

# **COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED**

**Annual Report for the year ended  
31 July 2009**

**Registered No 4016625**

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# **COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED**

## **Directors' report for the year ended 31 July 2009**

The directors present their report and the audited consolidated financial statements for the financial year ended 31 July 2009

### **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 2006. 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 profit of £0.743m (2008: £0.023m loss). Equity shareholders' funds amount to a deficit of £5.156m (2008: £3.846m).

### **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 2009 (2008: £nil).

# **COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED**

## **Directors' report for the year ended 31 July 2009 (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

W F Fagan	(appointed 15 <sup>th</sup> January 2010)
C J R Gibson	
P L Sewell	
M A Shanahan	(resigned 18 <sup>th</sup> September 2008)
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 2009 was Maurant & 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.

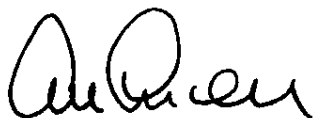
# **COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED**

**Directors' report for the year ended  
31 July 2009 (continued)**

## **INDEPENDENT AUDITORS**

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

**By order of the board**



**Director**

28 April 2010

**Registered office:**

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

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

We have audited the financial statements of Computer Patent Annuities International Limited for the year ended 31 July 2009 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement (set out on page 1) the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2009 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

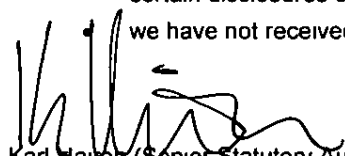
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Karl Hailon (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants and Statutory Auditors

Jersey, Channel Islands

26 April 2010

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 July 2009

	Notes	2009 £'000	2008 £'000
<b>TURNOVER</b>			
Continuing Operation		22,733	17,315
Acquisitions		300	-
<b>TOTAL TURNOVER</b>	2	<u>23,033</u>	<u>17,315</u>
<b>Cost of sales</b>			
Continuing Operation		(257)	(52)
Acquisitions		-	-
<b>TOTAL COST OF SALES</b>		<u>(257)</u>	<u>(52)</u>
<b>GROSS PROFIT</b>		22,776	17,263
Administrative expenses		(58,768)	(45,001)
Other operating income		<u>39,867</u>	<u>30,178</u>
<b>OPERATING PROFIT BEFORE FINANCING COSTS AND AMORTISATION OF GOODWILL</b>	3	<u>3,875</u>	<u>2,440</u>
Amortisation of Goodwill	7	(2,658)	(2,320)
<b>OPERATING PROFIT</b>			
Continuing Operation		1,250	120
Acquisitions		(33)	-
<b>TOTAL OPERATING PROFIT</b>		<u>1,217</u>	<u>120</u>
Interest receivable		165	85
Interest payable	4	<u>(638)</u>	<u>(228)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>743</u>	<u>(23)</u>
Taxation on profit on ordinary activities	5	<u>(992)</u>	<u>(1,255)</u>
<b>(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>	18	(249)	(1,278)
Minority interests		<u>503</u>	<u>656</u>
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>		<u>255</u>	<u>(622)</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 2009

	Notes	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Intangible fixed assets	7	11,953	11,905
Tangible fixed assets	8	<u>3,984</u>	<u>2,761</u>
		15,937	14,666
<b>CURRENT ASSETS</b>			
Stocks	10	23	-
Debtors	11	19,097	19,420
Cash at bank and in hand	20 (b)	<u>7,658</u>	<u>5,507</u>
		26,778	24,927
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(42,751)</u>	<u>(33,039)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(15,973)</u>	<u>(8,112)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(36)	6,554
<b>CREDITORS: amounts falling due after more than one year</b>	13	(5,121)	(10,400)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	16	<u>-</u>	<u>-</u>
		<u>(5,157)</u>	<u>(3,846)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1	1
Profit and loss account	18	<u>(3,350)</u>	<u>(2,835)</u>
		(3,349)	(2,834)
<b>MINORITY INTERESTS</b>	19	(1,808)	(1,012)
		<u>(5,157)</u>	<u>(3,846)</u>

The Financial Statements on pages 5 to 22 were approved by the board of directors on the 26<sup>th</sup> day of APRIL 2010 and were signed on their behalf by




Director

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## COMPANY BALANCE SHEET as at 31 July 2009

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Investments	9	6	6
<b>CURRENT ASSETS</b>			
Debtors	11	3,396	3,294
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(94)</u>	<u>(92)</u>
<b>NET CURRENT ASSETS</b>		<u>3,302</u>	<u>3,202</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,308</u>	<u>3,208</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1	1
Profit and loss account	18	<u>3,307</u>	<u>3,207</u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>		<u>3,308</u>	<u>3,208</u>

The Financial Statements on pages 5 to 22 were approved by the board of directors on the  
28<sup>th</sup> day of APRIL 2010 and were signed on their behalf by



Director



# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## GROUP STATEMENT OF CASH FLOWS for the year ended 31 July 2009

	Notes	2009 £'000	2008 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	20(a)	<u>9,142</u>	<u>4,231</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		165	85
Interest paid		(639)	(228)
Capital contributions from Minority Interests		<u>-</u>	<u>-</u>
		(474)	(143)
<b>TAXATION</b>			
Tax paid		<u>(1,275)</u>	<u>(1,461)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(2,268)	(522)
Receipts from sales of tangible fixed assets		-	-
Payments to acquire intangible fixed assets		<u>(804)</u>	<u>-</u>
		(3,072)	(522)
<b>ACQUISITIONS</b>			
Acquisition of subsidiary		(900)	-
Loans Acquired on purchase of subsidiary		<u>-</u>	<u>-</u>
		(900)	-
<b>NET CASH FLOW BEFORE FINANCING</b>		3,421	2,105
<b>FINANCING</b>			
Repayment of loans		<u>(1,333)</u>	<u>(836)</u>
<b>Increase in cash in the year</b>		<u>2,088</u>	<u>1,269</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
(Decrease)/Increase in cash in the year	20(b)	2,088	1,289
Decrease in bank loans	20(b)	<u>1,333</u>	<u>836</u>
Change in net debt		3,421	2,125
<b>NET DEBT AT 1 AUGUST 2008</b>		<u>1,041</u>	<u>(1,084)</u>
<b>NET DEBT AT 31 JULY 2009</b>	20(b)	<u>4,462</u>	<u>1,041</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 July 2009

### 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 2006 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 Computer Patent Annuities Limited, CPA Global Software Solutions Australia Pty Limited, CPA Global Software Solutions S A S and Foundation IP L L C in the development of their products up to 31 July 2009 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 2009**

### **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 defined contribution 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 2009 amounted to £436,407 (2008. £327,610)

#### **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 2009

#### 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

	2009 £'000	2008 £'000
Other operating income (representation fees)	39,867	30,428
Auditors' remuneration		
- audit services – current year	97	70
- audit services – prior year	31	22
- non-audit services	159	51
Depreciation of owned assets	1,259	781
Operating lease rentals - land and buildings	1,941	1,421
(Profit)/Loss on foreign exchange	91	(11)
Salaries and social security costs	32,755	26,558
Pension cost	<u>1,773</u>	<u>1,461</u>

#### 4. INTEREST PAYABLE

	2009 £'000	2008 £'000
Bank loans and overdrafts	<u>638</u>	<u>228</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2009

## 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

	2009 £'000	2008 £'000
<b>Current tax</b>		
Foreign tax	1,133	1,187
Adjustments in respect of previous years	(141)	68
Total current tax	992	1,255
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
	1,036	1,255
<b>Factors affecting the current tax charge</b>		
Profit on ordinary activities before tax	743	323
Profit on ordinary activities multiplied by the standard rate of UK income tax of 28%	208	91
Overseas tax differential from 28% tax rate	(366)	(449)
Group Relief	-	-
Expenses not deductible for taxation purposes	730	790
Adjustments relating to prior years	(141)	22
Losses carried forward	561	801
Total current tax	992	1,255

## 6. DIRECTORS EMOLUMENTS

No directors received any emoluments from the company and group during the year (2008 £Nil)

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 July 2009

### 7. INTANGIBLE FIXED ASSETS *Group*

	<b>Goodwill</b>	<b>Development Expenditure</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 August 2008	23,305	5,732	29,037
Exchange differences	2,826	371	3,197
Additions during the year	902	804	1,706
	<hr/>	<hr/>	<hr/>
As at 31 July 2009	27,033	6,907	33,940
<b>Amortisation</b>			
At 1 August 2008	12,982	4,151	17,132
Exchange differences	1,261	242	1,503
Provided during the year	2,658	693	3,351
	<hr/>	<hr/>	<hr/>
As at 31 July 2009	16,901	5,086	21,987
<b>Net book value</b>			
Net book value at 31 July 2009	<hr/> 10,132	<hr/> 1,821	<hr/> 11,953
Net book value at 31 July 2008	<hr/> 10,323	<hr/> 1,582	<hr/> 11,905

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2009

## 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 2008	866	2,211	2,569	384	29	6,059
Exchange difference	84	148	165	22	2	421
Additions	282	430	1,360	196	-	2,268
Disposals	-	(2)	-	-	-	(2)
At 31 July 2009	<u>1,232</u>	<u>2,787</u>	<u>4,094</u>	<u>602</u>	<u>31</u>	<u>8,746</u>
<b>Depreciation</b>						
At 1 August 2008	290	1,185	1,589	220	14	3,298
Exchange difference	25	68	100	14	-	207
Provided during the year	203	360	620	70	6	1,259
Disposals	-	(2)	-	-	-	(2)
At 31 July 2009	<u>518</u>	<u>1,611</u>	<u>2,309</u>	<u>304</u>	<u>20</u>	<u>4,762</u>
<b>Net book value</b>						
At 31 July 2009	<u>714</u>	<u>1,176</u>	<u>1,784</u>	<u>298</u>	<u>11</u>	<u>3,984</u>
At 31 July 2008	<u>579</u>	<u>1,028</u>	<u>981</u>	<u>165</u>	<u>15</u>	<u>2,761</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2009

## 9. INVESTMENTS Company

Subsidiary  
Undertakings  
£

At 31 July 2008 and 31 July 2009

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
CPA Global 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 Global Software Solutions S A S	France	153,000 shares of Euro1 each	100%	Software development
CPA Global 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 Global 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 2009

#### 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
CPA Global (Australia) Pty Limited	Australia	1 share of AUS\$1	100%	Investment holding
CPA Global 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 Global Software Solutions (U K ) Limited	U K	1 share of £1	100%	Software Sales & Support
CPA Global Software Solutions (Canada) Inc	Canada	50 shares of CAN\$1 each	100%	Software Sales & Support
CPA Global (Asia) Limited	Hong Kong	50 shares of HK\$1 each	99%	Software Sales & Support
CPA Global Support Services L L C	U S A.	-	70%	Para-legal Services
Portfolio IP L L C	U S A	-	100%	Dormant
CPA Global Support Services India Pvt 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
CPA Global Patent Research 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
CPA Global Patent Research (Europe) GmbH	Germany	-	100%	Patent Searching

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 2009

### 10. STOCKS Group

	2009 £'000	2008 £'000
Work in progress and consumables	23	-

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

Group	2009 £'000	2008 £'000
Trade debtors	4,275	3,051
Amounts owed by group undertakings	10,544	13,783
Other debtors	355	511
Prepayments and accrued income	2,401	1,252
Deferred tax asset	-	-
Income tax debtor	1,522	823
	<u>19,097</u>	<u>19,420</u>

Company	2009 £	2008 £
Amounts owed by group undertakings	3,396	3,294
Other debtors	-	-
	<u>3,396</u>	<u>3,294</u>

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

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

Group	2009 £'000	2008 £'000
Bank loans (see note 14)	1,714	1,577
Bank overdrafts (see note 20b)	154	91
Trade creditors	1,605	667
Charges to clients in advance	2,955	2,436
Amounts due to group undertakings	24,511	20,611
Deferred tax	-	-
Income tax	1,226	828
Other creditors including taxation and social security	1,054	444
Accruals and deferred income	9,532	6,385
	<u>42,751</u>	<u>33,039</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	2009 £	2008 £
Income Tax	-	-
Other creditors including taxation and social security	-	1
Accruals and deferred income	94	91
	<u>94</u>	<u>92</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 July 2009

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

	2009 £'000	2008 £'000
Amounts due to group undertakings	3,792	7,602
Bank loans (see note 15)	<u>1,329</u>	<u>2,798</u>
	<u>5,121</u>	<u>10,400</u>

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

### 14. LOANS Group

	2009 £'000	2008 £'000
Amounts falling due		
In one year or less or on demand	1,714	1,577
Between one and two years	1,329	1,552
Between two and five years	-	1,247
In five years or more	<u>-</u>	<u>-</u>
	<u>3,043</u>	<u>4,376</u>

Included within amounts falling due within one year	<u>1,714</u>	<u>1,577</u>
	<u>1,329</u>	<u>2,799</u>

The Memotech Holdings SNC bank loan of EUR 3,550,000 (2008 EUR5,550,000) 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. The loan was repaid in full on 1 February 2010.

### 15. OPERATING LEASES AND OTHER COMMITMENTS Group

	2009 £'000	2008 £'000
Operating lease payments payable within one year of the balance sheet date were in respect of leases expiring		
Within one year	599	24
Between one and five years	597	1,066
After five years	<u>1,063</u>	<u>796</u>
Total payable within one year	<u>2,259</u>	<u>1,886</u>

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 July 2009

### 16. PROVISIONS FOR LIABILITIES AND CHARGES *Group*

	Amount falling due within one year  £000	Amount falling due after more than one year  £000
At 1 August 2008	-	-
Transfers	-	-
Reserve for the year	-	-
Acquisitions	-	-
Paid in the year	-	-
At 31 July 2009	-	-

### 17. CALLED UP SHARE CAPITAL

<b>Company and Group</b>	<b>2009 £</b>	<b>2008 £</b>
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Issued, called up and fully paid</b>		
1 ordinary share of £1	1	1

### 18. RESERVES

<b>Group</b>	<b>Profit and loss account £'000</b>
At 1 August 2008	(2,834)
Exchange differences	(771)
Retained profit for the financial year after taxation	255
At 31 July 2009	(3,350)

# COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 July 2009

### 18. RESERVES (continued)

Company	Profit and loss account £'000
At 1 August 2008	3,207
Retained profit for the year after taxation	<u>100</u>
At 31 July 2009	<u>3,307</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 CPA Global Support Services L L C (formerly Intellevate L L C) and a 49% beneficial interest in CPA Global Patent Research L L C (formerly Lacasse & Associates L L C)

	2009 £'000	2008 £'000
Opening balance	(1,012)	(323)
Minority Interest in net assets on acquisition of subsidiaries	-	-
Profit/(Loss) for the year	(503)	(656)
Exchange differences	(293)	(33)
Capital contribution	-	-
Closing balance	<u>(1,808)</u>	<u>(1,012)</u>

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

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

	2009 £'000	2008 £'000
Operating profit before financing costs and amortisation of goodwill	4,604	2,440
Amortisation of Development Expenditure	782	501
Depreciation of tangible fixed assets	1,259	781
Loss/(Profit) on sale of fixed assets	-	-
(Increase) in debtors	3,547	(6,246)
(Increase)/Decrease in stocks	(24)	48
Increase/(Decrease) in creditors	(29)	7,899
Exchange differences	<u>(999)</u>	<u>(1,192)</u>
Net cash inflow from operating activities	<u>9,140</u>	<u>4,231</u>

## COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED

Notes to the financial statements for the year ended  
31 July 2009

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

b) Analysis of changes in net debt

	At 1 August 2008 £'000	Cash flow £000	At 31 July 2009 £'000
Cash at bank and in hand	5,507	2,151	7,658
Bank overdrafts	(91)	(63)	(154)
	<u>5,416</u>	<u>2,088</u>	<u>7,504</u>
Loans	(4,375)	1,333	(3,042)
	<u>1,041</u>	<u>3,421</u>	<u>4,462</u>

### 21. 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 2009, and is reduced in value at the end of each year of the lease.

### 22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

### 22. SUBSEQUENT EVENTS NOTE

On 3 February 2010, the share capital of Computer Patent Annuities Holdings Limited was acquired by George Topco Limited, which is subsequently the ultimate controlling party of the group.

## **COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED**

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

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