

Zantaz UK Limited

Report and Financial Statements

31 October 2012

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COMPANIES HOUSE

Director

C Yelland

Auditors

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

Bankers

Barclays Bank plc.
St Andrews Street
Cambridge CB2 3AA

Registered Office

Autonomy House
Cambridge Business Park
Cowley Road
Cambridge CB4 0WZ

Registered No. 05803939

Director's report

The director presents his report and financial statements for the year ended 31 October 2012.

Results and dividends

The profit for the year after taxation amounted to £145,011 (10 months ended 31 October 2011 – profit of £230,953). The directors do not recommend a final dividend (10 months ended 31 October 2011 – £nil).

Principal activity, review of the business and future developments

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 undertaking 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 undertaking. 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 undertaking's shares took effect on 14 November 2011.

Turnover for the year ended 31 October 2012 has reduced from £2,456,226 to £1,795,392. In the year ended 31 October 2012 profit before tax has decreased from £192,624 to £57,886. At the balance sheet date Zantaz UK Limited had net assets of £902,708 (31 October 2011 – £704,969).

The principal activity of the Company has continued to be the distribution of software and related support, maintenance and other services through to June 2013 at which point the trade and assets of the Company were sold to Hewlett-Packard Limited. As a result of this transfer the Company is no longer trading.

As a result of the findings of an on-going 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 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.

Director's report (continued)

Events since the balance sheet date

On 1 June 2013 the Company sold its trade and assets to Hewlett-Packard Limited, a fellow group undertaking. The Company retained balances due to and from fellow group undertakings, certain other trade assets and liabilities and certain balances related to taxes. 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 not possible to reliably estimate the final value of the repayment.

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 believe 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 financial statements.

Directors

The directors who served the company during the year and appointed subsequently were as follows:

C Yelland	(appointed 9 July 2012)
N Wilson	(appointed 6 August 2012 and resigned 29 November 2012)
R Putland	(appointed 29 November 2012 and resigned 24 April 2013)
S Hussain	(resigned 9 July 2012)
A Kanter	(resigned 9 July 2012)

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 report (continued)

Disclosure of information to the auditors

The director in office at the date of signature of these accounts was not a director of the Company for all of the periods reported in these accounts, having been appointed during the current year and prior to the approval of the accounts for the period ended 31 October 2011. The director therefore considers that there remains a risk that not all information relevant to the production of the 31 October 2011 accounts is available to the current director and consequently therefore not available to the auditors. The current director has executed all reasonable efforts to mitigate these circumstances and, notwithstanding these limitations, the director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are 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.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

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



Christopher Yelland

Director

30 June 2014

Statement of director's responsibilities

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 year. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 have audited the financial statements of Zantaz UK Limited for the year ended 31 October 2012 which comprise the Profit and loss account, the Statement of total recognised gains and losses, 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 Statement of director's responsibilities set out on page 5, the director is 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.

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 director; 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 qualified opinion on the financial statements

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

In the prior period ended 31 October 2011, the work that the current Director, who was not the Director during that period, was able to undertake in closing the books and preparing the financial statements was limited by the information that was available to him. If additional information and evidence had been available to the Director, further adjustments might have been required to the classification and measurement of expenses recorded in the income statement for the period ended 31 October 2011, and to the retained earnings position at that date. Since any error in the prior period could affect the determination of the current period results of operations, we are unable to determine whether adjustments to the results of operations might be necessary for the year ended 31 October 2012.

Independent auditor's report

to the members of Zantaz UK Limited

Qualified opinion on the Financial Statements

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion on the financial statements paragraph, the financial statements;

- give a true and fair view of the state of the company's affairs as at 31 October 2012 and of the Company's profit 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.

Emphasis of matter – uncertain outcome of investigations and potential claims

In addition to our qualified opinion on the financial statements, which is not modified in this respect, we have considered the adequacy of the disclosures made in Note 18 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 matter prescribed by the Companies Act 2006

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

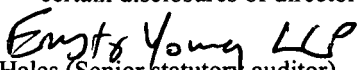
Matters on which we are required to report by exception

In respect solely of the limitations on our work relating to the matters referred to in the qualified opinion paragraph 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

30 June 2014

Profit and loss account

for the year ended 31 October 2012

		Year ended 31 October 2012	10 months ended 31 October 2011
	Notes	£	£
Turnover	2	1,795,392	2,456,226
Cost of sales		(535,581)	(863,678)
Gross profit		1,259,811	1,592,548
Distribution expenses		(529,114)	(1,319,376)
Administrative expenses		(672,834)	(80,169)
Operating profit	3	57,863	193,003
Interest receivable and similar income	6	23	41
Interest payable and similar charges	7	–	(420)
Profit on ordinary activities before taxation		57,886	192,624
Tax on profit on ordinary activities	8	87,125	38,329
Profit for the financial year	13	145,011	230,953

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 October 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £145,011 in the year ended 31 October 2012 (10 months ended 31 October 2011 – profit of £230,953).

Balance sheet

at 31 October 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	9	<u>2,031,596</u>	<u>1,104,348</u>
Current assets			
Debtors	10	241,837	758,248
Cash at bank and in hand		<u>–</u>	<u>27,578</u>
		241,837	785,826
Creditors: amounts falling due within one year	11	<u>(1,370,725)</u>	<u>(1,185,205)</u>
Total assets less current liabilities		<u>(1,128,888)</u>	<u>(399,379)</u>
Net assets		<u>902,708</u>	<u>704,969</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	<u>901,708</u>	<u>703,969</u>
Shareholder's funds	13	<u>902,708</u>	<u>704,969</u>

The financial statements on pages 8 to 21 were approved by the board of directors on 30 June 2014 and signed on its behalf by:



Christopher Yelland

Director

Company registration: 05803939

Notes to the financial statements

at 31 October 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

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 financial statements.

On-going investigations

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

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.

Statement of cash flows

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

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.

Notes to the financial statements

at 31 October 2012

1. Accounting policies (continued)

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 currencies

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.

Pensions

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.

Notes to the financial statements

at 31 October 2012

1. Accounting policies (continued)

Share-based payments

Prior to 3 October 2011, the Company's intermediate parent undertaking, Autonomy Corporation Ltd (formerly plc), issued equity-settled share-based payment awards to certain employees. From 1 November 2011 the Company's ultimate parent undertaking, Hewlett-Packard Company, issues 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, the cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate pricing model.

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:

	<i>Year ended 31 October 2012</i>	<i>10 months ended 31 October 2011</i>
	£	£
United Kingdom	<u>1,795,392</u>	<u>2,456,226</u>

Notes to the financial statements

at 31 October 2012

3. Operating profit

This is stated after charging/(crediting):

	<i>Year ended 31 October 2012 £</i>	<i>10 months ended 31 October 2011 £</i>
Depreciation of owned tangible fixed assets	600,262	329,743
Foreign exchange loss/(gain)	<u>73,241</u>	<u>(6,900)</u>

The auditor's remuneration for the year in respect of the Company was £47,862. The auditor's remuneration for the period ended 31 October 2011 was £146,523 (current auditor: £100,000, previous auditor £46,523).

Non-audit fees for the year were £nil. Non-audit fees for the period ended 31 October 2011 for tax compliance support were £6,335 (current auditor: £6,335, previous auditor £nil).

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

4. Director's remuneration

Directors' emoluments for directors whose services are more than incidental to the Company in the year ending 31 October 2012 and the period ending 31 October 2011 are shown below. These directors of the Company were also directors of other Autonomy Group companies. It is not practicable to apportion these amounts between the directors' services as directors of the Company and their services as directors of other Autonomy Group companies. Accordingly the information shown below reflects the directors total emoluments, all of which were borne by fellow group undertakings.

Directors received salary, bonus and benefits of £732,016 and pension contributions of £14,685 (2011 – salary, bonus and benefits – £495,758, pension contributions of £7,439, gains on exercise of share options of £8,474,843 and deferred bonus share gains of £1,027,548).

The number of directors to whom defined contribution retirement benefits are accruing at the end of the year was 1 (2011 – 2).

The total number of directors who served during the period was 5 (2011 – 2) and who exercised share options during the period was nil (2011 – 2).

Pension contributions of £nil and bonuses of £nil were accrued at the year-end (2011 – pensions £nil, bonuses £158,840).

The highest paid director received total remuneration for the period of £425,573 including salary, bonus and benefits of £418,775 and pension contributions of £6,798 (2011 – total remuneration for the period of £5,520,523 (including salary, bonus and benefits of £564,536, gains on exercise of share options of £3,920,050, deferred bonus share gains of £1,027,548) and, pension contributions of £8,389).

The services provided by R Putland and N Wilson as directors of the Company do not occupy a significant amount of their time and are considered to be incidental, consequently no disclosure has been made in respect of emoluments for these directors. These directors of the Company are also directors of other Companies within the Hewlett-Packard group and provide services to entities throughout the whole Hewlett-Packard group. Directors' emoluments for R Putland and N Wilson have been borne by fellow group undertakings.

Notes to the financial statements

at 31 October 2012

5. Staff costs

	<i>Year ended 31 October 2012 £</i>	<i>10 months ended 31 October 2011 £</i>
Wages and salaries	547,134	1,274,378
Social security costs	59,467	176,618
Other pension costs	12,281	9,528
	<u>618,882</u>	<u>1,460,524</u>
Stock compensation charge (note 17)	52,728	114,025
Total	<u>671,610</u>	<u>1,574,549</u>

The average monthly number of employees during the period was made up as follows:

	<i>No.</i>	<i>No.</i>
Sales and marketing	1	2
Customer delivery and support services	3	3
	<u>4</u>	<u>5</u>

6. Interest receivable and similar income

	<i>Year ended 31 October 2012 £</i>	<i>10 months ended 31 October 2011 £</i>
Bank interest receivable and other similar income	<u>23</u>	<u>41</u>

7. Interest payable and similar charges

	<i>Year ended 31 October 2012 £</i>	<i>10 months ended 31 October 2011 £</i>
Other interest payable	<u>—</u>	<u>420</u>

Notes to the financial statements

at 31 October 2012

8. Tax

(a) Tax on profit on ordinary activities

The total tax credit is made up as follows:

	Year ended 31 October 2012 £	10 months ended 31 October 2011 £
Current tax		
UK corporation tax on the profit for the period	–	–
Total current tax (note 8(b))	–	–
Deferred tax		
Origination and reversal of timing differences	(94,640)	(119,505)
Effect of changes in tax rates	7,515	4,348
Tax on credit on ordinary activities	<u>(87,125)</u>	<u>(38,329)</u>

(b) Factors affecting the current tax credit for the period

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.83% (10 months ended 31 October 2011 – 26.6%). The differences are explained below:

	Year ended 31 October 2012 £	10 months ended 31 October 2011 £
Profit on ordinary activities before tax	<u>57,886</u>	<u>192,624</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.83% (10 months ended 31 October 2011 – 26.6%)	14,373	51,238
<i>Effects of:</i>		
Expenses not deductible for tax purposes	130	245
Imputed interest on intercompany balances	24,184	(44,209)
Other short term timing differences	(469)	761
Capital allowances in excess of depreciation	20,670	34,966
Share based payments	13,092	(146,338)
Unrecognised tax losses carried forward	–	90,707
Utilisation of brought forward tax losses	(24,189)	–
Group relief (claimed)/surrendered for nil payment	<u>(47,791)</u>	<u>12,630</u>
Current tax for the year (note 8(a))	<u>–</u>	<u>–</u>

Notes to the financial statements

at 31 October 2012

8. Tax (continued)

(c) Deferred tax

The movement in deferred tax in the year is as follows:

	£
At 1 November 2011	–
Origination and reversal of timing differences	94,640
Effect of changes in tax rates	(7,515)
At 31 October 2012	<u>87,125</u>

The recognised deferred tax is £87,125 (10 months ended 31 October 2011 - £nil). This comprises

	<i>Year ended 31 October 2012 £</i>	<i>10 months ended 31 October 2011 £</i>
Fixed asset timing differences	62,337	(9,389)
Share based payments	12,127	–
Other short term timing differences	454	–
Losses	12,207	9,389
At 31 October 2012	<u>87,125</u>	<u>–</u>

The deferred tax asset is being recognised to the extent that management have forecast future taxable income against which these assets can be utilised.

The impact of the rate reduction to 20% would be to reduce the deferred tax asset by £11,364 to £75,761.

The unrecognised deferred tax asset in the current year is £nil (10 months ended 31 October 2011 – £76,828). This comprises:

	<i>Year ended 31 October 2012 £</i>	<i>10 months ended 31 October 2011 £</i>
Losses	–	75,862
Other short term timing differences	–	966
At 31 October 2012	<u>–</u>	<u>76,828</u>

Notes to the financial statements

at 31 October 2012

8. Tax (continued)

(d) 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 not possible to reliably estimate the final value of the repayment.

(e) Factors that may affect future tax charges

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax from 26% 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. As these changes were substantively enacted at the balance sheet date they have been recognised in these financial statements. Accordingly, the Company's profit for this accounting period is taxed at an effective rate of 24.83%.

Further reduction 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 subsequent changes were not substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

9. Tangible fixed assets

	<i>Computer equipment</i> £
Cost:	
At 1 November 2011	1,477,854
Additions	1,527,510
Disposals	—
At 31 October 2012	<u>3,005,364</u>
Accumulated depreciation:	
At 1 November 2011	373,506
Charge for year	600,262
Disposals	—
At 31 October 2012	<u>973,768</u>
Net book value:	
At 31 October 2012	<u>2,031,596</u>
At 1 November 2011	<u>1,104,348</u>

Notes to the financial statements

at 31 October 2012

10. Debtors

	2012	2011
	£	£
Amounts owed by group undertakings	1,000	746,459
Deferred tax asset (note 8)	87,125	–
Other debtors	153,712	11,789
	<u>241,837</u>	<u>758,248</u>

11. Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	247,143	89,445
Overdrafts	11,214	–
Amounts owed to group undertakings	975,156	–
Other taxes and social security costs	20,180	461,059
Other creditors	1,976	3,863
Accruals and deferred income	115,056	630,838
	<u>1,370,725</u>	<u>1,185,205</u>

12. Issued share capital

	2012		2011	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	1,000	<u>1,000</u>	1,000	<u>1,000</u>

13. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£
At 1 January 2011	1,000	358,991	359,991
Profit for the period	–	230,953	230,953
Stock compensation charge for the period	–	114,025	114,025
At 1 November 2011	1,000	703,969	704,969
Profit for the year	–	145,011	145,011
Stock compensation charge for the year	–	52,728	52,728
At 31 October 2012	<u>1,000</u>	<u>901,708</u>	<u>902,708</u>

14. Other financial commitments

The Company had no commitments under non-cancellable operating leases at 31 October 2012 or 31 October 2011.

Notes to the financial statements

at 31 October 2012

15. Events since the balance sheet date

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. The Company retained balances due to and from fellow group undertakings, certain other trade assets and liabilities and certain balances related to taxes. 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 not possible to reliably estimate the final value of the repayment.

16. Pensions

The Company operated a defined contribution pension scheme for which the pension cost charge for the year ended 31 October 2012 amounted to £12,281 (2011 – £9,528). At 31 October 2012 the Company had £1,976 accrued in respect of pension contributions (2011 – £3,863).

17. Share based payments

Autonomy Group Plan

For the period until 3 October 2011, 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 Autonomy Corporation Limited 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 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 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 2012 and 31 October 2011.

	2012		2011	
	No.	Weighted average exercise price £	No.	Weighted average exercise price £
Outstanding at beginning of period	–	–	45,335	13.34
Granted during the period	–	–	20,000	16.88
Exercised during the period	–	–	(65,335)	14.43
Expired during the period	–	–	–	–
Outstanding at the end of the period	–	–	–	–
Exercisable at the end of the period	–	–	–	–

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17. Share based payments (continued)

The weighted average share price at the date of exercise for share options exercised during the period ended 31 October 2011 was £24.59. No share options were exercised under the Autonomy Group Plan in the year ended 31 October 2012. There were no remaining options outstanding at 31 October 2012 or 31 October 2011.

The weighted average fair value of options granted in the period ended 31 October 2011 was £6.22 per option. No options were granted under the Autonomy Group Plan in the year ended 31 October 2012. The assumptions for the Black-Scholes model are as follows:

	2012	2011
Weighted average share price	–	£16.88
Weighted average exercise price	–	£16.88
Expected volatility	–	51%
Expected life	–	3 years
Risk-free rate	–	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.

Hewlett-Packard Group Plan

During the year the Company participated in the Hewlett-Packard Company's Incentive Compensation Plans.

Hewlett-Packard's incentive compensation plans include equity plans adopted in 2004 (as amended in 2013 and 2010), 2000 and 1995 ("principal equity plans"). Stock-based awards granted from the principal equity plans may include restricted stock awards, stock options and performance-based restricted units ("PRUs").

Under the principal equity plans, Hewlett-Packard has granted certain employees restricted stock awards. Restricted stock awards are non-vested stock awards that may include grants of restricted stock or grants of restricted stock units. Restricted stock awards are generally subject to forfeiture if employment terminates prior to the release of the restrictions. Such awards generally vest one to three years from the date of grant. During that period, ownership of the restricted stock cannot be transferred. Restricted stock has the same cash dividend and voting rights as other common stock and is considered to be currently issued and outstanding. Restricted stock units have dividend equivalent rights equal to the cash dividend paid on restricted stock. Restricted stock units do not have the voting rights of common stock, and the shares underlying the restricted stock units are not considered issued and outstanding.

The vesting period of stock-based awards is usually between two and three years and vests annually over the period. All grants are forfeited if the employee's employment with the Company ceases.

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17. Share-based payments (continued)

Details of the number of non-vested restricted stock units during the year are as follows:

	<i>2012</i> <i>No.</i>
Non-vested at the beginning of the year	–
Granted	24,955
Forfeited	(19,498)
Vested	–
Non-vested at the end of the year	<u>5,457</u>

During the year ended 31 October 2012, restricted stock units were granted with a weighted average value per unit of \$27.86 (£17.56). Restricted stock units are valued according to the market price of Hewlett-Packard shares at date of grant of the RSU.

The Company recognised total expense of £52,728 (31 October 2011 – £114,025) related to equity-settled share based payments in 2012 from all plans.

18. 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 investigations in the United States and United Kingdom, as described in the Director's 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.

19. Related party transactions

The Company has taken advantage of the exemption available to wholly owned subsidiary undertakings under FRS 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.

20. Ultimate parent undertaking and controlling party

The director regards Hewlett-Packard Company, a corporation registered in the United States of America, as the ultimate parent undertaking and controlling party of the Company. Zantaz Inc. is the immediate parent undertaking.

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