

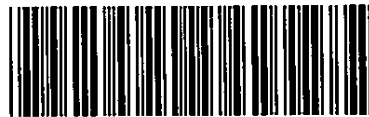
Company Registration No 05803939

ZANTAZ UK LIMITED

Report and Financial Statements

10 months ended 31 October 2011

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ZANTAZ UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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ZANTAZ UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

Christopher Yelland (appointed 9 July 2012)

COMPANY SECRETARY

Roberto Putland (appointed 9 July 2012)

REGISTERED OFFICE

Autonomy House
Cambridge Business Park
Cowley Road
Cambridge
CB4 0WZ

BANKERS

Barclays Bank plc
St Andrews Street
Cambridge
CB2 3AA

INDEPENDENT AUDITORS

Ernst and Young LLP
Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1YE

ZANTAZ UK LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 31 OCTOBER 2011

The director presents his annual report and the audited financial statements for the 10 months ended 31 October 2011

PRINCIPAL ACTIVITY

The Company's principal activity is the distribution of software and related support, maintenance and other related services, which is earned through transfer pricing arrangements with fellow group undertakings

On 18 August 2011, the Board of Hewlett-Packard Company and the Board of the parent company announced the terms of a recommended cash offer (the "Offer") by Hewlett-Packard Vision B V to acquire the entire issued and to be issued share capital of the parent company. The Offer was declared wholly unconditional on 3 October 2011 and following sufficient acceptances under the Offer having been received, cancellation of listing and trading of the parent company's shares took effect on 14 November 2011. On 5 January 2012, Autonomy Corporation Plc was acquired by Hewlett-Packard Vision B V and the parent company was acquired by the Hewlett-Packard group as part of its acquisition of the Autonomy Group ('Autonomy' or 'the Group')

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Turnover for the 10 months ended 31 October 2011 has increased by 43% annualised (year ended 31 December 2010 increase of 52%). In the 10 months ended 31 October 2011 profit before tax has increased by 54% annualised (year ended 31 December 2010 increased by 82%) and as at the balance sheet date Zantaz UK Limited had net assets of £704,969 (31 December 2010 £359,991)

The retained profit after taxation for the 10 months ended 31 October 2011 amounted to £230,953 (year ended 31 December 2010 £107,029)

As a result of the findings of an on-going internal investigation, Hewlett-Packard, the Company's ultimate parent, has provided information to the U K Serious Fraud Office, the U S Department of Justice and the SEC related to accounting improprieties, disclosure failures and misrepresentations in the wider Autonomy group, of which the Company is a subsidiary, that occurred prior to and in connection with Hewlett-Packard's acquisition of Autonomy. On 21 November 2012, representatives of the U S Department of Justice advised Hewlett-Packard that they had opened an investigation relating to Autonomy. On 6 February 2013, representatives of the U K Serious Fraud Office advised Hewlett-Packard that they had also opened an investigation relating to Autonomy. Hewlett-Packard and the Company are cooperating with the three investigating agencies.

The investigations, including those of the U K Serious Fraud Office, the U S Department of Justice and the SEC, are on-going and it is possible that further matters may be identified that could impact the reported financial performance and position of the Company, including previously reported financial statements.

The outcome of ongoing internal and external investigations cannot be determined and it should be noted that the investigations could result in fines, other penalties or claims being imposed on or asserted against the Company. It is not possible at this time to estimate the outcome of any such actions taken against the Company.

In addition to the uncertainties discussed above, the work that the Director was able to undertake on closing the books and preparing the financial statements was limited in certain cases by the information that was available to them, principally in the area of intercompany opening balances at 1 January 2010 (see note 1).

The Director has completed all the work that he reasonably believes is necessary to prepare these accounts, is not aware of any matters significant to the financial statements he has not addressed at the time of preparing these financial statements and has made such reasonable judgements and estimates that are necessary for him to close the books and prepare these financial statements. Accordingly the Director is satisfied that the financial statements reflect a true and fair view of the state of affairs of the Company and of its financial performance for the period.

On 1 June 2013 the Company sold its trade and assets to Hewlett-Packard Limited, a fellow group undertaking. As a result of this transfer the Company is no longer trading.

CHANGE OF REPORTING DATE

On 25 November 2011 the period the Company changed its financial reporting date to 31 October (previously 31 December) to align with its parent Company.

ZANTAZ UK LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 31 OCTOBER 2011 (continued)

DIRECTORS

The directors who served during the period and to the date of this report were as follows

Sushovan Hussain (resigned 9 July 2012)
Andrew Kanter (resigned 9 July 2012)
Christopher Yelland (appointed 9 July 2012)
Nicholas Wilson (appointed 6 August 2012 and resigned 29 November 2012)
Roberto Putland (appointed 29 November 2012 and resigned 24 April 2013)

For the period to 31 October 2011, the Articles of Association of the Company contained provisions in relation to the ability of the Company to provide third party indemnification to its directors. These provisions applied to the directors of the Company up to 31 October 2011. These Articles of Association are no longer in force but are available for inspection at the Company's office and from Companies House.

The current Articles of Association of the Company provide for third party indemnification of directors, which is in place for the current director. A copy of the Company's Articles of Association is available for inspection at the Company's office and from Companies House.

DIRECTOR'S STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The director in office at the date of signature of these accounts was not a director of the Company for the period covered by the accounts. The director considers that there remains a risk that not all information relevant to the production of these accounts is available to the current director and consequently therefore not available to the auditors. In making this determination the current director has considered the findings from the previously discussed investigation into financial misrepresentations announced by Hewlett-Packard Company as well as the quality and completeness of the accounting records maintained by the previous management team. The current director has executed all reasonable efforts to mitigate these circumstances and, notwithstanding these limitations, the director at the date of the approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

GOING CONCERN

The Company continues to receive the support of Hewlett Packard The Hague B V to allow it to meet its liabilities as they fall due and for the next 12 months from the date of this report. As a consequence, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and believes that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, he continues to adopt the going concern basis in preparing the annual report and accounts.

ZANTAZ UK LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 31 OCTOBER 2011 (continued)

POST BALANCE SHEET EVENTS

On 1 June 2013 the Company sold its trade and assets to Hewlett-Packard Limited, a fellow group undertaking. As a result of this transfer the Company is no longer trading.

The Company has submitted a claim for overpayment of tax of £20,536 in December 2013 which represents an additional group relief claim in respect of the year ended 31 December 2009 compared to the original tax return submitted. At the date of signing the financial statements HMRC have not agreed the claim and therefore no benefit has been recognised as it is difficult to reliably estimate the final value of the repayment.

AUDITORS

On 15 February 2013, Ernst and Young LLP were appointed as auditors of the Company.

The Director's Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved and signed by the sole Director

7 Zantaz 6 Feb 2014

Christopher Yelland

Director

ZANTAZ UK LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 OCTOBER 2011

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZANTAZ UK LIMITED

We were engaged to audit the financial statements of Zantaz UK Limited for the period ended 31 October 2011 which comprise Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 and express an opinion on 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. Because of the matter described in the Basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for disclaimer of opinion on the financial statements

The audit evidence that was available to us was limited in respect of the following matters:

- As disclosed in the Directors' Report and note 1, the work that the current Directors, who were not the Directors during the period, were able to undertake in closing the books and preparing the financial statements was limited by the information that was available to them. If additional information and evidence had been available to the Directors, including information that might be identified from the ongoing investigations, further adjustments might have been required to the reported results for the period ended 31 October 2011 and to the liabilities and the retained earnings positions at 1 January 2011 and 31 October 2011.
- As disclosed in the Directors' Report and note 1 to the financial statements, there are limitations over the quality and completeness of the documentation available to support intercompany balances reported in the financial statements. The Directors have made certain judgements related to underlying transactions, including those relating to the timing and classification of the amounts recorded. If additional information and evidence had been available to the Directors, further adjustments may have been required to the intercompany balances, the classification and measurement of amounts recorded in the Profit and Loss Account, and to the retained earnings position.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZANTAZ UK LIMITED (continued)

Disclaimer of opinion on the financial statements

Because of the significance of the matters described in the Basis for disclaimer of opinion on the financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Emphasis of matter – uncertain outcome of investigations and potential claims

In addition to our disclaimer of opinion on the financial statements, which is not modified in this respect, we have considered the adequacy of the disclosures made in Note 19 to the financial statements relating to the ongoing investigations and the potential for any fines, penalties or claims that may arise as a result of any actions that might be taken against the Company. It is not possible at this time either to determine whether any actions will be taken against the Company or to estimate the quantum of any fines, penalties or claims were the Company to be subject to such actions and no provision for any liability that may result has been made in the financial statements.

Opinion on other matters prescribed by the Companies Act 2006

Notwithstanding our disclaimer of opinion on the financial statements, in our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In respect of the limitations on our work relating to the matters referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records had been kept.

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:

- 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.



David Hales (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
6 February 2014

ZANTAZ UK LIMITED

PROFIT AND LOSS ACCOUNT 10 months ended 31 October 2011

	Note	10 months ended 31 October 2011 £	Year ended 31 December 2010 £ (restated)
TURNOVER	2	2,456,226	2,061,387
Cost of sales		(863,678)	(593,607)
GROSS PROFIT		1,592,548	1,467,780
Distribution expenses		(1,319,376)	(1,314,925)
Administrative expenses		(80,169)	(2,780)
OPERATING PROFIT	4	193,003	150,075
Interest payable and similar charges	5	(420)	-
Interest receivable and similar income	6	41	85
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		192,624	150,160
Tax on profit on ordinary activities	7	38 329	(43,131)
PROFIT FOR THE FINANCIAL PERIOD	13	230,953	107,029

All results derive from continuing operations

There are no recognised gains or losses other than the profit for the current period and preceding financial year. Accordingly, no statement of total recognised gains and losses has been prepared.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial periods stated above and their historical cost equivalents.

ZANTAZ UK LIMITED

BALANCE SHEET

10 months ended 31 October 2011

	Note	31 October 2011 £	31 December 2010 £ (restated)
FIXED ASSETS			
Tangible assets	9	1,104,348	1,003,400
CURRENT ASSETS			
Debtors	10	758,248	193,743
Cash at bank and in hand		27,578	529
		785 826	194,272
CREDITORS, amounts falling due within one year	11	(1,185,205)	(799,352)
NET CURRENT LIABILITIES		(399,379)	(605 080)
TOTAL ASSETS LESS CURRENT LIABILITIES		704,969	398,320
PROVISIONS FOR LIABILITIES			
Deferred tax	7	-	(38,329)
NET ASSETS		704,969	359,991
CAPITAL AND RESERVES			
Called up share capital	12	1,000	1 000
Profit and loss account	13	703,969	358,991
TOTAL SHAREHOLDER'S FUNDS	13	704,969	359,991

The financial statements on pages 8 to 22 were approved by the sole director on 6 Feb 2014 and signed by



Christopher Yelland
Director
Company registration number 05803939

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **10 months ended 31 October 2011**

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in relation to the financial statements unless noted below

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards

In preparing the financial statements for the current period, the Company has restated prior period costs due to a change in accounting policy with regard to cost classification, between cost of sales, administration expenses, distribution expenses and interest expense. This change has been made in order to present financial statements that more appropriately reflect the definitions of these costs. This change has no impact on the previously reported net profit or balance sheet. The impact of the change is described in note 18.

On-going investigations

The Company remains subject to the on-going internal and external investigations as described in the Director's Report.

The investigations, including those of the U.K. Serious Fraud Office, the U.S. Department of Justice and the SEC, are on-going and it is possible that further matters may be identified that could impact the reported financial performance and position of the Company, including previously reported financial statements. The outcome of ongoing investigations cannot be determined and it should be noted that the investigations could result in fines, other penalties or claims being imposed on or asserted against the Company. It is not possible at this time to estimate the outcome of any such actions taken against the Company.

Intercompany balances

Although the intercompany balances at 1 January 2010 agree to their counterparties, it has not been possible to validate all underlying transactions within these balances which originated from prior accounting periods. There is therefore a risk that further undetected errors remain present in the balances at 1 January 2010. This represents an uncertainty over the accuracy of the opening intercompany balances and any impacts that such inaccuracies may have on the reported financials in subsequent years. The Directors have undertaken work to ensure that the balances with other Autonomy entities are agreed by the relevant counterparty at 31 October 2011, the balance sheet date.

Going concern

The Company continues to receive the support of Hewlett-Packard The Hague B.V. to allow it to meet its liabilities as they fall due and for the next 12 months from the date of this report. As a consequence, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Cash flow statement

In accordance with Financial Reporting Standard 1 (revised), Zantaz UK Limited has not published a cash flow statement as its ultimate parent Company, Hewlett-Packard Company, which is incorporated in the United States of America, has published consolidated financial statements.

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 months ended 31 October 2011

1. ACCOUNTING POLICIES (continued)

Turnover

During 2011 there has been no change to the Company's turnover recognition policies in any respect. To assist the reader in understanding the Company's business the accounting policy set forth below has been reviewed and clarified, but does not represent any change in the Company's accounting policy for the recognition or measurement of turnover.

Turnover represents fees and commissions for sales and marketing services provided to fellow group undertakings, net of trade discounts, VAT and other sales-related taxes.

Fees are recognised when services are performed and the related costs are recognised. Commission is recognised as revenue when sales are made on behalf of fellow group undertakings.

Tangible fixed assets

All tangible fixed assets are originally recorded at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of an asset, less its estimated residual value, on a straight line basis, over the useful economic life of that asset as follows:

Computer equipment - 3 years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in the periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at operating profit.

Pension costs

The Company operates a defined contribution pension scheme.

The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 months ended 31 October 2011

1 ACCOUNTING POLICIES (continued)

Share-based payments

The Company's intermediate parent Company, Autonomy Corporation Ltd (formerly plc), issued equity-settled share-based payment awards to certain employees. The Company complies with FRS 20, "Share-based Payment", in these financial statements. In accordance with FRS 20, equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the profit and loss account.

The Company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

2 TURNOVER

All turnover relates to one business segment, being the sale of software and related services and originates in the United Kingdom.

An analysis of turnover by geographical market is given below.

	10 months ended 31 October 2011 £	Year ended 31 December 2010 £
United Kingdom	2,456,226	2,061,387

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS 10 months ended 31 October 2011

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors of the Company at the period end were also directors of other Autonomy Group companies and ceased being directors after the period end. The former directors received salary, bonus and benefits of £991,515, made gains on exercise of share options of £8,474,843 and deferred bonus share gains of £1,027,548 in addition to pension contributions of £14,878 (2010 salary, bonus and benefits of £779,030 (restated), gains on exercise of share options of £2,036,213 and deferred bonus share gains of £nil), and pension contributions of £15,451), all of which was paid by Autonomy Systems Limited.

The number of directors to whom defined contribution retirement benefits are accruing at the end of the period was 2 (2010: 2).

The number of directors who served during the period was 2 (2010: 2) and who exercised share options during the period was 2 (2010: 2). Share options were exercised through Autonomy Corporation Limited, the Company's immediate parent.

The current director has concluded it is not practicable to apportion this amount between the former directors' services as directors of the Company and their services as directors of the Autonomy Group companies. The current director was not a director of the Company in the period to 31 October 2011.

The highest paid director received salary, bonus and benefits of £564,536, made gains on exercise of share options of £3,920,050 and deferred bonus share gains of £1,027,548 in addition to pension contributions of £8,389 (2010 salary, bonus and benefits of £329,092 (restated), gains on exercise of share options of £1,640,244, deferred bonus share gains £nil), and pension contributions £6,819.

In respect of the highest paid director, pension contributions of £nil and bonuses of £158,840 were accrued at the period end (2010: pensions £nil, bonuses £96,138).

Additional details of directors' emoluments are included within the Autonomy Corporation Limited financial statements.

	10 months ended 31 October 2011 No.	Year ended 31 December 2010 No. (restated)
Average monthly number of persons employed by the the company in the period		
Sales and marketing	2	2
Customer delivery and support services	3	4
	<u>5</u>	<u>6</u>

Prior year staff numbers have been restated to align to the change in accounting policy for cost classifications.

Staff costs during the period in respect of these employees were:	10 months ended 31 October 2011 £	Year ended 31 December 2010 £ (restated)
Wages and salaries	1,274,378	1,366,000
Social security costs	176,618	177,626
Other pension costs	9,528	11,949
	<u>1,460,524</u>	<u>1,555,575</u>
Stock compensation charge (note 8)	114,025	5,116
	<u>1,574,549</u>	<u>1,560,691</u>

Prior year staff costs have been restated to correct for a classification error identified in the current period.

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS 10 months ended 31 October 2011

4. OPERATING PROFIT

	10 months ended 31 October 2011 £	Year ended 31 December 2010 £ (restated)
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	329,743	61,726
Foreign exchange (gain)/loss	(6,900)	1,175

The auditor's remuneration for the period in respect of the Company was £146,523 (current auditor £100,000, previous auditor £46,523) The auditor's remuneration for the year ended 31 December 2010 was £58,791 (current auditor £nil, previous auditor £58,791)

Non-audit fees for the period for tax compliance support were £6,335 (current auditor £6,335, previous auditor £nil) Non-audit fees for the year ended 31 December 2010 were £nil

Both auditor's remuneration and non-audit fees were borne by Autonomy Corporation Limited with no right of reimbursement

5. INTEREST PAYABLE AND SIMILAR CHARGES

	10 months ended 31 October 2011 £	Year ended 31 December 2010 £ (restated)
Other interest payable	420	-

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	10 months ended 31 October 2011 £	Year ended 31 December 2010 £
Bank interest receivable and other similar income	41	85

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS 10 months ended 31 October 2011

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	10 months ended 31 October 2011 £	Year ended 31 December 2010 £
Current tax		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	(119,505)	43,131
Unrecognised deferred tax asset	76,828	-
Effect of changes in tax rates	4,348	-
Tax (credit)/charge on profit on ordinary activities	<u>(38,329)</u>	<u>43,131</u>

The tax assessed on the profit on ordinary activities for the period is lower (2010 lower) than the standard rate of corporation tax in the UK of 26.6% (2010 28%). The differences are reconciled below

	10 months ended 31 October 2011 £	Year ended 31 December 2010 £
Profit on ordinary activities before tax	<u>192,624</u>	<u>150,160</u>
Tax on profit on ordinary activities at standard rate of 26.6% (year ended 31 December 2010 28%)	51,238	42,045
Factors affecting charge for the period		
Expenses disallowed and non-taxable income	245	1,670
Imputed interest on intercompany balances	(44,209)	-
Other short term timing differences	761	-
Decelerated/(accelerated) capital allowances	34,966	(43,131)
Share option deduction in excess of P&L charge	(146,338)	(16,985)
Unrecognised tax losses carried forward	90,707	-
Group relief surrendered/(claimed) for nil payment	12,630	16,401
Total current tax	<u>-</u>	<u>-</u>

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS 10 months ended 31 October 2011

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Deferred tax

The movement in deferred tax in the period and in the preceding year is as follows

	31 October 2011 £	31 December 2010 £
At beginning of period	(38,329)	4,802
Origination and reversal of timing differences	119,505	(43,131)
Unrecognised deferred tax asset	(76,828)	-
Effect of changes in tax rates	(4,348)	-
At end of period	-	(38,329)

The deferred tax provided for is as follows

	31 October 2011 £	31 December 2010 £
Fixed asset timing differences	(9,389)	(38,329)
Losses	9,389	-
At end of period	-	(38,329)

The unrecognised deferred tax asset in the current period is £76,828 (2010 £nil) This comprises

Deferred tax	31 October 2011 £	31 December 2010 £
Losses	75,862	-
Other short term timing differences	966	-
At end of year	76,828	-

The deferred tax asset is not being recognised on the basis that management are uncertain of the future taxable income against which these assets can be utilised

The impact of the rate reduction to 20% would be to reduce the unrecognised deferred tax asset by £15,365 to £61,463

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS 10 months ended 31 October 2011

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting prior tax charges

The Company has submitted a claim for overpayment of tax of £20,536 in December 2013 which represents an additional group relief claim in respect of the year ended 31 December 2009 compared to the original tax return submitted. At the date of signing the financial statements HMRC have not agreed the claim and therefore no benefit has been recognised as it is difficult to reliably estimate the final value of the repayment.

Factors affecting current and future tax charges

In March 2011, the UK Government announced a reduction in the standard rate of UK corporation tax to 26% effective 1 April 2011. This rate reduction was substantively enacted in March 2011. Accordingly, the Company's profit for this accounting period is taxed at an effective rate of 26.6%. The 2011 budget also proposed a further reduction in the standard rate of corporation tax to 25% from 1 April 2012 and this was substantively enacted in July 2011.

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012 respectively. Further reductions in the main rate of corporation tax in the UK to 21% effective from 1 April 2014 and to 20% from 1 April 2015 were substantively enacted on 2 July 2013. These changes were not substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

8 SHARE BASED PAYMENTS

The Company's employees participated in an unapproved option plan, UK Discretionary Option Scheme 1996 (the "Autonomy Scheme") providing employees and executives with the opportunity to acquire a proprietary interest in the Autonomy Corporation Limited (formerly Autonomy Corporation plc) as an incentive to attract and retain the services of employees. Under the terms of the plan, options were granted with exercise prices not less than the fair market value of Autonomy Corporation Limited's shares, became exercisable over vesting periods as established by the Board of Directors (generally three to four years) and generally expired seven years from the date of grant. Vested and unvested options were forfeited following termination of employment. Options were valued using the Black-Scholes model. No performance conditions were included in the fair value calculations. The Autonomy Scheme options were all exercised upon acquisition of the Company by the Hewlett-Packard Company resulting in an acceleration of the share based payment charge.

The following tables summarize options outstanding as at 31 October 2011.

	31 October 2011		31 December 2010 (restated)	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
Outstanding at beginning of period	45,335	13.34	18,166	8.61
Granted during the period	20,000	16.88	32,000	14.70
Exercised during the period	(65,335)	14.43	(4,831)	4.50
Expired during the period	-	-	-	-
Outstanding at the end of the period	-	-	45,335	13.34
Exercisable at the end of the period	-	-	7,976	10.26

The weighted average share price at the date of exercise for share options exercised during the period was £24.59 (31 December 2010: £17.06). There were no remaining options outstanding at 31 October 2011. The options outstanding at 31 December 2010 had a weighted average exercise price of £13.34 and a weighted average remaining contractual life of 6.30 years.

The number of shares outstanding at the beginning of 2010 has been restated to include options which had previously been disclosed in other group entities.

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NOTES TO THE FINANCIAL STATEMENTS 10 months ended 31 October 2011

8 SHARE BASED PAYMENTS (continued)

The weighted average fair value of options granted in the period was £6.22 per option (2010 £5.24 per option)

The number of shares outstanding at the beginning of 2010 has been restated to include options which had previously been disclosed in other group entities

The assumptions for the Black-Scholes model are as follows

	31 October 2011	31 December 2010
Weighted average share price	£16.88	£14.70
Weighted average exercise price	£16.88	£14.70
Expected volatility	51%	46%
Expected life	3 years	3 years
Risk-free rate	2.5%	2.5%
Expected dividends	-	-

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Company recognised total expense of £114,025 related to equity-settled share based payments in the 10 months ended 31 October 2011 (year ended 31 December 2010 £5,116)

9 TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
At 1 January 2011	1,099,993
Additions	430,691
Disposals	(52,830)
At 31 October 2011	1,477,854
Accumulated depreciation	
At 1 January 2011	96,593
Charge for period	329,743
Disposals	(52,830)
At 31 October 2011	373,506
Net book value	
At 31 October 2011	1,104,348
At 31 December 2010	1,003,400

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NOTES TO THE FINANCIAL STATEMENTS 10 months ended 31 October 2011

10 DEBTORS

	31 October 2011 £	31 December 2010 £
Amounts owed by group undertakings	746,459	1,000
Other debtors	11,789	192,743
	<u>758,248</u>	<u>193,743</u>

11. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 October 2011 £	31 December 2010 £
Trade creditors	89,445	12,970
Amounts owed to group undertakings	-	649,832
Corporation tax	-	20,536
Other taxation and social security	461,059	45,152
Other creditors	3,863	1,906
Accruals and deferred income	630,838	68,956
	<u>1,185,205</u>	<u>799,352</u>

12. CALLED UP SHARE CAPITAL

	31 October 2011 £	31 December 2010 £
Authorised, allotted, called up and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS 10 months ended 31 October 2011

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total 31 October 2011 £	Total 31 December 2010 £
At beginning of period	1,000	358,991	359,991	247,846
Profit for the period	-	230,953	230,953	107,029
Stock compensation charge for period	-	114,025	114,025	5,116
At end of period	1,000	703,969	704,969	359,991

14 OPERATING LEASE COMMITMENTS

The Company had no commitments under non-cancellable operating leases at 31 October 2011 or 31 December 2010

15 PENSION ARRANGEMENTS

The Company operated a defined contribution pension scheme for which the pension cost charge for the 10 months ended 31 October 2011 amounted to £9,528 (year ended 31 December 2010 £11,949). At 31 October 2011 the Company had £3,863 accrued in respect of pension contributions (year ended 31 December 2010 £1,906).

16 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8 ('Related Party Transactions'), and accordingly has not provided details of its transactions with other wholly owned entities forming part of the Hewlett-Packard Company group.

There are no further related party transactions requiring disclosure.

17 ULTIMATE PARENT COMPANY

The director regards Hewlett-Packard Company, a corporation registered in the United States of America, as the ultimate parent Company and controlling party of the Company as at the balance sheet date. The director regards Autonomy Corporation Limited (formerly Autonomy Corporation plc) as the ultimate parent Company and controlling party of the Company until 3 October 2011 when the Autonomy Group was acquired by Hewlett-Packard Company. Zantaz Inc is the immediate parent Company.

Hewlett-Packard Company is the parent Company of the largest and smallest group for which the group accounts are drawn up. Copies of the group financial statements of Hewlett-Packard Company can be obtained from 3000 Hanover Street, Palo Alto, California, USA.

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS 10 months ended 31 October 2011

18 PRIOR PERIOD ADJUSTMENT

As described in note 1, the Company has restated prior period costs due to a change in accounting policy with regard to cost classification, between cost of sales, administration expenses, distribution expenses and interest expense. This change has been made in order to present financial statements that more appropriately reflect the definitions of these costs. This has no impact on the previously reported net profit or balance sheet. The Company has also restated reserves to include the stock compensation reserve within retained earnings.

	Year ended 31 December 2010 £ (as previously reported)	Prior period restatement £	Year ended 31 December 2010 £ (restated)
TURNOVER	2,061,387	-	2,061,387
Cost of sales	-	(593,607)	(593,607)
GROSS PROFIT	2,061,387	(593,607)	1,467,780
Distribution expenses	-	(1,314,925)	(1,314,925)
Administrative expenses	(1,910,137)	1,907,357	(2,780)
OPERATING PROFIT	151,250	(1,175)	150,075
Interest payable and similar charges	(1,175)	1,175	-
Interest receivable and similar income	85	-	85
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	150,160	-	150,160
Tax on profit on ordinary activities	(43,131)	-	(43,131)
PROFIT FOR THE FINANCIAL PERIOD	107,029	-	107,029

19 CONTINGENT LIABILITIES

In relation to accounting improprieties, disclosure failures and misrepresentations at the wider Autonomy group that occurred prior to and in connection with Hewlett-Packard's acquisition of Autonomy, Autonomy is subject to on-going internal and external investigations in the United States and United Kingdom, as described in the Directors Report. Autonomy is co-operating with the various investigations. The outcome of these investigations cannot be determined and it should be noted that the investigations could result in fines, other penalties or claims being imposed on or asserted against the Company. It is not possible at this time to estimate the outcome of any such actions taken against the Company.

ZANTAZ UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 months ended 31 October 2011

20 POST BALANCE SHEET EVENTS

On 1 June 2013 the Company sold its trade and assets to Hewlett-Packard Limited, a fellow group undertaking, transferring net assets with a net book value of £1,276,385. As a result of this transfer the Company is no longer trading.

The Company has submitted a claim for overpayment of tax of £20,536 in December 2013 which represents an additional group relief claim in respect of the year ended 31 December 2009 compared to the original tax return submitted. At the date of signing the financial statements HMRC have not agreed the claim and therefore no benefit has been recognised as it is difficult to reliably estimate the final value of the repayment.