<b>TOTAL TURNOVER</b>	2	<u>17,315</u>	<u>16,503</u>
<b>Cost of sales</b>			
Continuing Operation		(52)	(104)
Acquisitions		-	-
<b>TOTAL COST OF SALES</b>		<u>(52)</u>	<u>(104)</u>
<b>GROSS PROFIT</b>		17,263	16,399
Administrative expenses		(45,001)	(37,429)
Other operating income		<u>30,178</u>	<u>21,952</u>
<b>OPERATING PROFIT BEFORE FINANCING COSTS AND AMORTISATION OF GOODWILL</b>	3	<u>2,440</u>	<u>922</u>
Amortisation of Goodwill	7	(2,320)	(2,085)
<b>OPERATING PROFIT</b>			
Continuing Operation		120	(927)
Acquisitions		-	(236)
<b>TOTAL OPERATING PROFIT</b>		<u>120</u>	<u>(1,163)</u>
Interest receivable		85	74
Interest payable	4	<u>(228)</u>	<u>(389)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(23)</u>	<u>(1,478)</u>
Taxation on profit on ordinary activities	5	<u>(1,255)</u>	<u>(577)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>	18	(1,278)	(2,055)
Minority interests		<u>656</u>	<u>566</u>
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>		<u>(622)</u>	<u>(1,489)</u>

The group has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the retained profit for the year stated above and its historical cost equivalent.

All figures relate to the continuing activities of the group.

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## GROUP BALANCE SHEET as at 31 July 2008

	Notes	2008 £'000	2007 £'000
<b>FIXED ASSETS</b>			
Intangible fixed assets	7	11,905	12,962
Tangible fixed assets	8	<u>2,761</u>	<u>3,064</u>
		14,666	16,026
<b>CURRENT ASSETS</b>			
Stocks	10	-	48
Debtors	11	19,420	13,174
Cash at bank and in hand	20 (b)	<u>5,507</u>	<u>4,319</u>
		24,927	17,541
<b>CREDITORS: amounts falling due within one year</b>	12	<u>33,039</u>	<u>30,569</u>
<b>NET CURRENT LIABILITIES</b>		<u>(8,112)</u>	<u>(13,028)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,554	2,998
<b>CREDITORS: amounts falling due after more than one year</b>	13	(10,400)	(4,971)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	16	<u>-</u>	<u>-</u>
		<u>(3,846)</u>	<u>(1,973)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1	1
Profit and loss account	18	<u>(2,835)</u>	<u>(1,651)</u>
		(2,834)	(1,650)
<b>MINORITY INTERESTS</b>	19	(1,012)	(323)
		<u>(3,846)</u>	<u>(1,973)</u>

The Financial Statements on pages 5 to 22 were approved by the board of directors on the 27 day of July 2009 ~~2008~~ and were signed on their behalf by:



Director

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## COMPANY BALANCE SHEET as at 31 July 2008

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Investments	9	6	6
<b>CURRENT ASSETS</b>			
Debtors	11	3,294	3,119
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(92)</u>	<u>(757)</u>
<b>NET CURRENT ASSETS</b>		<u>3,202</u>	<u>2,362</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,208</u>	<u>2,368</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1	1
Profit and loss account	18	<u>3,207</u>	<u>2,367</u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>		<u>3,208</u>	<u>2,368</u>

The Financial Statements on pages 5 to 22 were approved by the board of directors on the  
27 day of July 2009 and were signed on their behalf by:

  
\_\_\_\_\_

Director

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## GROUP STATEMENT OF CASH FLOWS for the year ended 31 July 2008

	Notes	2008 £'000	2007 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	20(a)	<u>4,231</u>	<u>8,950</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		85	74
Interest paid		(228)	(389)
Capital contributions from Minority Interests		-	-
		<u>(143)</u>	<u>(315)</u>
<b>TAXATION</b>			
Tax paid		<u>(1,461)</u>	<u>(1,279)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(522)	(2,293)
Receipts from sales of tangible fixed assets		-	135
Payments to acquire intangible fixed assets		-	(453)
		<u>(522)</u>	<u>(2,611)</u>
<b>ACQUISITIONS</b>			
Acquisition of subsidiary		-	(1,027)
Loans Acquired on purchase of subsidiary		-	-
		<u>-</u>	<u>(1,027)</u>
<b>NET CASH FLOW BEFORE FINANCING</b>		2,105	3,718
<b>FINANCING</b>			
Repayment of loans		<u>(836)</u>	<u>(1,322)</u>
<b>Decrease in cash in the year</b>		<u>1,269</u>	<u>2,396</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
Decrease in cash in the year	20(b)	1,289	2,396
Decrease in bank loans	20(b)	836	1,322
Change in net debt		2,125	3,718
<b>NET DEBT AT 1 AUGUST 2007</b>		<u>(1,084)</u>	<u>(4,802)</u>
<b>NET DEBT AT 31 JULY 2008</b>	20(b)	<u>1,041</u>	<u>(1,084)</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 July 2008

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Basis of Preparation

These financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and United Kingdom Generally Accepted Accounting Principles ("UK GAAP"). The more significant accounting policies used are set out below: -

#### Basis of Consolidation

The group financial statements consolidate the financial statements of Computer Patent Annuities International Limited and all its subsidiary undertakings drawn up to 31 July each year. Subsidiary undertakings acquired during the year have been included in the group financial statements using the acquisition method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows from dates of acquisition during the year.

#### Trade Debtors

Trade debtors represent outstanding invoices.

#### Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of tangible fixed assets over their estimated useful lives as follows:

	<b>Rate</b>
Leasehold improvements	are depreciated over the period of the lease remaining
Furniture and Equipment	10-20% on cost
Computer Equipment	20-25% on cost
Computer Programs	20-25% on cost
Motor Vehicles	25% on cost

#### Stocks and Work In Progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

#### Research and Development

Expenditure incurred by CPA Software Solutions (Australia) Pty Limited (formerly Maxim Technology Pty Limited) in the development of their products up to 31 July 2005 has been capitalised and is being amortised over the life of the product or over five years, whichever is the shorter.

#### Goodwill

On the acquisition of subsidiaries and businesses, goodwill represents the difference between the purchase consideration and the fair value of net assets acquired. Goodwill arising on the acquisition of subsidiaries and businesses has been capitalised and is amortised through the Profit and Loss Account over a period of 10 years, estimated by the directors to be the period over which the values of the businesses acquired are expected to exceed the value of underlying assets. The carrying value of goodwill is also subject to an annual impairment review.

# **COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED**

## **Notes to the financial statements for the year ended 31 July 2008**

### **1. PRINCIPAL ACCOUNTING POLICIES (continued)**

#### **Pensions**

The group operates a number of defined contribution schemes, all of which require contributions to be made to separately administered funds.

One of the primary schemes is operated by CPA Management Systems Ltd (included in this consolidation); which is a money purchase scheme. Contributions are payable by the company at 7.5% or 10% of gross earnings for staff who have completed 1 years service. Contribution for this scheme for the year ended 31 July 2008 amounted to £327,610 (2007: £293,774).

#### **Taxation**

Tax on profits arising in respect of overseas subsidiary undertakings has been charged to the profit and loss account. Such tax has been provided for based upon the estimated effective tax rates for the year where the year end is non-coterminous with that of the company.

#### **Deferred Taxation**

Full provision is generally made for deferred tax arising from timing differences between the differing treatment of certain items for taxation and accounting purposes. The provision is calculated at the rates of taxation at which it is estimated the liability will arise and is not discounted. Deferred tax assets are recognised only to the extent that the directors consider there to be suitable taxable profits from which the underlying timing differences can be deducted.

#### **Investments**

Investments in subsidiary undertakings are carried at cost.

#### **Foreign Currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or at the contracted rate if the transaction is covered by a forward exchange contract.

Foreign currency transactions are translated at the rate of exchange ruling at the date of transaction or at an average rate where this gives rise to no significant difference. Profits and losses on exchange are dealt with in the profit and loss account for the year.

The balance sheets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Profit and loss accounts and cash flows of overseas subsidiary undertakings are translated at an average rate or at closing rates where no material difference arises.

#### **Operating Leases**

Operating lease costs are taken to the profit and loss account on a straight line basis over the life of the lease. Rent free periods are released to profit over the period from the date of commencement of the lease up to the first rent review.

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 July 2008

### 2. TURNOVER

Turnover represents amounts derived from the provision of products and services, which fall within the group's ordinary activities.

### 3. OPERATING PROFIT BEFORE FINANCING COSTS AND AMORTISATION OF GOODWILL

This is stated after charging:

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
Other operating income (representation fees)	30,428	21,952
Auditors' remuneration		
- audit services – current year	70	65
- audit services – prior year	22	-
- non-audit services	51	72
Depreciation of owned assets	781	666
Operating lease rentals - land and buildings	1,421	1,445
(Profit)/Loss on foreign exchange	(11)	(78)
Salaries and social security costs	26,558	22,833
Pension cost	<u>1,461</u>	<u>971</u>

### 4. INTEREST PAYABLE

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
Bank loans and overdrafts	<u>228</u>	<u>389</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2008

## 5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES OF OVERSEAS SUBSIDIARIES

The tax charge based on the results for the year is made up as follows:

	2008 £'000	2007 £'000
<b>Current tax</b>		
Foreign tax	1,187	893
Adjustments in respect of previous years	68	(353)
Total current tax	<u>1,255</u>	<u>540</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	37
	<u>1,255</u>	<u>577</u>
<b>Factors affecting the current tax charge</b>		
Profit on ordinary activities before tax	<u>323</u>	<u>(1,478)</u>
Profit on ordinary activities multiplied by the standard rate of UK income tax of 28%	91	(443)
Overseas tax differential from 28% tax rate	(449)	(12)
Group Relief	-	-
Expenses not deductible for taxation purposes	790	553
Adjustments relating to prior years	22	(353)
Losses carried forward	<u>801</u>	<u>795</u>
Total current tax	<u>1,255</u>	<u>540</u>

## 6. DIRECTORS EMOLUMENTS

No directors received any emoluments from the company and group during the year (2007 £Nil).

## COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2008

### 7. INTANGIBLE FIXED ASSETS *Group*

	Goodwill £'000	Development Expenditure £'000	Total £'000
<b>Cost</b>			
At 1 August 2007	21,412	4,369	25,781
Exchange differences	1,893	585	2,478
Additions during the year	-	778	778
As at 31 July 2008	<u>23,305</u>	<u>5,732</u>	<u>29,037</u>
<b>Amortisation</b>			
At 1 August 2007	9,531	3,288	12,819
Exchange differences	1,131	362	1,493
Provided during the year	<u>2,319</u>	<u>501</u>	<u>2,820</u>
As at 31 July 2008	<u>12,982</u>	<u>4,151</u>	<u>17,132</u>
<b>Net book value</b>			
Net book value at 31 July 2008	<u>10,323</u>	<u>1,582</u>	<u>11,905</u>
Net book value at 31 July 2007	<u>11,881</u>	<u>1,081</u>	<u>12,962</u>

## COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2008

### 8. TANGIBLE FIXED ASSETS *Group*

	Leasehold improve- ments £'000	Furniture and equipment £'000	Computer equipment £'000	Computer Programmes £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 August 2007	837	2,145	2,183	262	29	5,456
Exchange difference	(5)	29	88	18		130
Acquisition of subsidiaries						
Additions	71	37	352	62		522
Disposals	(37)		(54)			(91)
Transfers				42		42
At 31 July 2008	866	2,211	2,569	384	29	6,059
<b>Depreciation</b>						
At 1 August 2007	148	894	1,219	123	8	2,392
Exchange difference	6	30	73	13		122
Acquisition of subsidiaries						
Provided during the year	135	257	348	36	6	782
Transfers	9	4		48		61
Disposals	(8)		(51)			(59)
At 31 July 2008	290	1,185	1,589	220	14	3,298
<b>Net book value</b>						
At 31 July 2008	576	1,026	980	164	15	2,761
At 31 July 2007	689	1,251	964	139	21	3,064

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2008

## 9. INVESTMENTS Company

**Subsidiary  
Undertakings  
£**

At 31 July 2007 and 31 July 2008

6

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Name of Undertaking	Country of Operation	Holding (Ordinary shares)	Proportion of voting rights and shares held	Nature of Business
CPA Germany Holdings Limited	U.K.	1 share of £1	100%	Investment holding
CPAFH1 Ltd	U.K.	1 share of £1	100%	Investment holding
CPAFH2 Ltd	U.K.	1 share of £1	100%	Investment holding
CPAUSH Ltd	U.K.	1 share of £1	100%	Investment holding
CPA Management Systems Ltd	U.K.	1 share of £1	100%	UK Sales and Marketing and employment of UK based support staff
Computer Patent Annuities Deutschland GmbH	Germany	25,000 shares of Euro1 each	100%	Sales and Marketing
Memotech Holdings SNC	France	1,525 shares of Euro1 each	100%	Investment holding
CPA Software Solutions (France) S.A.S.	France	153,000 shares of Euro1 each	100%	Software development
Computer Patent Annuities North America L.L.C.	U.S.A.	-	100%	Sales and Marketing
Memotech Inc.	U.S.A.	50 shares of US\$1 each	100%	Dormant
CPA Software Solutions (North America) Inc.	U.S.A.	1,450 shares of US\$1 each	100%	Software distribution

## COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2008

### 9. INVESTMENTS (continued)

Name of Undertaking	Country of Operation	Holding (Ordinary shares)	Proportion of voting rights and shares held	Nature of Business
CPAAUH Limited	U.K.	1 share of £1	100%	Investment holding
Computer Patent Annuities (Australia) Pty Limited	Australia	1 share of AUS\$1	100%	Investment holding
CPA Software Solutions (Australia) Pty Limited	Australia	3,600 shares of AUS\$1 each	100%	Software development
IP Solutions Pty Limited	Australia	1 share of AUS\$1 each	100%	Dormant
CPA Software Solutions (U.K.) Limited	U.K.	1 share of £1	100%	Software Sales & Support
CPA Software Solutions (Canada) Inc.	Canada	50 shares of CAN\$1 each	100%	Software Sales & Support
CPA Software Solutions (Asia) Limited	Hong Kong	50 shares of HK\$1 each	99%	Software Sales & Support
Intellevate L.L.C.	U.S.A.	-	70%	Para-legal Services
Portfolio IP L.L.C.	U.S.A.	-	100%	Dormant
Intellevate (India) Private Limited	India	43,990 shares of RUP10 each	70%	Software sales & support
CPA US Holdings Inc	U.S.A	100 shares of \$0.01	100%	Investment Holding
Lacasse & Associates L.L.C.	U.S.A	-	51%	Patent Searching
IP Development Venture L.L.C.	U.S.A	-	100%	Dormant
Foundation IP L.L.C.	U.S.A.	-	100%	Software sales & support
SeekIP L.L.C.	U.S.A.	-	100%	Dormant

All subsidiary undertakings are ultimately held by Computer Patent Annuities International Limited.

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 July 2008

### 10. STOCKS Group

	2008 £'000	2007 £'000
Work in progress	-	48

### 11. DEBTORS: amounts falling due within one year

Group	2008 £'000	2007 £'000
Trade debtors	3,051	3,681
Amounts owed by group undertakings	13,783	7,907
Other debtors	511	503
Prepayments and accrued income	1,252	646
Deferred tax asset	-	9
Income tax debtor	823	428
	<u>19,420</u>	<u>13,174</u>
<b>Company</b>	<b>2008 £</b>	<b>2007 £</b>
Amounts owed by group undertakings	3,294	3,119
Other debtors	-	-
	<u>3,294</u>	<u>3,119</u>

Amounts owed by other group companies are unsecured, interest free and repayable on demand.

### 12. CREDITORS: amounts falling due within one year

Group	2008 £'000	2007 £'000
Bank loans (see note 15)	1,577	1,372
Bank overdrafts (see note 21b)	91	192
Trade creditors	667	1,010
Charges to clients in advance	2,436	1,734
Amounts due to group undertakings	20,611	20,633
Deferred tax	-	-
Income tax	828	488
Other creditors including taxation and social security	444	199
Accruals and deferred income	6,385	4,941
	<u>33,039</u>	<u>30,569</u>

Amounts due to other group companies are unsecured, interest free and repayable on demand. These liabilities are unlikely to be required to be repaid in the foreseeable future.

Company	2008 £	2007 £
Income Tax	-	664
Other creditors including taxation and social security	1	1
Accruals and deferred income	91	92
	<u>92</u>	<u>757</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2008

## 13. CREDITORS: amounts falling due after more than one year Group

	2008 £'000	2007 £'000
Amounts due to group undertakings	7,602	978
Provision for long service leave	-	154
Bank loans (see note 15)	2,798	3,839
	<u>10,400</u>	<u>4,971</u>

Amounts due to other group companies are unsecured, interest free and repayable on demand.

## 14. LOANS Group

	2008 £'000	2007 £'000
Amounts falling due:		
In one year or less or on demand	1,577	1,372
Between one and two years	1,552	1,350
Between two and five years	1,247	2,489
In five years or more	-	-
	<u>4,376</u>	<u>5,211</u>
Included within amounts falling due within one year	<u>1,577</u>	<u>1,372</u>
	<u>1,577</u>	<u>3,839</u>

The Memotech Holdings SNC bank loan of EUR (2006: EUR9,500,000) bears interest at a margin dependent upon the ratio of net debt to earnings before taxation, interest and dividends. The margin is currently 1% above LIBOR, plus associated costs. The loan was drawn down on 4 December 2000, the term being 10 years and the first scheduled repayment was made on 4 December 2002.

## 15. OPERATING LEASES AND OTHER COMMITMENTS Group

	2008 £'000	2007 £'000
Operating lease payments payable within one year of the balance sheet date were in respect of leases expiring:		
Within one year	24	658
Between one and five years	1,066	221
After five years	796	521
	<u>1,886</u>	<u>1,441</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2008

## 16. PROVISIONS FOR LIABILITIES AND CHARGES

### Group

Provision for taxation	Amount falling due within one year  £000	Amount falling due after more than one year  £000
At 1 August 2007	51	-
Transfers	-	-
Reserve for the year	-	-
Acquisitions	-	-
Paid in the year	<u>(51)</u>	<u>-</u>
At 31 July 2008	<u>-</u>	<u>-</u>

## 17. CALLED UP SHARE CAPITAL

Company and Group	2008 £	2007 £
<b>Authorised</b> 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Issued, called up and fully paid</b> 1 ordinary share of £1	<u>1</u>	<u>1</u>

## 18. RESERVES

Group	Profit and loss account £
At 1 August 2007	(1,651)
Exchange difference on consolidation	95
Retained profit for the financial year after taxation	<u>(1,278)</u>
At 31 July 2008	<u>(2,834)</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 July 2008

### 18. RESERVES (continued)

Company	Profit and loss account
At 1 August 2007	2,367
Retained profit for the year after taxation	<u>840</u>
At 31 July 2008	<u>3,207</u>

In the opinion of the directors a reconciliation of movement in equity shareholder's funds is not required as sufficient information is given with the note above.

### 19. MINORITY INTERESTS

The closing balance represents a 30% beneficial interest in Intellevate L.L.C. and a 49% beneficial interest in Lacasse L.L.C.

	2008 £'000	2007 £'000
Opening balance	(323)	95
Minority Interest in net assets on acquisition of subsidiaries	-	79
(Loss) for the year	(656)	(566)
Exchange differences	(33)	69
Capital contribution	<u>-</u>	<u>-</u>
Closing balance	<u>(1,012)</u>	<u>(323)</u>

### 20. NOTES TO THE GROUP STATEMENT OF CASH FLOWS

#### a) Reconciliation of operating profit to net cash inflow from operating activities

	2008 £'000	2007 £'000
Operating profit before financing costs and amortisation of goodwill	2,440	922
Amortisation of Development Expenditure	501	662
Depreciation and amortisation of research and development	781	666
Loss/(Profit) on sale of fixed assets	-	-
(Increase) in debtors	(6,246)	2,161
Decrease in stocks	48	32
Increase/(Decrease) in creditors	7,899	3,507
Exchange differences	<u>(1,192)</u>	<u>1,000</u>
Net cash inflow from operating activities	<u>4,231</u>	<u>8,950</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2008

## 21. NOTES TO THE GROUP STATEMENT OF CASH FLOWS (continued)

b) Analysis of changes in net debt

	At 1 August 2007 £'000	Cash flow £000	At 31 July 2008 £'000
Cash at bank and in hand	4,319	1,188	5,507
Bank overdrafts	(192)	101	(91)
	<hr/>	<hr/>	<hr/>
Loans	4,127	1,289	5,416
	(5,211)	836	(4,375)
	<hr/>	<hr/>	<hr/>
Net debt	(1,084)	2,125	1,041

## 22. CONTINGENT LIABILITIES

Computer Patent Annuities International Limited has guaranteed a Letter of Credit, in favour of the landlords of the property occupied by a subsidiary undertaking, Computer Patent Annuities North America L.L.C., in Washington, Virginia, USA. The value of the Letter of Credit was \$222,383 as at 31 July 2008, and is reduced in value at the end of each year of the lease.

## 23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the year end, the immediate and ultimate parent undertaking, and ultimate controlling party, is Computer Patent Annuities Holdings Limited, a company registered in Jersey, Channel Islands.

# **COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED**

## **AUDITORS, BANKERS AND LEGAL ADVISORS**

### **AUDITORS**

PricewaterhouseCoopers CI LLP  
Twenty Two Colomberie  
St Helier  
Jersey, JE1 4XA

### **ADVOCATES AND SOLICITORS**

Mourant du Feu & Jeune  
22 Grenville Street  
St Helier  
Jersey, JE4 8PX

Lewis Silkin Solicitors  
12 Gough Square  
London  
EC4A 3DW