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Computer Patent Annuities International Limited

Annual Report for the Year Ended 31 December 2019

Registration number: 4016625

Computer Patent Annuities International Limited

Contents

Computer Patent Annuities International Limited

Directors' Report for the Year Ended 31 December 2019

(All amount in £ thousands unless otherwise stated)

The directors present their report and the audited consolidated financial statements of Computer Patent Annuities International Limited (the "Company"), and its subsidiaries (the "Group"), consolidated financial statements for the year ended 31 December 2019. The comparative period is for 518 days, from 01 August 2017 to 31 December 2018.

Incorporation

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

Principal activity

The principal activities of the group are renewal and validation of intellectual property (IP) rights on behalf of customers and the development and provision of IP management software. Other group activities include patent searching, IP filing, prosecution support and trademark watching.

On 16 May 2019, the Group through its subsidiary CPA Global Management Services Limited, acquired the *ipan/Delegate group by way of a share for share exchange* (Refer Note 19(a)).

Future outlook

On October 1, 2020 the CPA Global Group was acquired by the below mentioned subsidiaries of Clarivate Plc ("Clarivate"), a public company registered in Jersey, Channel Islands and ultimate parent company. In connection with the transaction, former CPA Global shareholders received approximately 217 million Clarivate ordinary shares, representing 35% pro forma fully diluted ownership of Clarivate.

In order to effect the transaction Redtop Holding Limited (intermediate parent of the Company) sold 100% of the equity securities of the CPA Global Group Holdings Limited (immediate parent of the Company) to Camelot UK Bidco Limited a company registered in the United Kingdom. CPA GLobal Group Holdings Limited immediately prior to the sale of its equity securities distributed to Redtop Holding Limited, 100% of the equity securities in CPA Global Limited and its subsidiaries. Redtop Holding Limited in turn then sold 100% of the equity securities in CPA Global Limited and its subsidiaries, to Clarivate IP (US) Holdings Corporation, a company registered in Delaware, USA.

Results and dividends

The profit on ordinary activities before taxation for the Group for the year ended 31 December 2019, was £8,948k (2018: £37,743k).

The directors propose that no dividends be paid to the holder of ordinary shares in respect of the year ended 31 December 2019 (2018: Nil)

Going concern

Notwithstanding net current liabilities of £420,306k as at 31 December 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The Group has continued to trade profitably since year-end and the directors have prepared cash flow forecasts for a period of 14 months from the date of approval of these financial statements up until 31 December 2021 which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Directors' Report for the Year Ended 31 December 2019
(All amount in £ thousands unless otherwise stated)

As stated in note 25, Subsequent Events, the CPA Global group was acquired by Clarivate Plc before the date of approval of these financial statements. Immediately prior to the sale of the Company to Clarivate on 1 October 2020 all intercompany payables and receivables with companies outside of this Group that existed at the reporting date have also been settled respectively by way of a contribution and a distribution immediately prior to the acquisition. The Directors draw attention to the Group's cash reserves of £67,735k (unaudited) and net current assets of £51,484k (unaudited) at the acquisition date with no external or related party borrowings.

The Directors, having reviewed the Clarivate Group structure post the acquisition on 1 October 2020, remain confident that sufficient funding and facilities are available within the Clarivate Group to provide financial and other support, should it become necessary, to the Company for continuing operations.

As part of the going concern assessment the Directors performed in the current year for CPA Global Group Holdings which CPA International Limited forms part, significant additional assessment and analysis was performed on the potential impact to the business from COVID-19. The additional assessment and analysis performed included:

(a) Identifying the specific risks that the Group could face as a result of the COVID-19 pandemic, which were identified primarily as:

• Credit and liquidity risks from the potential of customers in those industries most impacted by COVID-19 to default on current debt repayments;

• Profitability and liquidity risks through reduced ongoing profitability resulting from lost future revenue from defaulting customers; and

• The potential impact of both of these risks on the Group's available cash resources.

(b) An assessment of the Group's top 300 customers by industry/sector to assess the materiality of any potential impact of COVID-19 on the sectors/industries in which they operate;

(c) Making assumptions by industry/sector as to the potential for customers to default on their current debt obligations to the Group, thus resulting in lost cash flow and future profitability. With the outcome being a potential probabilities ranging from 0% to 75% of customers in certain industry sectors most impacted by COVID-19 defaulting on their debt obligations;

(d) The preparation of an 14 month cash flow forecast against which the above assumed impact on customers was applied, together with the impact of proposed capital expenditure and operating expenditure initiatives that have been identified by the Board as a means to restrict expenditure and cash flow outflows in the event of a material impact occurring from COVID-19;

(e) The stress testing of these assumptions utilised in the cash flow forecast to produce low (-25%), medium and high (+25%) scenarios and to assess ultimately the potential impact of COVID-19 on the Group's current available cash resources and banking facilities and on its banking covenants;

(f) The modelling of an additional 'extreme' worst case scenario to determine what magnitude the COVID-19 impacts would have to reach for the Group to exhaust all available cash resources;

(g) An assessment of the indicative impacts of COVID-19 that the Group currently is experiencing in countries that have been worst affected by COVID-19 to date; and

(h) An assessment of precautionary steps taken by the Group to date to introduce monitoring of cash flows on a rolling short term 12 weekly basis and to increase liquidity as a safety mechanism through accessing on demand credit facilities.

Directors' Report for the Year Ended 31 December 2019

(All amount in £ thousands unless otherwise stated)

As a result of the above the directors concluded that though there are profitability, credit and liquidity risks, the impacts are not of a quantum that will challenge the going concern ability of the Group.

Subsequently the Directors have prepared 4 years cash flow forecasts for CPA International Limited specifically. Management base case shows that the Group will continue to be profitable and cash generative which will continue to improve its net cash position mentioned above.

Plausible downside scenarios have been considered in respect of management's base case, including the risk of inaccuracy of those forecasts in comparison to actual results. The Directors note that the results for the 2020 financial year to date, which include 6 months of trading under COVID-19 circumstances, have been short of their original forecasts only by a marginal percentage however they show a significant increase on the prior year and if that was applied to the latest forecasts prepared the Group would remain profitable and cash generative.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Research and development

Research in connection with the development of new products is carried out continuously throughout the year. The development costs are capitalised if it meets the capitalisation criteria outlined in note 2(h)(iii) of significant accounting policies.

Directors and their interests

The directors who held office during the year, and up to the date of signing the financial statements, were:

B Gujral (resigned 28 February 2019)

S L Webster

J G Samson

T Nijm (resigned 31 January 2020)

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

Company secretary

The Group was served by Dawn Logan Keeffe as Company Secretary, throughout the year.

Directors liability insurance

The Group maintains insurance cover for the protection of directors and senior management from personal liabilities and costs which may arise in the course of fulfilling their duties. The Group also provides an indemnity to the non-executive directors for such liabilities and costs to the fullest extent permitted by law.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• make judgements and estimates that are reasonable, relevant and reliable;

• state whether they have been prepared in accordance with IFRSs as adopted by the EU;

• assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

• use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006.

The directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the consolidated financial statements and subsequently.

The directors confirm to the best of their knowledge that the Strategic Report includes a fair review of the development of the business and the position of the Group and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainities that they face.

Computer Patent Annuities International Limited

Directors' Report for the Year Ended 31 December 2019

(All amount in £ thousands unless otherwise stated)

Disclosure of information to the auditor

So far as the directors are aware, there is no relevant audit information of which the Group and Company's auditor is unaware; and each director has 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 Group and the Company's auditor is aware of that information.

Independent auditor

The independent auditor, KPMG LLP, have been appointed as the auditor.

On behalf of the board

Gordon Samson

Director

Company Registered No. 4016625

Date: 20th October 2020

Registered office:

Suite 100

3 Bride Court

London EC4Y 8DU

Computer Patent Annuities International Limited

Strategic Report for the Year Ended 31 December 2019
(All amount in £ thousands unless otherwise stated)

The directors present their strategic report of Computer Patent Annuities International Limited and its subsidiaries ("the Group") for the year ended 31 December 2019.

Review of the business
The Group is an active component of the Capri Acquisitions Topco Limited Group of entities (also known as 'CPA Global'). The principal activities of the group are renewal and validation of intellectual property (IP) rights on behalf of customers and the development and provision of IP management software. Other group activities include patent searching, IP filing, prosecution support and trademark watching. Investments are held in a number of jurisdictions throughout Europe, the United States and Southern Asia. The primary area of expansion during the year has been in DACH (D ("Germany"), A ("Austria") and CH ("Switzerland")) region with the acquisition of ipan/Delegate group (Refer Note 19(a)).

Results and performance
The results of the Group for the year, as set out on page 14, show a profit on ordinary activities before tax of £8,948k (2018: £37,743k).

CPA global has market leading positions across most of its core markets namely: Renewals; IP Software; Search and in IP Analytics.

Principal risks and uncertainties
The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to board approval and ongoing review by management. Compliance with local laws and ethical standards is a high priority for the Group and the Group's finance and legal department plays an important oversight role in this regard. In terms of financial risks, CPA Global's Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage those risks and that controls operate effectively.

The principal risk to which the Group is exposed to is foreign exchange risk as the Group operates internationally and is exposed to foreign exchange fluctuations arising from various currency exposures. The foreign exchange risk is managed by Capri Acquisitions Topco Limited, the ultimate parent undertaking, which uses hedging instruments to mitigate the impact of such risks on its subsidiaries.

Key performance indicators (KPIs)
In line with the key elements of the Group strategy, the directors monitor the performance and progress of the Group by reference to the below mentioned KPIs.

KPI	**2019**	**2018**
	£'000	**£'000**
Turnover	185,600	145,418
Employment Cost	125,266	105,925
Headcount (total number of employees)	2,935	1,969
Employment cost per Headcount (£)	42,680	53,796
Adjusted EBITDA	70,003	80,461
Adjusted EBITDA (as % of income)	37.7%	55.3%
Operating Profit	25,992	49,667
Operating Profit Ratio	14.0%	34.2%

(All amount in £ thousands unless otherwise stated)

Employment cost	Employment costs includes salaries, social security, contractors salary and sales commission costs for all employees. In Note 5 indirect employment cost is considered while direct employment cost is shown under cost of sales. Employment cost forms the substantial part of the total cost of the Group, hence it is treated as KPI.
Headcount	Headcount is the number of employees employed by the Group. HR department of the Group maintains its data separately.
Adjusted EBITDA	Adjusted EBITDA is defined as operating profit or loss excluding depreciation, amortisation and other non-operating costs (transaction, restructuring and litigation costs).

Reconciliation of operating profit to adjusted EBITDA

	Year ended 31 December2019	Period ended 31 December2018
Operating profit	25,992	49,667
Amortisation	7,561	8,483
Depreciation	36,450	22,311
Adjusted EBITDA	**70,003**	**80,461**

The Directors of Computer Patent Annuities International Limited ("CPA Global"), as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A Director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its Shareholders as a whole and, in doing so have regard (amongst other matters) to:
- the likely consequences of any decisions in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.'

As part of their induction, a Director is briefed on their duties. It is important to recognise that, in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-today decision-making to employees of the company. The Board of the company's ultimate parent company takes full responsibility for governance and compliance across all the subsidiaries within the Group. This Board meets formally on a regular basis to fulfil it responsibilities and is a balanced Board with a good mix of skills and experience to oversee the Groups financial, corporate responsibility, executive remuneration and general Board practices.

The following paragraphs summarise how the Directors' fulfil their duties:

Our Long-Term Strategy and how decision making has supported the implementation

There are three pillars to our long term strategy. Elevating the IP professional, connecting the IP ecosystem and unifying our people and our business around our customers.

Our strategic priorities deliver our business goals that focus on:

• Winning a larger share of IP transactions by growing our technology-enabled services, including IP renewals, above the background market growth rate
• Winning both a larger share of our customers' IP software spend and attracting new IP software customers.

All business decisions and plans, including our M&A activity, are aligned with our strategic priorities. In 2019 we completed our merger with the ipan/Delegate group which strengthened our presence in the DACH region, enabled us to grow our share of IP transactions, particularly with EP validations and IP renewals and increased our IP management software customer base.

Risk Management

CPA Global considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of the company's strategic and operational objectives.

Sound risk Management principles and practices are an integral part of our working processes and procedures for all departments within CPA Global.

Risk is the responsibility of every employee in so far as is reasonably practicable within their area of activity, and the company and all business units will maintain a risk register.

CPA Global is aware that some risks can never be eliminated fully, and it has in place a strategy to regularly review and monitor the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the Company.

Our People and Our Values
CPA Global is the world's leading IP management company with more than 3000 employees spread across 29 offices in 12 countries globally, the majority of which are highly qualified employees with IP industry specific skills and experience. As a result, they look to the company to create a fair, challenging, rewarding and supportive work environment where they can achieve their potential. We have policies that ensure a safe and healthy environment for each of our employees; we have a comprehensive and on-going professional development programme; and we're proud to be a signatory to the IP Inclusive Charter, as part of our commitment to equality, diversity and inclusion.

Through all this activity, our our values underpin everything we do and bind us together and guide us on everyday decision making.

Our Values:

Always team first - Act selflessly. We are one global community.

Have a pioneering spirit - Foster an environment where curiosity and bravery flourish. We encourage each other and celebrate new ideas.

Deliver on promises - Make promises that are clear and deliverable. If we can't meet a promise we communicate quickly and propose an alternative.

Keep it simple - Follow the simplest path to get us the best results.

We're continuously listening, both through formal surveys and informal channels, to ensure we take the actions that all our stakeholders want and need, and that we continue to live our values every day.

Business Relationships

CPA Global is committed to upholding the highest levels of ethics and personal integrity in all its business dealings anywhere in the world. CPA Global has a zero-tolerance policy toward bribery and corruption in any form. In addition, any person or organisation (third party) working with or on behalf of CPA Global must abide by CPA Global's anti-bribery policy, which is designed to prevent, detect, and address bribery, as well as meet the requirements of the ISO -37001 -Anti -Bribery Management Systems standards.

We have a robust due diligence program for assessing customers and third parties and as such we are recognised and trusted by our customers and suppliers.

As a trusted partner our customers are loyal. We maintain strong relationships by pro-actively and continuously engaging with customers through our dedicated customer support management teams. Our customers range from large, medium and small corporations to independent inventors as well as IP law firms and agents worldwide.

All our suppliers are fundamental to our business success and have specialist IP Supplier Management relationship managers who have dialogue on all aspects of our relationship. To ensure we manage our suppliers effectively, we share innovation where possible and continually liaise with them to reduce and mitigate risk and manage the relationship.

We expect all our suppliers to comply with our standards, such as those relating to Anti Bribery and corruption, environmental responsibility, modern slavery, data protection, human rights and ethics.

Community and Environment

At CPA Global, sustainability is at the heart of how we do business and an important pillar in support of our belief that ideas change the world. It ensures we manage risks and create opportunities, it helps us attract and retain the best people, and it guides how we work so we ensure our impact is as positive as possible. We are delighted to have been awarded a Silver Medal by EcoVadis as recognition of our efforts.

We are working hard across our operations to encourage recycling in our offices, to increase the extended-life use of our IT equipment, and to reduce waste, energy consumption and air travel where we can. We are also helping customers increase efficiencies, reduce costs, and support their own sustainability objectives. For example, we have introduced a series of products and initiatives to move customers to digital rather than hard-copy documents, as part of our drive to digitalise as much of the IP industry that we can.

We recognize that we play an important role in the lives of the local communities where we operate, and we support these communities through local events, sponsorship and volunteering. Our employees have undertaken projects around the world that have included: running 100 miles across frozen lakes in Mongolia to raise money for The Durrell Wildlife Conservation Trust; beach cleaning in Jersey; partnering with students at University of Pennsylvania's law school to help cash-poor innovators bring sustainable inventions more effectively to market; and volunteering to support the Saksham School for Children with Blindness in Noida, India.

Computer Patent Annuities International Limited

Strategic Report for the Year Ended 31 December 2019

(All amount in £ thousands unless otherwise stated)

Governance and Regulatory Compliance

We are a global organisation representing customers' interests in 200 jurisdictions around the world. Reputation and trust are critically important to us. The trust of our customers, business partners, suppliers, as well as the authorities and communities in countries where we operate.

We have a dedicated, independent compliance team made up of Compliance Director, Data Privacy Officer, Risk Manager, ISO Standard and Compliance Manager managing Europe, North America, and Asia Pacific territories. In line with best practices in corporate governance, the compliance team is independent of business operations to ensure more effective checks and balances.

The team also has oversight of our Regulatory Trade Compliance policy and program which is designed to ensure compliance with bribery and corruption laws, export control, economic sanctions, boycott laws/regulations, data privacy protection, and Company policy anywhere in the world. Proactive measures include restricted-party screening, expense monitoring, IP agent anti-bribery training, and third party due diligence activities.

Shareholders

The company's immediate parent company is CPA Global Group Holdings Limited, a company registered in Jersey, Channel Islands and the ultimate parent company is Capri Acquisitions Topco Limited, a company registered in Jersey, Channel Islands. The directors consider Leonard Green & Partners to be the ultimate controlling party of Capri Acquisitions Topco Limited as they manage and advise a number of funds which collectively hold a majority of voting rights in the Capri Acquisitions Topco Limited.

The Board is committed to openly engaging with our controlling party. We recognise the importance of a continuing effective dialogue to enable a common strategy and objective. Continual two-way communication is vital to a clear delivery of all aspects required under section 172 of the Companies Act 2006 and this will continue to be encouraged and enhanced

On behalf of the board

Gordon Samson

Director

Company Registered No. 4016625

Date: 20th October 2020

Independent Auditor's Report to the Members of Computer Patent Annuities International Limited

Opinion

We have audited the financial statements of Computer Patent Annuities International Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;

- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.
Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

• we have not identified material misstatements in the strategic report and the directors' report;

• in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

• in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

• the parent company 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.

We have nothing to report in these respects.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Adrian Wilcox

Adrian Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants

15 Canada Square
E14 5GL
London
United Kingdom

Date: 20 October 2020

Computer Patent Annuities International Limited

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2019
(All amount in £ thousands unless otherwise stated)

	Note	Year ended 31 December 2019	Period ended 31 December 2018
Revenue	4	185,600	145,418
Cost of sales		(95,361)	(74,805)
Gross profit		**90,239**	**70,613**
Other operating income	23(d)	66,266	86,373
Administrative expenses	5	(130,513)	(107,319)
Operating profit		**25,992**	**49,667**
Finance costs	6	(17,044)	(11,924)
Profit before tax		**8,948**	**37,743**
Income tax expense	8	(4,088)	(307)
Profit for the year/period		**4,860**	**37,436**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or (loss)			
Exchange differences on translation of foreign operations		498	(2,575)
Items that will not be reclassified to profit or loss			
Fair value adjustment to financial assets/liabilities		(947)	-
Total comprehensive income for the year/period		**4,411**	**34,861**

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present its profit and loss account. The profit/(loss) of the Company for the year was £26,976k (2018: (£348k)).

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

Computer Patent Annuities International Limited

Consolidated Balance Sheet
as at 31 December 2019
(All amount in £ thousands unless otherwise stated)

	Notes	As at 31 December 2019	As at 31 December 2018
Equity			
Share capital and share premium	17	560,718	-
Foreign currency translation reserve		(7,811)	(8,309)
Fair value reserve		(947)	6,666
Share based payment reserve		1,060	-
Retained earnings		69,790	59,358
Total equity		**622,810**	**57,715**

The consolidated financial statements on pages 14 to 74 were approved by the board of directors on the 20th day of October 2020 and were signed on their behalf by:

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

Gordon Samson

Director

Company Registered No. 4016625

Date: 20th October 2020

Computer Patent Annuities International Limited

Consolidated Balance Sheet
as at 31 December 2019
(All amount in £ thousands unless otherwise stated)

	Notes	As at 31 December 2019	As at 31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	9	27,035	17,907
Intangible assets	10(a)	1,110,847	327,321
Investments	20	-	8,835
Costs to acquire contracts		7,632	5,761
Deferred tax assets	16(a)	11,398	5,646
Financial assets	21(b)	6,777	-
Total non-current assets		**1,163,689**	**365,470**
Current assets			
Derivative financial instrument		183	-
Current tax asset		1,758	661
Trade and other receivables	11	178,343	127,121
Cash and cash equivalents		67,392	51,798
Total current assets		**247,676**	**179,580**
Total assets		**1,411,365**	**545,050**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	14(a), 24	14,078	43,988
Employee benefits obligations	13(a)	4,628	3,528
Deferred tax liabilities	16(b)	99,407	22,304
Financial liabilities	21(b)	2,460	-
Total non-current liabilities		**120,573**	**69,820**
Current liabilities			
Trade and other payables	12	259,727	185,859
Loans and borrowings	14(b), 24	361,208	207,126
Employee benefit obligations	13(b)	6,141	2,673
Deferred revenue		37,887	21,022
Current tax liabilities		3,003	789
Provisions	15	16	46
Total current liabilities		**667,982**	**417,515**
Total liabilities		**788,555**	**487,335**
Net assets		**622,810**	**57,715**

Computer Patent Annuities International Limited

Company Balance Sheet
as at 31 December 2019
(All amount in £ thousands unless otherwise stated)

	Note	As at 31 December 2019	As at 31 December 2018
ASSETS			
Non-current assets			
Investments		591,096	30,378
Total non-current assets		**591,096**	**30,378**
Current assets			
Deferred tax assets		202	-
Total current assets		**202**	**-**
Total assets		**591,298**	**30,378**
LIABILITIES			
Non-current liabilities			
Loans and borrowings		-	34,066
Total non-current liabilities		**-**	**34,066**
Current liabilities			
Loan from parent company		7,356	-
Other payables		248	1,475
Current tax liabilities		102	-
Total current liabilities		**7,706**	**1,475**
Total liabilities		**7,706**	**35,541**
Net assets/(liabilities)		**583,592**	**(5,163)**
Equity			
Share capital and share premium		560,718	-
Share based payment reserve		1,060	-
Retained earnings		21,814	(5,163)
Total equity		**583,592**	**(5,163)**

The financial statements on pages 14 to 74 were approved by the board of directors on the 29th day of October 2020 and were signed on their behalf by:

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

Gordon Samson

Director

Company Registered No. 4016625

Computer Patent Annuities International Limited

Consolidated Statement of Changes in Equity
for the year ended 31 December 2019
(All amount in £ thousands unless otherwise stated)

	Share capital	Share premium	FCTR*	Fair valuation reserve**	Share based payment reserve***	Retained earnings	Total
Balance as at 01 Aug 2017	-	-	(5,734)	6,666	-	20,703	21,635
Profit for the period	-	-	-	-	-	37,436	37,436
Other comprehensive loss for the period	-	-	(2,575)	-	-	-	(2,575)
Total comprehensive income	-	-	(2,575)	-	-	37,436	34,861
Change in accounting policy	-	-	-	-	-	1,219	1,219
Balance as at 31 December 2018	-	-	(8,309)	6,666	-	59,358	57,715
Balance as at 01 January 2019	-	-	(8,309)	6,666	-	59,358	57,715
Profit for the year	-	-	-	-	-	4,860	4,860
Other comprehensive loss for the year	-	-	498	(947)	-	-	(449)
Total comprehensive income	-	-	498	(947)	-	4,860	4,411
Issue of share capital	-	560,718	-	-	-	-	560,718
Share based payment reserve	-	-	-	-	1,060	-	1,060
Change in accounting policy	-	-	-	-	-	(1,094)	(1,094)
Transfer of fair value *gain/(loss) to retained earnings*	-	-	-	(6,666)	-	6,666	-
Balance as at 31 December 2019	-	560,718	(7,811)	(947)	1,060	69,790	622,810

*The translation reserve recognises movements on translation of the net assets/liabilities of subsidiaries denominated in a functional currency other than GBP.

**The fair valuation reserve recognises changes in fair value of financial assets and liabilities.

***The reserve represents share based payments to eligible employees (Refer Note 2(q)(iv)).

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

Computer Patent Annuities International Limited

Company Statement of Changes in Equity
for the year ended 31 December 2019
(All amount in £ thousands unless otherwise stated)

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total
Balance as at 01 August 2017	-	-	-	(4,815)	(4,815)
Profit for the period	-	-	-	(348)	(348)
Balance as at 31 December 2018	-	-	-	(5,163)	(5,163)
Balance as at 01 January 2019	-	-	-	(5,163)	(5,163)
Profit for the year	-	-	-	26,977	26,977
Issue of share capital	-	560,718	-	-	560,718
Share based payment reserve	-	-	1,060	-	1,060
Balance as at 31 December 2019	-	560,718	1,060	21,814	583,592

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

Computer Patent Annuities International Limited

Consolidated Statement of Cash Flows
for the year ended 31 December 2019
(All amount in £ thousands unless otherwise stated)

	Notes	Year ended 31 December 2019	Period ended 31 December 2018 (Restated refer note 24)
Cash flows from operating activities			
Cash generated from operations	18	99,496	53,145
Income taxes paid		(7,777)	(3,238)
Net cash inflow from operating activities		91,719	49,907
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	19	20,824	(56,841)
Payments for property, plant and equipment, net of disposals	9	(5,069)	(2,296)
Expenditure on intangible assets	10	(32,447)	(38,036)
Sale of investment		(364)	1,869
Net cash outflow from investing activities		(17,056)	(95,304)
Cash flows from financing activities			
Payment of lease liability - Principal and Interest		(5,544)	(7,059)
Proceeds from borrowings		-	87,521
Repayment of borrowings	23(e)	(41,240)	(4,293)
Interest costs paid	23(e)	(10,188)	(166)
Net cash (outflow)/inflow from financing activities		(56,972)	76,003
Net increase in cash and cash equivalents		17,691	30,606
Cash and cash equivalents at the beginning of the year		51,798	20,819
Effects of exchange rate changes on cash and cash equivalents		(2,097)	373
Cash and cash equivalents at the end of the year		67,392	51,798

The notes on pages 21 to 74 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2019
(All amount in £ thousands unless otherwise stated)

1 General Information

Computer Patent Annuities International Limited (the "Company") was incorporated in England and Wales on 13 June 2000. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as "the Group"). The principal activities of the Group are the development and sale of Intellectual Property ("IP") software, the provision of IP support services and renewal of intellectual property rights on behalf of clients.

These financial statements were authorised for issue by the board on 16 October 2020.

2 Accounting policies

2(a) Basis of preparation

(i) Compliance with IFRS as adopted by the EU

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU (IFRS-EU) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

The Company has elected to prepare its financial statements in accordance with FRS 101; these are presented on pages 17 and 19 and has availed exemption not to present cash flow statement.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for items as given below which are measured at fair value:

(a) Share based payments

(b) Derivative financial instruments

(c) Call option

(iii) New standards and interpretations not yet adopted

The following new/amended accounting standards and interpretations have been published but are not mandatory for 31 December 2019 reporting year and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

• IFRS 3: Business Combinations

• IAS 1 and 8: Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors

• IFRS 17: Insurance Contracts

(iv) Critical estimates, judgements and errors

The preparation of historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to change in estimates and assumptions varying from actual position. No significant judgements, other than those relating to an estimate, have been identified.

The areas involving significant estimates are:

- Impairment of goodwill - value in use

The directors test whether the Group's goodwill has suffered any impairment on an annual basis. The recoverable amount of CGU's is determined on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets prepared by management and approved by directors covering a five year period (Refer Note 10(b)).

- Acquired intangible assets valuation

On acquisition of a business, the Group assesses the fair value of the assets acquired including evaluating the intangible assets such as customer relationships, brands and trademarks of the acquired business. Determination of the value of these assets requires management to estimate future cash flows arising from the ownership of the asset net of appropriate charges for other assets necessary to generate the flows. The following valuation approaches have been considered by management:

(a) Income approach

(b) Cost approach

(c) Market approach

The appropriateness of each of these valuation methodologies for valuing intangible assets varies according to the type of asset and available data.

These estimates are sensitive to assumptions made about revenue growth, adjusted EBITDA margins and the discount rate considered appropriate to reflect the time value of money and the likely economic life of the asset acquired. Adjusted EBITDA is defined as operating profit or loss excluding depreciation, amortisation, interest, taxation and other non-operating costs (transaction, restructuring and litigation costs). Refer to Note 19 for intangible assets identified on valuation carried out on acquisition of ipan/Delegate group and Master Data Centre Inc. ("MDC").

In determining the period over which the asset is to be amortised, management must also assess the likely economic life of the asset. For carrying value of intangible assets please refer to Note 10(a).

- Incremental borrowing rate
The lease liability is initially measured at the present value of lease payments discounted using the incremental borrowing rate. The incremental borrowing rate is computed using interest rate applicable to Group's revolving credit facilities as a start point then adjusted for country & currency risk premium and tenure of lease liability.

- Amortisation period of capitalised sales commission
The Group estimates amortisation period of capitalised sales commission based on expected life of the customer relationship.

- Expected period for management of notifications
The Group estimates period over which notifications received on behalf of customers will be managed in future, based on average patent life, reduced by pre- grant period as published by European commission.

- Expected credit loss provision
The Group applies IFRS 9 simplified approach to measure expected credit loss which uses a lifetime expected loss allowance for all trade receivables. The credit loss provision is computed based on the historical collection pattern of the specific country in which the customer operates and is adjusted to reflect current and forward-looking information.

- Tax Provision
The Group continuously monitors its exposure to material tax risks across all territories, based both on any current tax authority audit activity, and potential risks not currently under tax audit. The Group periodically commissions external advisors to provide reviews of specific identified risks. These are used to inform the estimates made for tax provision purposes.

- Fair value of call option
The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to Note 21 for detailed valuation techniques used.

2(b) Going concern

Notwithstanding net current liabilities of £420,306k as at 31 December 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The Group has continued to trade profitably since year-end and the directors have prepared cash flow forecasts for a period of 14 months from the date of approval of these financial statements up until 31 December 2021 which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2019
(All amount in £ thousands unless otherwise stated)

As stated in note 25, Subsequent Events, the CPA Global group was acquired by Clarivate Plc before the date of approval of these financial statements. Immediately prior to the sale of the Company to Clarivate on 1 October 2020 all intercompany payables and receivables with companies outside of this Group that existed at the reporting date have also been settled respectively by way of a contribution and a distribution immediately prior to the acquisition. The Directors draw attention to the Group's cash reserves of £67,735k (unaudited) and net current assets of £51,484k (unaudited) at the acquisition date with no external or related party borrowings.

The Directors, having reviewed the Clarivate Group structure post the acquisition on 1 October 2020, remain confident that sufficient funding and facilities are available within the Clarivate Group to provide financial and other support, should it become necessary, to the Company for continuing operations.

As part of the going concern assessment the Directors performed in the current year for CPA Global Group Holdings which CPA International Limited forms part, significant additional assessment and analysis was performed on the potential impact to the business from COVID-19. The additional assessment and analysis performed included:

(a) Identifying the specific risks that the Group could face as a result of the COVID-19 pandemic, which were identified primarily as:

• Credit and liquidity risks from the potential of customers in those industries most impacted by COVID-19 to default on current debt repayments;

• Profitability and liquidity risks through reduced ongoing profitability resulting from lost future revenue from defaulting customers; and

The potential impact of both of these risks on the Groups available cash resources.

(b) An assessment of the Group's top 300 customers by industry/sector to assess the materiality of any potential impact of COVID-19 on the sectors/industries in which they operate;

(c) Making assumptions by industry/sector as to the potential for customers to default on their current debt obligations to the Group, thus resulting in lost cash flow and future profitability. With the outcome being a potential probabilities ranging from 0% to 75% of customers in certain industry sectors most impacted by COVID-19 defaulting on their debt obligations;

(d) The preparation of an 14 month cash flow forecast against which the above assumed impact on customers was applied, together with the impact of proposed capital expenditure and operating expenditure initiatives that have been identified by the Board as a means to restrict expenditure and cash flow outflows in the event of a material impact occurring from COVID-19;

(e) The stress testing of these assumptions utilised in the cash flow forecast to produce low (-25%), medium and high (+25%) scenarios and to assess ultimately the potential impact of COVID-19 on the Group's current available cash resources and banking facilities and on its banking covenants;

(f) The modelling of an additional 'extreme' worst case scenario to determine what magnitude the COVID-19 impacts would have to reach for the Group to exhaust all available cash resources;

(g) An assessment of the indicative impacts of COVID-19 that the Group currently is experiencing in countries that have been worst affected by COVID-19 to date; and

(h) An assessment of precautionary steps taken by the Group to date to introduce monitoring of cash flows on a rolling short term 12 weekly basis and to increase liquidity as a safety mechanism through accessing on demand credit facilities.

As a result of the above the directors concluded that though there are profitability, credit and liquidity risks, the impacts are not of a quantum that will challenge the going concern ability of the Group.

Subsequently the Directors have prepared 4 years cash flow forecasts for CPA International Limited specifically. Management base case shows that the Group will continue to be profitable and cash generative which will continue to improve its net cash position mentioned above.

Plausible downside scenarios have been considered in respect of management's base case, including the risk of inaccuracy of those forecasts in comparison to actual results. The Directors note that the results for the 2020 financial year to date, which include 6 months of trading under COVID-19 circumstances, have been short of their original forecasts only by a marginal percentage however they show a significant increase on the prior year and if that was applied to the latest forecasts prepared the Group would remain profitable and cash generative.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The significant accounting policies used in the preparation of these financial statements are set out below:

2(c) Principles of consolidation

The Group financial statements consolidate the financial statements of the Company, Computer Patent Annuities International Limited, and all its subsidiary companies (Refer Note 20) as at 31 December each year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated on a line by line basis from the date on which control is obtained by the Group. They are deconsolidated from the date control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2(d) Revenue

(i) IP transaction processing

The revenue from IP Transaction processing consist of patent and trademark renewals. These services consist of gathering all necessary data and information, preparing the renewal applications, and submitting payment to the patent and trademark office ("PTO") in the relevant country on behalf of the IP holders. The Group has determined that there is one performance obligation relating to the provision of the service. Revenue is recognised once the provision of the service is complete and this point is reached when the PTO receives the payment and documentation to renew the patent or trademark.

The Group evaluated whether these services have been provided in the capacity as principal or agent and on the basis of the following factors concluded that the Group is acting as an agent;

(a) The Group is responsible for compiling the necessary data and submitting the renewal application, as well as facilitating the payment from the customer to the PTO, but the ultimate responsibility for legally renewing the IP rests with PTO.

(b) The Group does not obtain or commit to obtain any IP renewals from the PTO without contracting with customers for renewals of IP and hence doesn't have any inventory risk.

(c) The Group does not have latitude in establishing pricing for the PTO IP Renewal service.

Revenue from renewals services is recognised net of official fees collected from customers for remittance to PTOs and any taxes collected from customers, which are subsequently remitted to governmental authorities. The transaction price is a fixed price and is the standard selling price as per the contract with the customer.

Revenue is recognised upon transfer of control of the promised service to customers i.e. at the time the renewal paperwork and payment are submitted to the PTO because at that point, the Group has a right to payment and the risks and rewards associated with the Renewal Preparation service are transferred to the customer, coupled with the fact that customer acceptance is deemed a formality that does not impact the timing of transfer of control.

(ii) IP Software

The Group provides a suite of software packages and solutions designed for customers to manage their own IP, using a single IP Management Software ("IPMS") platform. All software products are delivered to the customers in one of two ways (i) On-premise- the software is purchased by the customer and installed directly onto the customer's own operating systems and (ii) Software-as-a-Service ("SaaS") - software is hosted centrally on a cloud-based system and usage is licensed on an annual subscription fee basis.

IP software contracts with customers often include a number of other services such as implementation support, installation, data migration, training to help customers deploy and use products more efficiently, upgrades released over the contract period and after sales support.

On-premise licenses are considered distinct performance obligations when sold with other services in the contract and revenue is recognised upfront at the point in time when the license is granted and the customer is able to use the software.

In case of software sold as a subscription the cloud based hosted services and post-sales support and maintenance are considered as one performance obligation distinct from other services in the contract. Revenue is recognised on a straight line basis over the period of contract as customers simultaneously consume and receive benefits, given that distinct performance obligations are satisfied over time.

(iii) IP Services

This includes services related to (i) on-premise software installation (ii) post-sales software support services, (iii) keeping software updated for any changes in laws i.e. law update service, (iv) docketing, (v) search and examination services provided to various PTOs. Revenue from IP services is recognised over the period of the contract as and when the service is provided.

(iv) Validation

This involves services related to;

(a) registration of a patent granted in Europe, to various individual countries where it will ultimately be enforceable;
(b) translation of documents to be submitted to a PTO in local language;
(c) registration of address with PTO, for all future notifications to be received on behalf of the IP holder; and
(d) management of notifications on behalf of IP holder over the lifetime of the patent.

The Group has determined that each of the above services performed represent separate performance obligations. Revenue is recognised once the provision of the service is complete and this point is reached when a purchase invoice is received from the agent for (i) and (ii) above, when registration with the PTO gets completed for (iii) above. With respect to management of notifications, revenue is recognised over the lifetime of the patent on a straight-line basis.

Based on the factors described above in IP Transaction Processing, it has been concluded that the Group acts in the capacity of an agent. As is the case for IP Transaction Processing, the ultimate responsibility for the IP validation rests with the PTO.

Revenue from validation services is recognised net of official fees collected from customers for remittance to the PTO and any taxes collected from customers, which are subsequently remitted to governmental authorities.

(v) Significant financing components

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(vi) Cost to obtain contracts

The Group pays commission to sales representatives for on-boarding new customers and in some cases for incremental sales to existing customers based on a pre-agreed sales commission policy. The sales commission paid are incremental costs of obtaining the contract and are recoverable from customers.

The Group estimates the amortisation period of capitalised sales commission based on the expected life of the customer relationship.

2(e) Expenses

Expenses are recognised on an accruals basis. Cost of sales represents expenses directly attributable to provision of services for all revenue streams. All other expenses are classified as administrative expenses and finance costs depending on their nature.

2(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in pound sterling (GBP) which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss. They are deferred in equity if they relate to net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated profit and loss account. All other foreign exchange gains and losses are presented in the consolidated profit and loss account on a net basis within administrative expenses.

(iii) Group companies

The results and financial position of foreign operations with functional currency different from the Group's functional currency are translated into the Group's functional currency as follows:

- assets and liabilities are translated at year end exchange rates.
- income and expenses are translated using the exchange rates at the dates of the transactions, and
- all resulting exchange differences are recognised in other comprehensive income and are reported as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operations are treated as assets and liabilities of the foreign operations and translated at reporting date exchange rate.

2(g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment (if any). Historical cost includes expenditure directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is provided on straight line basis over their estimated useful economic lives as follows and is included within "administrative expenses"

Asset Class	**Years**
Leasehold improvements	over the lease period remaining
Furniture and equipment	5-10
Computer equipment	5
Right-to-use asset	over lease period
Other tangible assets	5

2(h) Intangible assets

(i) Goodwill

Goodwill is measured as shown in Note 2(j) and Note 10(b). Goodwill on acquisitions of subsidiaries is included within intangible assets. Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose. The CGUs are identified at the lowest level at which goodwill is monitored for internal management purposes. Refer to Note10(b) for CGUs identified.

(ii) Patents and licences

Patents and licences are shown at the cost of acquiring the legal right of use of the patent or licence and are amortised over the period covered by the licence agreement.

(iii) Software

Costs associated with maintaining software products are recognised as an expense when incurred. Development costs that are directly attributable to the development of software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of software include employment costs and an appropriate portion of relevant overheads.

Capitalised development costs are amortised on a straight line basis over a period of five years from the date at which the software is ready for use and is included within administrative expenses (Refer Note 10(a)).

(iv) Acquired intangible assets

Intangible assets acquired through business combinations are measured at fair value at the date of acquisition and subsequently carried at cost less accumulated amortisation computed on straight line basis over estimated useful economic life as stated below and included within administrative expenses.

Asset Class	Years	Asset Class	Years
Customer relationships	14.0-22.6	Proprietary Software	5
Software Algorithms	9	Back office systems	5
Trade name	4-15	Software	7-9
Reporting / Analysis Software	6		

2(i) Impairment of assets

Assets, other than trade receivables are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2(j) Business combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit and loss account.

2(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

(i) Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(ii) those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. A financial asset that meets the following two conditions is measured at amortised cost:

(i) Business model test: the objective of the Group's business model is to hold the financial asset to collect the contractual cash flows.

(ii) Cash flow characteristic test: the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investment in equity instruments are classified at fair value through profit or loss, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income. With respect to investment held, the Group has irrevocably elected to present any changes in fair value in other comprehensive income.

(ii) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. At initial recognition trade receivables are measured at their transaction price given that the revenue transaction doesn't contain a significant financing element for the reasons mentioned in the revenue recognition policy.

The Group holds trade receivables with the objective of collecting contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less provision for impairment.

The Group applies the IFRS 9 simplified approach to measure expected credit loss which uses a lifetime expected loss allowance for all trade receivables. The credit loss provision is computed based on historical collection patterns of the specific country in which the customer operates and is adjusted to reflect current and forward-looking information.

Trade Receivables are written off in a number of situations 1) Once a credit collection agency has exhausted all its efforts 2) the customer is in significant financial difficulties 3) there is a probability that the customer will enter an insolvency process or has undergone a financial reorganisation.

(iii) Derecognition of financial assets

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

(iv) Financial liabilities and equity instruments

Debt or equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

(v) Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid.

(vi) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

(vii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

(viii) Derivative financial instruments

The Group enters into interest rate swaps and foreign exchange swaps to manage its exposure to variable interest on borrowings and foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The resulting gain or loss is recognised in profit or loss immediately.

(ix) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2(l) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are disclosed within current liabilities in the consolidated balance sheet. Cash held as deposits with patent offices and on behalf of certain customers in order to make payment to their vendors are treated as restricted cash and disclosed as "Other debtors". (Refer to Note)

2(n) Deferred revenue

Deferred revenue represents amounts invoiced to clients, when the performance obligation is not yet discharged. Where services are provided on a subscription basis, deferred revenue represents the period remaining on unexpired subscription agreements.

2(o) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right of use (ROU) assets represent right to use an underlying asset for the lease term and lease liabilities represent obligations to make lease payments arising from the lease.

ROU assets are initially measured at commencement date based on the present value of lease payments over the lease term plus any initial direct cost and an estimate of asset retirement obligation. The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index, initially measured using the index as at the commencement date and fixed nature non-lease components.

The lease liability is subsequently increased by interest expense computed based on discount rates used for initially measuring the liability and reduced by lease payments. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index with a corresponding adjustment made to the carrying amount of the ROU asset.

2(p) Provisions

(i) Provisions

Provisions are recognised when (a) the Group has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount of the obligation can be estimated reliably. Provisions are not made for future operating losses.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies:

- the business or part of business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their service;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
- a valid expectation exists in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(ii) Contingencies:

A contingent liability is not recognised but is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is not recognised but is disclosed where an inflow of economic benefits is probable. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

2(q) Employee benefits

(i) Short term obligations

Liabilities for salaries, including annual leave liabilities are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet since they are expected to be settled within 12 months after the end of the year.

(ii) Pension obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(iii) Annual bonus

The Group has an annual bonus plan for all eligible employees. Bonus pay out is computed after assessment of employee performance and company performance. The bonus is accrued over the period of service for all eligible employees.

(iv) Share based payments

On 16 March 2019 (grant date) a Phantom share plan (PSP) was launched with eligible employees being awarded units equivalent to 1/35th times the A2 ordinary shares of Capri Acquisitions Topco Limited ("the ultimate parent company"). The units entitled employees to a cash payment at the time of exit. The units will expire at the end of 7 years after grant date.

The PSP has been accounted for as equity settled as there is no obligation to pay at the time of exit, the payment will be made by CPA Global Group Holdings Limited (the immediate parent of the Company).

On grant date units are measured at fair value using the Monte-Carlo model, wherein the expense is recognised within employee benefits expense over vesting period (grant date to exit date) with a corresponding reserve disclosed within equity. At each reporting date fair value is reassessed with changes in fair value recognised within employee benefits expense.

2(r) Interest and similar charges

Interest and similar charges are recognised as an expense in profit and loss account in the year in which they are incurred.

2(s) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2(t) Tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The directors establish provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

The Group applied IFRIC 23 Uncertainty over Income Tax Treatments with a date of initial application of 01 January 2019. The group applied para B2(b) of the interpretation, under which the cumulative effect of initial application is recognised in retained earnings as at 01 January 2019 and therefore the comparative information has not been restated. As a result of change in accounting policy, the group has measured income tax liabilities to reflect uncertainty related to income taxes.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. In case of acquired intangible assets, deferred tax liabilities are recognised on the value of those assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

2(u) Shares

The Group has issued ordinary shares (Refer Note 17). The Group classifies ordinary shares as part of equity.

2(v) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to nearest thousand currency unit unless otherwise stated.

(All amount in £ thousands unless otherwise stated)

3 Financial risk management and impairment of financial assets

3(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Exposure

The Group's exposure to major foreign currency risk at the end of reporting year was as follows as on 31 December 2019:

	31 December 2019		
Currency	**USD**	**EUR**	**KRW**
Trade receivables	53,364	30,471	12,103
Trade payables	28,578	8,854	342

The Group's exposure to major foreign currency risk at the end of reporting year was as follows as on 31 December [2018

	31 December 2018		
Currency	**USD**	**EUR**	**AUD**
Trade receivables	33,647	1,967	315
Trade payables	31,038	59	-

Sensitivity

The Group is primarily exposed to changes in exchange rates against GBP. The sensitivity of profit or loss to changes in the exchange rates (holding all other variables constant) of major currencies is given below:

	Impact on post tax profit - Increase/ (decrease)	
	31 December 2019	**31 December 2018**
USD/GBP		
- Increase by 5%	(1,180)	(701)
- Decrease by 5%	1,305	774
EUR/GBP		
- Increase by 5%	(1,029)	368
- Decrease by 5%	1,138	(406)
AUD/GBP		
- Increase by 5%	-	172
- Decrease by 5%	-	(190)

(All amount in £ thousands unless otherwise stated)

	Impact on post tax profit - Increase/ (decrease) 31 December 2019	31 December 2018
KRW/GBP		
- Increase by 5%	(560)	-
- Decrease by 5%	619	-

(ii) Interest rate risk

The Group has no significant interest-bearing assets other than Cash held at Bank which is held on short term deposit which currently yield immaterial interest returns.

The Group's interest rate risk arises from long-term intercompany borrowings. The weighted average interest rate for the year ended 31 December 2019 is 5.4% (2018: 7.7%).

Profit or loss is sensitive to higher or lower interest expense as a result of changes in interest rates (keeping all other variables constant).

	Impact on post tax profit - Increase/ (decrease) 2019	2018
Interest rates-increase by 10 basis points	(292)	(201)
Interest rates-decrease by 10 basis points	292	201

3(b) 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.

3(c) Liquidity risk

Cash flow requirements for each entity in the Group are taken in to account when determining the period of time for which funds are placed on deposit with financial institutions.

3(d) Cash flow risk

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 are continuously monitored by Group's treasury department.

3(e) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The capital structure of the Group consists of cash and cash equivalents, borrowings as disclosed in Note 14 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings, as disclosed in the consolidated statement of changes in equity.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. The Group reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital.

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Maturities of financial liabilities

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	Less than 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
As at 31 December 2019						
Amounts due to group companies	-	-	157,262	-	-	-
Borrowings from group company	-	-	355,534	-	-	-
Lease liability	453	1,538	3,684	4,261	9,414	3,017
Accruals and trade creditors	17,736	12,376	54,381	22	-	-

	Less than 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
As at 31 December 2018						
Amounts due to group companies	-	-	130,305	-	-	-
Borrowings from group companies	-	-	201,924	-	-	35,288
Borrowings from banks	-	-	352	-	-	-
Lease liability	437	797	3,616	4,172	5,323	1,006
Accruals and trade creditors	36,595	4,446	6,817	-	-	-

Company	Less than 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
As at 31 December 2019						
Borrowing from parent company	-	-	-	-	-	7,356
Amounts due to group companies	-	-	248	-	-	-

	Less than 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
As at 31 December 2018						
Borrowing from parent company	-	-	-	-	-	34,066
Amounts due to group companies	-	-	1,475	-	-	-

(All amount in £ thousands unless otherwise stated)

4 Revenue

The significant streams within revenue are:

	Year ended 31 December 2019	Period ended 31 December 2018
IP Transaction Processing	79,173	58,963
IP Services	21,754	28,425
IP Software	55,002	58,030
Validation	29,671	-
	185,600	145,418

The revenue above has been disclosed at a disaggregated level on the basis of financial information regularly reviewed by the directors.

5 Administrative expenses

The Group has identified a number of items included in administrative expenses which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group:

	Year ended 31 December 2019	Period ended 31 December 2018
Employment costs and other benefits*	53,288	55,014
Communication and information systems costs	9,933	8,659
Premises costs	2,025	1,930
Travel and promotional costs	6,278	5,928
Legal & professional fees	5,001	3,771
Depreciation of property, plant and equipment	7,561	8,483
Amortisation of intangible assets	36,450	22,311
Foreign exchange gain	(2,265)	(2,724)
Other administrative expenses**	9,031	3,947
Net fair value loss on financial asset	3,211	-
	130,513	107,319

*Includes share based payments expense of £1,060k (2018: Nil).

**Includes purchase of services from related parties (Refer Note 23(d)).

Auditor's remuneration for the year ended 31 December 2019 of £427k (2018: £427k) has been paid by CPA Global Limited.

(All amount in £ thousands unless otherwise stated)

6 Finance costs

	Year ended 31 December 2019	Period ended 31 December 2018
Interest on borrowings from group companies	16,203	10,622
Interest expense on lease liability	878	1,136
Other finance costs	(37)	166
	17,044	11,924

7 Operations

7(a) Operating profit is stated after charging

	Year ended 31 December 2019	Period ended 31 December 2018
Salaries	83,664	77,437
Social security costs	8,621	8,198
Pension costs	3,883	4,174
Total staff costs	96,168	89,809
Amounts capitalised	(24,606)	(28,249)
Staff costs charged to consolidated statement of comprehensive income	71,562	61,560

7(b) Employees information

	December 2019 Number	December 2018 Number
Operations	1,833	1,585
Administration & Support	1,007	271
Sales & Marketing	95	113
	2,935	1,969

7(c) Directors remuneration

The directors emoluments for the year ended 31 December 2019 were £72k (2018: £715k).

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8 Income tax expense

	Year ended 31 December 2019	Period ended 31 December 2018
UK tax		
Corporation tax	1,262	308
Adjustment in respect of previous years	(135)	(1,012)
	1,127	(704)
Foreign tax		
Corporation tax	5,018	5,056
Adjustment in respect of previous years	209	(1,116)
	5,227	3,940
Total current tax	6,354	3,236
Deferred tax		
Origination and reversal of timing differences		
- UK tax	(436)	1,280
- Foreign tax	(1,830)	(4,209)
Total deferred tax	(2,266)	(2,929)
Total tax expense	**4,088**	**307**

Numerical reconciliation of income tax expense to tax payable

	Year ended 31 December 2019	Period ended 31 December 2018
Profit for the year	8,948	37,743
Tax at the UK tax rate of 19% (2018: 19%)	2,853	7,171
Effect of:		
Profits taxed at rates other than UK tax rate	53	2,267
Non deductible interest	737	-
R&D Tax concession current and prior year	(1,517)	(882)
Tax withholding on dividend	316	575
Utilisation of foreign carried forward tax losses	-	(1,131)
Deferred tax on carry forward losses	-	(4,937)
Adjustment for current tax of prior periods	138	(1,254)
Deferred tax true up	(598)	-
Tax deductible Expenses	(407)	-
Other tax adjustments	2,513	(1,502)
Income tax expense	**4,088**	**307**

(All amount in £ thousands unless otherwise stated)

9 Property, plant and equipment

	Leasehold Improvements	Furniture and Equipment	Computer Equipment	Right to use Asset	Total
Cost					
At 01 August 2017	6,992	5,663	9,893	-	22,548
Acquisition/change in accounting policy	23	70	9	15,414	15,516
Additions	261	987	1,091	3,873	6,212
Disposal	(100)	(109)	(473)	-	(682)
Exchange movements	(32)	21	(97)	(260)	(368)
As at 31 December 2018	7,144	6,632	10,423	19,027	43,226
Accumulated Depreciation					
At 01 August 2017	4,877	4,653	8,006	-	17,536
Depreciation charge	826	481	1,009	6,167	8,483
Disposal	(95)	(81)	(463)	-	(639)
Exchange movements	(46)	20	(35)	-	(61)
At 31 December 2018	5,562	5,073	8,517	6,167	25,319
Net book value					
At 31 December 2018	1,582	1,559	1,906	12,860	17,907
At 31 July 2017	2,115	1,010	1,887	-	5,012

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	Leasehold Improvements	Furniture and Equipment	Computer Equipment	Other Tangible Asset	Right to use Asset	Total
Cost						
At 1 January 2019	7,144	6,632	10,423	-	19,027	43,226
Acquisition	358	312	128	47	2,503	3,348
Additions	223	1,215	3,721	16	9,356	14,531
Disposal	-	(104)	(891)	-	-	(995)
Exchange movements	(204)	(299)	(497)	(56)	(748)	(1,804)
As at 31 December 2019	7,521	7,756	12,884	7	30,138	58,306
Accumulated Depreciation						
At 1 January 2019	5,562	5,073	8,517	-	6,167	25,319
Depreciation charge	679	564	1,059	10	5,249	7,561
Disposal	-	(125)	(769)	-	-	(894)
Exchange movements	(170)	(221)	(319)	(3)	(2)	(715)
	6,071	5,291	8,488	7	11,414	31,271
Net book value						
At 31 December 2019	1,450	2,465	4,396	-	18,724	27,035
At 31 December 2018	1,582	1,559	1,906	-	12,860	17,907

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10 Intangible assets

10(a) Intangible assets

	Goodwill	Computer Programs and Development Expenditure	Customer Relationships	Other Intangible Assets*	Total
Cost					
At 01 August 2017	132,886	73,986	41,807	8,338	257,017
Acquisition	59,853	-	21,754	8,886	90,493
Additions	-	38,036	-	-	38,036
Exchange movements	3,503	(340)	542	222	3,927
As at 31 December 2018	196,242	111,682	64,103	17,446	389,473
Accumulated amortisation					
At 01 August 2017	-	38,088	2,198	1,192	41,478
Amortisation Charge	-	16,528	4,252	1,532	22,312
Exchange movements	-	(483)	(1,010)	(145)	(1,638)
As at 31 December 2018	-	54,133	5,440	2,579	62,152
Net book value					
At 31 December 2018	196,242	57,549	58,663	14,867	327,321
At 31 July 2017	132,886	35,898	39,609	7,146	215,539

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	Goodwill	Computer Programs and Development Expenditure	Customer Relationships	Other Intangible Assets*	Total
Cost					
At 1 January 2019	196,242	111,682	64,103	17,446	389,473
Acquisition	489,763	7,175	283,800	14,354	795,092
Additions - Internally Generated	-	31,065	-	-	31,065
Additions - Purchased	-	1,379	2,859	-	4,238
Disposal	(424)	-	-	-	(424)
Exchange movements	(7,691)	(334)	(2,099)	(324)	(10,448)
As at 31 December 2019	677,890	150,967	348,663	31,476	1,208,996
Accumulated amortisation					
At 1 January 2019	-	54,133	5,440	2,579	62,152
Amortisation Charge	-	17,155	13,375	5,920	36,450
Exchange movements	-	(172)	(316)	35	(453)
As at 31 December 2019	-	71,116	18,499	8,534	98,149
Net book value					
At 31 December 2019	677,890	79,851	330,164	22,942	1,110,847
At 31 December 2018	196,242	57,549	58,663	14,867	327,321

** Refer note 10(a)(i) for details of other intangible asset.*

(All amount in £ thousands unless otherwise stated)

(i) Other intangible assets

	Software Algorithms	Trade name	Back office systems	Software	Total
Cost					
At 01 August 2017	5,170	3,168	-	-	8,338
Additions	-	-	7,890	996	8,886
Exchange movements	-	-	197	25	222
As at 31 December 2018	5,170	3,168	8,087	1,021	17,446
Accumulated amortisation					
At 01 August 2017	957	235	-	-	1,192
Amortisation Charge	805	295	404	28	1,532
Exchange movements	(88)	(57)	-	-	(145)
As at 31 December 2018	1,674	473	404	28	2,579
Accumulated amortisation					
At 31 December 2018	3,496	2,695	7,683	993	14,867
At 31 July 2017	4,213	2,933	-	-	7,146

	Software Algorithms	Trade name	Back office systems	Software	Total
Cost					
At 1 January 2019	5,170	3,168	8,087	1,021	17,446
Acquisition	-	2,566	11,788	-	14,354
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Exchange movements	(19)	(12)	(260)	(33)	(324)
As at 31 December 2019	5,151	5,722	19,615	988	31,476
Accumulated amortisation					
At 1 January 2019	1,674	473	404	28	2,579
Amortisation Charge	590	1,092	4,125	113	5,920
Disposal	-	-	-	-	-
Exchange movements	73	53	(87)	(4)	35
As at 31 December 2019	2,337	1,618	4,442	137	8,534
Accumulated amortisation					
At 31 December 2019	2,814	4,104	15,173	851	22,942
At 31 December 2018	3,496	2,695	7,683	993	14,867

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The individual material intangible assets include :-

	As at 31 December 2019	As at 31 December 2018
Customer Relationships		
-Validation	144,275	-
-Renewals	93,750	-
-Unycom	25,888	-
-Markpro	20,581	22,899
-MDC	20,015	21,974
-Innography	12,107	13,770
Computer Programs and Development Expenditure		
-Memotech	9,217	7,824
-Filing Analytics and Citation Eagle	4,930	5,982
-Inprotech	6,172	5,291
-Innography	5,202	5,862
-Foundation IP	5,168	3,868
-Ipendo	3,525	2,635
-First to File	7,017	3,569
-Unycom IPMS	4,293	-
Back office systems		
-Argos	4,577	-
-Validations platform	2,298	-
-AMS	2,166	2,834
-CIPP-TM Portal	1,539	2,014
-Envoy Renewals	1,489	-

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10(b) Impairment test for goodwill

Goodwill is monitored by the directors at the lowest CGU. A summary of the goodwill allocation by CGU is given below:

	As at 31 December 2019	As at 31 December 2018
IP transaction processing	46,415	48,473
IP Software	60,031	62,224
Markpro	22,632	24,197
MDC- IP Transaction Processing	50,255	51,827
MDC- IP Software	9,204	9,521
Ipan-IP Transaction Processing	172,646	-
Ipan-IP Software	94,419	-
Ipan-Validation	222,288	-
	677,890	196,242

The directors test whether the Group's goodwill has suffered any impairment on an annual basis. The recoverable amount of CGU is determined on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the board covering a five year period.

The following table sets out the key assumptions taken into account for goodwill impairment testing:

	Gross Profit*	Adjusted EBITDA*	Terminal Growth*	Capital Expenditure*	Pre-tax discount rate
IP Transaction Processing	7.0	7.7	3.0	(6.7)	7.8%
IP Software	7.6	11.0	3.0	(8.2)	8.9%
Markpro	7.8	10.4	3.0	87.4	9.6%
MDC- IP Transaction Processing	3.4	11.8	3.0	(15.6)	9.0%
MDC- IP Software	3.3	7.1	3.0	(15.0)	9.4%
Ipan-IP Transaction Processing	9.9	90.9	3.0	10.0	7.9%
Ipan-IP Software	9.6	14.3	3.0	(5.0)	8.1%
Ipan-Validation	4.3	7.5	3.0	(4.0)	8.5%

*(% growth rate)

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	Approach used to determine values
Gross Income	Average annual growth rate over 5 years forecast period based on past performance and directors expectations of market development.
Adjusted EBITDA	Based on past performance, planned expenditure and directors' expectations for the future. Adjusted EBITDA is defined as operating profit or loss excluding depreciation, amortisation and other non-operating costs (transaction, restructuring and litigation costs).
Terminal growth rate	This is the forecasted growth rate considering the industry and market conditions in which each CGU operates.
Annual capital expenditure	Expected capital expenditure in the CGU. Annual growth is taken based on historical experience and directors' expectations or plans.
Pre-tax discount rate	This reflects the weighted average cost of capital of the CGU.

Based on the assumptions described above, net realisable value of each CGU is greater than the carrying amount of each CGU's goodwill. Therefore, no impairment charge has been recognised for the year ended 31 December 2019 (2018: Nil).

The directors have performed sensitivity analysis to further assess any impairment to goodwill. If the discount rate or the growth rate is increased or decreased by 100 basis points then the net realisable value of each CGU will still be greater than the carrying amount of each CGU's goodwill. Based on this analysis no impairment charge has been recognised for the year ended 31 December 2019 (2018: Nil).

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11 Trade and other receivables

Current	**As at 31 December 2019**	**As at 31 December 2018**
Trade receivables	105,600	51,628
Provision for doubtful debts	(6,167)	(3,168)
Trade receivables - net (i)	99,433	48,460
Other debtors (ii)	10,007	12,448
Accrued income	7,962	1,872
Costs to acquire contracts (iii)	838	663
Amounts due from Group companies	53,953	61,293
Prepayments	6,150	2,385
	178,343	127,121

(i) Trade and other receivables are all current and any fair value difference is not material. Trade receivables are reviewed for impairment as mentioned in Note 2(k)(ii).

(ii) Other debtors includes restricted cash of £1,752k (2018: £1,913k). Refer note 2(m). Restricted cash represents balances held by patent and trademarks office and balances held by Group on behalf of certain customers in order to make payment to their vendors.

(iii) Costs to acquire contracts have previously been presented as a contract asset. The costs to acquire contracts represent commission paid to sales representatives for on-boarding new customers, as further explained in note 2(d)(vi). Given the nature of the underlying asset, Costs to acquire contracts, is considered to be a more accurate description. Accordingly the caption has been changed for both non-current and current portion from Contract assets, in the prior period financial statements to Costs to acquire contracts. The current portion of the Costs to acquire contracts relates to the portion of the asset expected to be amortised within 12 months of the reporting date.

Ageing of trade receivables is as follows:

	As at 31 December 2019	**As at 31 December 2018**
Less than 3 months	88,559	49,384
3 - 6 months	9,095	2,219
6 -12 months	4,510	1,088
Over 12 months	3,436	(1,063)
	105,600	51,628

(All amount in £ thousands unless otherwise stated)

Movement in the provision for impairment of trade debtors is as follows:

	As at 31 December 2019	As at 31 December 2018
Opening balance	3,168	2,484
Provision for impairment	2,053	441
Acquisition	1,937	624
Reversed during the year	(70)	(90)
Amounts written off	(921)	(291)
	6,167	3,168

Out of the total provision, £4,603k (2018: £3,165k) relates to provision computed as per expected credit loss model and £1,564k (2018: £3k) relates to specific provision recorded on case to case basis.

12 Trade and other payables

	As at 31 December 2019	As at 31 December 2018
Trade creditors	42,155	38,226
Other payables	10,790	3,689
Amounts due to group companies	157,263	130,305
Other creditors including social security	7,159	4,007
Accruals	42,360	9,632
	259,727	185,859

13 Employee benefit obligations

13(a) Non-current

	As at 31 December 2019	As at 31 December 2018
Leave obligations	3,073	2,058
Post- employment benefits	1,555	1,470
	4,628	3,528

13(b) Current

	As at 31 December 2019	As at 31 December 2018
Short-term benefit obligations	6,141	2,673
	6,141	2,673

(All amount in £ thousands unless otherwise stated)

14 Loans and borrowings

Group

14(a) Non-current

	As at 31 December 2019	As at 31 December 2018
Borrowings from Group companies (Refer note23(e))	-	35,288
Lease Liability	14,078	8,700
	14,078	43,988

14(b) Current

	As at 31 December 2019	As at 31 December 2018
Borrowings from Group companies (Refer note23(e))	355,534	201,924
Bank borrowings	-	352
Lease Liability	5,674	4,850
	361,208	207,126

On 21 January 2014, The Company issued SEK 322,205,000 (£29,921,066) Loan Notes, the proceeds of which were used to infuse the capital in CPA Global Management Services Ltd. The Loan notes are due for repayment on 31 July 2024 and bear interest of LIBOR plus 3.5 per cent per annum payable on 31 July each year (the "Interest Payment Date"). The Loan Notes were listed on The International Stock Exchange in the Channel Islands on 21 January 2014. Redtop Acquisitions Limited (the "Noteholder"),a parent entity of the Company, acquired 100% of the issued notes at the date of issue.
Redtop Acquisitions Limited, in its board meeting dated 23 January 2018, transferred these notes to CPA Global Group Holdings Limited, in consideration for the issue of one ordinary par value share of £1 (issued at a premium equivalent to the difference between the value of the notes and the par value of such share)
Any amounts of unpaid interest or principal will accrue interest at a rate of LIBOR plus 3.5 per cent from the date payment was due up to the date of actual payment, compounding on each Interest Payment Date.
At any time, the Company may, with consent from the Noteholder, pay all or any amount of unpaid interest on the Loan Notes by the issue of further Loan Notes of a nominal amount equal to the amount of interest to be paid. Loan Notes issued in this fashion will be known as payment in kind notes ("PIK Notes"). All such PIK Notes shall rank pari passu in all respects so as to form a single series with the Existing Loan Notes.
Total interest expense for the year ended 31 December 2019 amounted to £1,969k (2018: £2,581k). Total PIK Notes issued during the year amounted to Nil, (2018: SEK 29,721k (£2,581k)).

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15 Provisions

15(a) Current

	As at 31 December 2019	As at 31 December 2018
Provision for restructuring	16	46
	16	46

15(b) Movement in the provision during the year/period is set out below:

	As at 31 December 2019	As at 31 December 2018
Opening balance	46	654
Provision made during the year	-	1,802
Utilised during the year	(30)	(2,410)
	16	46

16 Deferred tax assets & liabilities

16(a) Deferred tax assets

	Tax losses	Payroll liabilities	R&D credits	Depreciation	Others	Total
As at 1 August 2017	3,579	323	45	339	213	4,499
(Charged) / credited to profit or loss	(668)	66	1,655	(47)	(34)	972
Acquisition of subsidiary	-	-	-	-	175	175
As at 31 December 2018	2,911	389	1,700	292	354	5,646
As at 1st January 2019	2,911	389	1,700	292	354	5,646
Credited / (Charged) to profit or loss	(487)	1,204	(1,700)	(292)	2,326	1,051
Acquisition of subsidiary	2,780	120	124	-	1,677	4,701
As at 31 December 2019	5,204	1,713	124	-	4,357	11,398

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16(b) Deferred tax liabilities

	Acquired intangible assets	Depreciation	Others	Total
As at 1 August 2017	13,891	-	1,575	15,466
Credited / (Charged) to profit or loss	(3,325)	-	1,890	(1,435)
Acquisition of subsidiary	8,273	-	-	8,273
As at 31 December 2018	18,839	-	3,465	22,304
As at 1st January 2019	18,839	-	3,465	22,304
Acquisition of subsidiary	79,195	-	(714)	78,481
(Credited) / charged to profit or loss	(216)	472	(1,634)	(1,378)
As at 31 December 2019	97,818	472	1,117	99,407

17 Share capital

	As at 31 December 2019	As at 31 December 2018
Authorised		
1,000 ordinary shares of 1 each	1	1
	1	1

	Number of shares As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Allotted, called up and fully paid				
Ordinary share	3	1	-	-
Premium on issue of shares	-	-	560,718	-
	3	1	560,718	-

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18 Note to consolidated statement of cash flows

Reconciliation of operating profit to cash generated from operations

	Year ended 31 December 2019	Period ended 31 December 2018 (restated refer note 24)
Operating profit	25,992	49,667
Adjustments for:		
Depreciation and amortisation	44,011	30,794
Share based payment expenses	1,060	-
Change in operating assets and liabilities, net of effects from acquisition		
Changes in assets	(255)	55,601
Changes in liabilities	28,688	(82,917)
Cash generated from operations	99,496	53,145

(All amount in £ thousands unless otherwise stated)

19 Acquisitions

19(a) ipan/Delegate acquisition

On 16 May 2019, the Group through its subsidiary CPA Global Management Services Limited, acquired 100% interest in ipan/Delegate group (Refer note 20), a leading patent renewal and validation group, for a total consideration of £560,718k.

The acquisition is expected to benefit customers from both CPA Global and ipan/Delegate Group from the Group's combined capabilities: an expanded product range of software and tech-enabled services; more comprehensive data and analytics solutions that serve their needs across a broader spectrum; and a broader geographical footprint resulting in improved local service and support. The acquisition will significantly improve product integration and customer experience across the IP lifecycle.

Fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Amount
Non-current assets	
Property, plant and equipment	3,348
Intangible assets	305,329
Deferred tax assets	4,701
Total non-current assets	**313,378**
Current assets	
Trade and other receivables	46,981
Cash and cash equivalents	22,474
Total current assets	**69,455**
Total assets	**382,833**
Non current liabilities	
Loans and Other Borrowings	164,523
Deferred tax liabilities	79,607
Lease Liability	2,523
Total Non current liabilities	**246,653**
Current liabilities	
Trade and other payables	48,198
Employee Benefits	2,109
Deferred revenue	14,796
Current tax liabilities	123
Total current liabilities	**65,226**
Total liabilities	311,879
Net assets	**70,954**

(All amount in £ thousands unless otherwise stated)

	Amount
Purchase consideration	560,718
Goodwill on acquisition	489,763

The goodwill is attributable to the workforce and the high profitability of the acquired business

Consideration satisfied by:	
Cash Payment	1,650
Vendor Loan Notes	24,691
Issue of Ordinary Shares	113,206
Issue of Preference Shares	421,171
Total	**560,718**

The consideration was satisfied by the Group's ultimate parent company, Capri Acquisitions Topco Limited. The ownership of the newly acquired ipan/Delegate group was subsequently pushed down to the Group in exchange for ordinary shares of £560,718k issued by the Company.

Acquisition related costs of £8,874k are included within administration expenses in the consolidated statement of comprehensive income and within the cash flows from operating activities in the statement of cash flows.

The acquired business contributed revenue of £53,374k and incurred a net loss after tax of £11,848k for the Group for the period from 16 May 2019 to 31 December 2019.

The acquired business would have contributed revenue of £81,686k and incurred net loss after tax of £13,406k for the Group if the acquisition would have occurred as at the beginning of financial year.

The fair value of acquired trade receivables is £36,188k. The gross contractual amount for trade receivables due was £38,124k, of which £1,936k was expected to be uncollectible.

19(b) Master Data Centre Inc. acquisition

On 1 October, 2018, the Group through its subsidiary CPA US Holdings, Inc., acquired a 100% interest in Master Data centre, Inc., a leading patent renewal company, for a total consideration of $99,589k (equivalent to £76,284k).

The acquisition is expected to benefit customers from Master Data Centre from the group's combined capabilities: an expanded product range of software and tech-enabled services; more comprehensive data and analytics solutions that serve their needs across a broader spectrum; and a broader geographical footprint resulting in improved local service and support. The acquisition will significantly improve product integration and customer experience across the IP lifecycle.

Fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Amount
Non-current assets	
Property, plant and equipment	102
Intangible assets (A)	30,640
Deferred tax assets	175

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	Amount
Total non-current assets	30,917
Current assets	
Trade and other receivables	22,748
Cash and cash equivalents	19,443
Total current assets	42,191
Total assets	73,108
Current liabilities	
Trade and other payables	44,300
Deferred revenue	3,699
Current tax liabilities	405
Total current liabilities	48,404
Deferred tax liability	8,273
Net assets	16,431
Purchase consideration	
Payment to former shareholders	52,232
Payment to former lenders	24,052
	76,284
Goodwill on acquisition	59,853

The goodwill is attributable to the workforce and the high profitability of the acquired business

Consideration satisfied by:	
Lien 1 USD borrowings	76,284
Total	76,284

The USD borrowing was obtained by the Group's intermediate parent company, Capri Acquisitions Bidco Limited. CPA US Holdings, Inc received funds for acquisition through inter-company loan.

Acquisition related costs of £1,490k are included within administration expenses in the consolidated statement of comprehensive income and within the cash flows from operating activities in the statement of cash flows.

The acquired business contributed revenue of £5,423k and incurred net profit after tax of £827k to the Group for the period from 1 October to 31 December 2018.

If the acquisition had occurred on 1 August 2017, revenue and net profit for the year ended 31 December 2018 would have been £30,488k and £1,404k respectively.

(All amount in £ thousands unless otherwise stated)

Fair value adjustments:

(A) The Group has recognised the following intangible assets as of 1 October, 2018, which are being amortised over their useful economic lives as set out in Note 2(h)(iv). Detailed assumptions techniques are given in Note 2(a)(iv).

	Period ended 31 December 2018
Description of assets	
Customer Relationships	21,754
Back office related	7,890
Technology related	996
Total	30,640

The fair value of acquired trade receivables is £22,000k. The gross contractual amount for trade receivables due is £22,600k, of which £600k is expected to be uncollectible.

Fair value of acquired intangible assets have been determined by external valuation authority using approaches and assumptions as listed below:

Income approach

The income approach to valuation is based upon the estimated future income streams associated with a specific asset or business, considering the remaining life of the asset or business, the average annual return anticipated and the market rates of return. The income stream is capitalised at an appropriate discount rate to arrive at the present value of the future benefits of ownership.

Cost approach

The cost approach is based on the current cost to recreate or duplicate the asset less an appropriate allowance for a decrease in value due to the passage of time or obsolescence. Incorporated in the cost approach is the economic principle of substitution, which states that an informed purchaser would pay no more for an asset than the cost of purchasing or producing a substitute asset with the same utility as the appraised asset. The cost approach is typically used to value a company's assembled workforce.

Market approach

The market approach gives an indication of value based on comparing the cost of the asset to be appraised, to comparable assets recently sold or the asking prices of similar items. Market-based methodologies can provide the best evidence of fair values because they rely on evidence from actual market transactions. However, outright sales and purchases of intangible assets are infrequent and details of those that take place are rarely fully available, so these methodologies can be difficult to apply in practice. However, where such transactions exist (for instance the sale and purchase of customer lists or of licences), such methodologies can be a primary valuation approach.

(All amount in £ thousands unless otherwise stated)

Key assumptions applied for calculation for fair value are listed below:

ipan/Delegate Intangible assets	**Assumptions used**	
Trade name	(i) Revenue projection	Refer note 9
	(ii) An appropriate royalty rate	1.0%
	(iii) The discount rate	7.9% for IPTP, 7.7% for software and validation
	(iv) Useful economic life	1.5-4 years
Customer relationships	(i) Revenue projection	Refer note 9
	(ii) Customer attrition rate	2% for renewals, 10% for foreign filings and recordals, 2.5% for Unycom and Validation, 6% for Ipfolio
	(iii) The discount rate	7.9% for IPTP, 7.7% for software and validation
	(iii) Useful economic life	15.6- 22.6 years
Master Data Centre, Inc. Intangible assets	**Assumptions used**	
Customer relationships	*(i) Customer revenue projection* (growth and attrition rate)	Revenue Growth 0.9% (2018-2022), 2.0% thereafter
		Customer attrition rate: 0.0% (2019-2013), 5.0% thereafter
	(iii) The discount rate	10.7%
	(v) Useful economic life	19.2 years
Software Algorithms	(i) Royalty rate	7.5%
	(ii) Annual obsolescence rate	10%
	(iii) The discount rate	12.2%
	(iv) Useful economic life	9 years

(All amount in £ thousands unless otherwise stated)

20 Investment

Group	**As at 31 December 2019**	**As at 31 December 2018**
Investment measured at fair value	-	8,835

This amount represents a long term unlisted equity investment acquired by the Group during 2015. The Group did not have control over the investee as it was not exposed to, nor did it have rights to variable returns from its involvement with the investee. As a result this investment did not qualify for consolidation into the Group's annual financial statements and was subsequently measured at fair value through other comprehensive income.

During the course of the current financial year the Group sold the investment and simultaneously acquired a stock purchase call option over the same investee entity. As result of acquiring the stock purchase call option, there was no transfer of substantially all the risk and rewards of the underlying investment. Thus the investment did not qualify for derecognition and therefore continues to be recognised as a financial asset at fair value with a corresponding liability also recognised to reflect the continuing involvement in that asset - refer note 21(b).

Interest in other entities

Subsidiaries

The Group's subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests (100%) held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiary	**Country of Operation**	**Holding (par value)**	**Nature of business**	**Registered office**
CPA Global Watching Services	Jersey	-	IP Services	Liberation House Castle Street St Helier Jersey JE1 1BL Channel Islands
CPA Global Management Services Ltd	UK	4 (£1)	Sales, marketing and support services	Suite 100, 3 Bride Court, London, EC4Y 8DU
CPAUSH Ltd	UK	1 (£1)	Investment Holding	Suite 100, 3 Bride Court, London, EC4Y 8DU
CPA Global Sweden Holdings AB	Sweden	50,000 (SEK1)	Investment holding	Nordenskioldsgatan 8211 19 Malmo Sweden
CPA Global (Ipendo) AB	Sweden	114,800 (SEK 1)	IP Software	World Trade Center, Skeppsgatan 19, 211 11 Malmö, Sweden

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CPA Global (Ipendo Systems) AB	Sweden	1,000 (SEK 100)	IP Software	Research & Development Centre, Nygatan 18, 582 19 Linköping, Sweden
CPA Global (Ipendo) Inc	USA	8,000 capital stock(US$1)	IP Software	251 Little Falls Drive Wilmington New Castle Delaware 19808 USA
CPA Global Deutshland GmbH	Germany	25,000 (EUR 1)	Sales, marketing and support services	St-Martin Strasse 6081541 Munich Germany
CPA Global (Australia) Pty Ltd	Australia	1 (AUS$1)	Dormant	Level 4, 10 Barrack Street Sydney 2000 Australia
CPA Global Software Solutions Australia Pty Ltd	Australia	3,600 (AUS$1)	IP Software	Suite 17.01A, 1 Market Street, Sydney NSW 2000
CPA Global Software Solutions (UK) Ltd	UK	1 (£1)	IP Software	Suite 100, 3 Bride Court, London, EC4Y 8DU
CPA Global (Asia) Ltd	Hong Kong	100 (HK$1)	Sales, marketing and support services	Units 2301 - 230323/f Tai Tung Building No.8 Fleming Road Wanchai Hong Kong
CPA Global Holdings (France) SNC	France	-	Investment holding	Immeuble Ampere 8, rue Eugene et Armand Peugeot 92 500 Rueil Malmaison France
CPA Global Software Solutions SAS	France	1,000 (EUR 153)	IP Software	Immeuble Ampere 8, rue Eugene et Armand Peugeot 92 500 Rueil Malmaison France
CPA US Holdings Inc	USA	100 common stock (US$0.01)	Investment holding	251 Little Falls Drive Wilmington New Castle Delaware 19808 USA
CPA Global North America LLC	USA	-	IP Software	251 Little Falls Drive Wilmington New Castle Delaware 19808 USA
CPA Software Solutions (North America) Ltd	USA	1,300 common stock	Investment holding	Bank of America Center 16th Floor, 1111 Main Street Richmond VA 23219 USA
CPA Global (Canada) Inc	Canada	100 (CAD$1)	Sales, marketing and support services	800-1959 Upper Water Street Halifax Nova Scotia B3J 3N2 Canada

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CPA Global Support Services LLC	USA	-	IP Transaction processing and IP Services	251 Little Falls Drive Wilmington New Castle Delaware 19808 USA
CPA Global Support Services India Private Ltd	India	66,103 (INR10)	IT enabled group support services and IP outsourcing	2nd Floor1/3 Sir Gangaram Hospital Marg Old Rajinder Nagar New Delhi, Central Delhi DL 110060 India
CPA Global Patent Research LLC	USA	-	IP Transaction Processing	Bank of America Center 16th Floor, 1111 Main Street Richmond VA 23219 USA
CPA Global (FIP) LLC	USA	-	IP Software	251 Little Falls Drive Wilmington New Castle Delaware 19808 USA
CPA Global Patent Research (Europe) GmbH	Germany	25,000 (EUR1)	Dormant	St-Martin Strasse 6081541 Munich Germany
CPA Global (Korea) Limited Liability Company	South Korea	22,000 (KRW 5,000)	Sales, marketing and support services	41F Gangnam Finance Centre152 Teheran-ro, Ganhnam-guSeoul 06236
Cee-Bo Global IP Management Services (Shenzhen) Ltd	People's Republic of China	-	Sales, marketing and support services	13/F, Tower 3, Kerry Plaza No. 1 Zhong Xin Si Road Futian District Shenzhen 518048 People's Republic of China
CPA Global (Ipendo) B.V.	Netherlands	180 (EUR100)	Dormant	Sekeringstraat 171014 BM Amsterdam The Netherlands
CPA Global (FTF) Inc	USA	1,000 (US$ 0.001)	IP Software	251 Little Falls Drive Wilmington New Castle Delaware 19808 USA
CPA Global (Patrafee) AB	Sweden	175,860 (SEK 15)	IP Transaction processing	PO Box 10145100 55 Stockholm Sweden
CPA Global (Patrafee) Ltd	UK	100 (£1)	IP Software	Suite 100, 3 Bride Court, London, EC4Y 8DU
CPA Global IP Management Consulting (Taiwan) Co., Ltd	Taiwan	500,000 (NT$ 10)	Sales, marketing and support services	Level 37, Taipei 101 TowerNo.7 Section 5, Xinyi Road Taipei 110 Taiwan
CPA Global (Landon IP) Inc	USA	100,000 (US$ 0.01)	IP Transaction Processing and IP Services	Bank of America Center 16th Floor, 1111 Main Street Richmond VA 23219 USA

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Patent Resources Group Inc.	USA	1,000 common stock (US$0.01)	IP Services	Bank of America Center 16th Floor, 1111 Main Street Richmond VA 23219 USA
CPA Global (Landon IP) Ltd	UK	1 (£1)	IP Services	Suite 100, 3 Bride Court, London, EC4Y 8DU
Cee-Bo Landon Information Consulting (Shanghai) Ltd	People's Republic of China	-	IP Transaction Processing	Level 23, Citigroup Tower33 Huayuan Shiqiao Road Shanghai 200120 People's Republic of China
Landon IP India Private Ltd	India	150,000 (INR10)	Dormant	2nd Floor 1/3 Sir Gangaram Hospital Marg Old Rajinder Nagar New Delhi, Central Delhi DL 110060 India
Landon IP (HK) Ltd	Hong Kong	1,001 (HK$1)	Investment holding	Suite 5501, 55th Floor Central Plaza 18 Harbour Road Wanchai Hong Kong
Innography, Inc.	USA	100 (US$ 0.01)	IP Software	251 Little Falls Drive Wilmington New Castle Delaware 19808 USA
Markpro Co Ltd	South Korea	1,183,710 (KRW 500)	IP Transaction Processing	3F Bldg 2775 Gyeongin-ro Teong deungpo-gu Seoul
Markpro Global Ltd	South Korea	100,000 (KRW 500)	IP Transaction Processing	3F Bldg 2775 Gyeongin-ro Teong deungpo-gu Seoul
Wiro Ltd	UK	1 (£1)	IP Transaction Processing	Suite 100, 3 Bride Court, London, EC4Y 8DU
Markpro Global Company	Japan	500 (JPY 10,000)	IP Transaction Processing	11-6 Hamamamtsucho 1-chome Minato-ku Tokyo
Beijing Markpro Co Ltd	People's Republic of China	-	IP Transaction Processing	2-1206, 12F16 Haidian District Beijing
Markpro US LLC	USA	-	IP Transaction Processing	251 Little Falls Drive Wilmington New Castle Delaware 19808 USA
Master Data Center, Inc.	USA	2,029 (US$ 100)	IP Transaction Processing	2318 Mill Road, 12th Floor, Alexandria, VA 22314, USA

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Information Holdings, Inc.	USA	3 (US$ 0.01)	IP Transaction Processing and IP Software	2318 Mill Road, 12th Floor, Alexandria, VA 22314, USA
Camelot Acquisitions US 3 Co	USA	1,000 (US$ 100)	Investment Holding	2318 Mill Road, 12th Floor, Alexandria, VA 22314, USA
Olcott International & Co. LLC	USA	-	IP Transaction Processing	251 Little Falls Drive Wilmington New Castle Delaware 19808 USA
CPA Global India Private Ltd	India	500,000 (INR 10)	Sales, marketing and support services	E-24 ,IInd Floor, Greater Kailash Enclave-I, New Delhi, South Delhi, Delhi-110048
Valipat SA	Belgium	13,010 (EUR 1)	Validation	Rue de Livourne 7, 1060 Brussels
A.D.T Translations SA ("Anthea")	Belgium	5,041 (EUR 1)	Translation	Boulevard Piercot 33, 4000 Liege
Emcoop SCRL	Belgium	1 (EUR 1)	Dormant	Rue de Livourne 7, 1060 Brussels
IP Sales Inc.	USA	100 (US$1)	Dormant	401 Edgewater Place, Suite 300 Wakefield, MA 01880, USA
Envoy IP Inc.	USA	100 (US$1)	Dormant	Delta House, Third Floor, 50 West Nile Street, Glasgow, G1 2NP Scotland
Delegate Inc.	USA	100 (US$1)	Dormant	Delta House, Third Floor, 50 West Nile Street, Glasgow, G1 2NP Scotland
Envoy Ltd	UK	1000 (£1)	Investment holding	Delta House, Third Floor, 50 West Nile Street, Glasgow, G1 2NP Scotland
Envoy International Ltd	UK	100 (£1)	IP Transaction Processing	Delta House, Third Floor, 50 West Nile Street, Glasgow, G1 2NP Scotland
IPAN Service GmbH	Germany	42,016 (EUR 1)	Investment holding	85540 HAAR, Münchnerstr. 14, BT-A 6. Obergeschoss
IPAN GmbH	Germany	25,000 (EUR 1)	IP Transaction Processing	85540 HAAR, Münchnerstr. 14, BT-A 6. Obergeschoss
IPAN BPM GmbH	Germany	25,000 (EUR 1)	Investment holding	85540 HAAR, Münchnerstr. 14, BT-A 6. Obergeschoss

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IPAN LPMS GmbH	Germany	25,000 (EUR 1)	Dormant	85540 HAAR, Münchnerstr. 14, BT-A 6. Obergeschoss
Annui GmbH	Germany	25,000 (EUR 1)	Investment holding	85540 HAAR, Münchnerstr. 14, BT-A 6. Obergeschoss
IPAN LLC	USA	270,000 (US$ 1)	IP Transaction Processing	Suite 104. First floor, 900 Wilshire drive troy, MI 48084 United states
IPSS Europe Ltd	UK	10,783 (£1)	IP Software	7 Bankside, the Watermark, Gateshead NE1 1 9SY, UK
Ipan Ltd	UK	1(£1)	IP Transaction Processing	Acre House 11/15 William Road London United Kingdom NW1 3ER
Ipan Nordics AB	Sweden	500 (SEK100)	Dormant	S:t Johannesgatan 2, 4th floor SE 211, 46 Malmo, Malmo, SE 211, 46 Sweden
Ipan BPM d.o.o.	Serbia	-	IT enabled group support services and IP outsourcing	Pot no 380/1, Karadjordjeva 1st floor, Belgrade, Serbia
Unycom GmbH	Austria	-	IP Software	St.-Peter-Gürtel 10, 8042 Graz
Unycom Management Service GmbH	Austria	-	Investment holding	St.-Peter-Gürtel 10, 8042 Graz
Unycom Germany IT Services GmbH	Germany	-	Dormant	Münchener Str. 14, 85540 Haar
Ipfolio Corporation	USA	108,724 (US$ 0.0001)	IP Software	INDMAS015, 350 Massachusetts Avenue, Suite 300, Indianapolis, IN 46204
Ipfolio Alps GmbH	Austria	-	IP Software	Europaplatz, 2/1/2, 1150 Wien, Austria
Selige Investment S.a.r.l	Luxembourg	1,591,125,582 (EUR 0.01)	Investment holding	L-1143 Luxemberg Rue Astrid 24

Companies where there is no share capital are either partnerships or limited liability companies without share capital.

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The following UK subsidiaries of the Group (together "the Exempt Subsidiaries"), having met the criteria set out in sections 479A - 479C of the Companies Act 2006, are claiming exemption from the audit of their individual accounts for the year ended 31 December 2019. No members of the exempt subsidiaries have required an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records, and for the preparation of accounts. The Company has guaranteed the outstanding liabilities of each of the exempt subsidiaries that were outstanding as at 31 December 2019. Such liabilities are guaranteed until paid:

Name of the subsidiary	Registration number
CPA Global Management Services Ltd	4087142
CPA Global Software Solutions (UK) Ltd	3376094
CPAUSH Ltd	4076839
CPA Global (Patrafee) Ltd	7611599
CPA Global (Landon IP) Ltd	7800044
Wiro Ltd	7460789
Envoy Ltd	SC439951
Envoy International Ltd	SC341761
IPSS Europe Ltd	03914287
Intellectual Property Associates Network Limited	09597455

The following subsidiaries of the Group have different accounting year end. However the results of these subsidiaries for the year to 31 December are consolidated in the Group results.

Name of subsidiary	**Country**	**Financial year**
CPA Global Support Services India Private Limited	India	1 April to 31 March
Landon IP India Private Limited	India	1 April to 31 March
Markpro Global Corporation	Japan	1 September to 31 October
CPA Global India Private Limited	India	1 April to 31 March

(All amount in £ thousands unless otherwise stated)

21 Financial instruments

21(a) Financial assets and financial liabilities

The following tables present information about the Group's financial instruments:

Financial assets

Group	Notes	Assets at FVPL*	Assets at FVOCI**	Asset at amortised cost	Total
2019					
Trade and other receivables	11	-	-	171,355	171,355
Cash and cash equivalents		-	-	67,392	67,392
Financial asset		2,126	4,651	-	6,777
Derivative financial instrument		183	-	-	183
		2,309	4,651	238,747	245,707
2018					
Trade and other receivables	11	-	-	124,073	124,073
Investment	20	-	8,835	-	8,835
Cash and cash equivalents		-	-	51,798	51,798
		-	8,835	175,871	184,706

Company	Notes	Assets at amortised cost	Total
2019			
Investments	20	591,096	591,096
2018			
Investments	20	30,378	30,378

Financial liabilities	Notes	Liabilities at FVOCI**	Liabilities at amortised cost	Total
Group				
2019				
Trade and other payables	12	-	241,777	241,777
Borrowings from Group companies	14(b), 14(a)	-	355,534	355,534
Lease liability	14(b), 14(a)	-	19,752	19,752
Financial liabilities		2,460	-	2,460

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Financial liabilities	Notes	Liabilities at FVOCI**	Liabilities at amortised cost	Total
2018				
Trade and other payables	12	-	178,163	178,163
Borrowings from Group companies	14(b), 14(a)	-	237,212	237,212
Lease liability		-	13,550	13,550
Bank borrowings	14(b), 14(a)	-	352	352

Company	Notes	Liabilities at FVOCI**	Liabilities at amortised cost	Total
2019				
Other payables		-	248	248
2018				
Other payables		-	1,475	1,475

**FVPL - Mandatorily measured at fair value through profit and loss account*

***FVOCI - Designated as fair value through other comprehensive income*

21(b)Fair value hierarchy

Group	Level 1 Quoted prices in active markets for identical assets/ (liabilities)	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs	Total
Fair value as at 31 December 2019				
Financial asset	-	-	6,777	6,777
Financial liability	-	-	2,460	2,460
Share based payments	-	1,060	-	1,060
Derivative financial instrument	-	183	-	183
	-	1,243	9,237	10,480

Recognised fair value measurements

During the year ended 31 December 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. There were also no changes in the purpose of any financial asset/liability that subsequently resulted in a different classification of that asset/liability.

Valuation techniques used to determine fair values

(a) Financial asset

This amount represents the fair value of the unlisted long term equity investment which was sold during the year but did not qualify for derecognition due to a purchased call option of £4,600k and additional option rights acquired over and above the original equity investment of £2,177k. These options are capable of being exercised at any time during an initial period of 10 years from date of acquisition or during a further period of 10 years at the Group's election.

The fair value of these were determined as follows:-

- The financial asset relating to the investment sold during the current period which did not qualify for derecognition, was valued using the market approach;

- The additional stock purchase call options that relate to additional option rights acquired over and above the original equity investment, were valued using the Black-Scholes pricing model to determined the option fair value.

(b) Financial liability

The net amount of the investment carrying value and this liability is equal to the fair value of the option which is retained over the original equity investment and therefore represents the extent of the Group's continued involvement in the disposed asset, which did not meet derecognition criteria. The fair value of this option, was calculated using the Black-Scholes pricing model.

Management have assessed the sensitivity of the level 3 fair value measurement to changes in unobservable inputs and do not believe that such reasonably expected changes would materially affect the fair value.

(c) Share based payments

The fair value of the share-based payments is measured on the basis of a valuation performed by an external valuation expert. The external valuation expert has determined fair value with reference to expected value of ordinary shares of the company at the date of expected exit using the Monte- Carlo model.

22 Assets pledged as security

Under the terms of the Lien 1 credit arrangement, availed by Capri Acquisitions Bidco Limited, the intermediate parent company, lenders have security over substantially all of the assets of the following Jersey, UK and US entities:

CPA Global Management Services Limited	Innography Inc.
CPA Software Solutions (UK) Limited	Computer Patent Annuities International Limited
CPA Global Support Services LLC	CPA US Holdings Inc.
CPA Global (FIP) LLC	Camelot U.S. Acquisition 3 Co
CPAUSH Ltd	Master Data Center, Inc
CPA Global (Landon IP) Inc.	Information Holdings Inc

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In addition, the above subsidiaries have guaranteed the prompt and complete payment and performance by the loan parties, when due, of the primary obligations. The primary obligations are the unpaid principal of, and interest on, the loans and any other obligations to the Lenders, in connection with the credit agreement, secured hedge agreement and any other loan documents.

23 Related parties

23(a) Parent companies and ultimate controlling party

The immediate parent company is CPA Global Group Holdings Limited, a company registered in Jersey, Channel Islands. The ultimate parent company is Capri Acquisitions Topco Limited, a company registered in Jersey, Channel Islands. The directors consider Leonard Green & Partners to be the ultimate controlling party of Capri Acquisitions Topco Limited as they manage and advise a number of funds which collectively hold a majority of voting rights in the Capri Acquisitions Topco Limited.

23(b) Subsidiaries

Interests in subsidiaries are set out in Note 20.

23(c) Key management personnel compensation

	Year ended 31 December 2019	Period ended 31 December 2018
Short-term employees benefits	2,999	1,742
Post-employment benefits	54	114
Termination benefits	174	315
	3,227	2,171

23(d) Transactions with related parties

	Year ended 31 December 2019	Period ended 31 December 2018	As at 31 December 2019	As at 31 December 2018
Sale of services	66,266	86,373	53,953	61,293
Purchase of services	7,123	5,622	157,262	130,394

23(e) Borrowings from Group companies

	Year ended 31 December 2019	Period ended 31 December 2018
Opening balance	237,212	217,017
Loans advanced	164,523	87,521
Loans repaid	(40,888)	(74,080)
Interest charged	15,874	10,663
Interest paid	(10,188)	(4,716)
Foreign exchange (gain)/loss	(10,999)	807
	355,534	237,212

(All amount in £ thousands unless otherwise stated)

24 Restatement

During the course of the current financial year it was identified that acquisition related costs of £1,490k incurred in the year ended 31 December 2018, were incorrectly disclosed as cash flows from investing activities, whereas they should have been disclosed as cash flows from operating activities.

As a result the prior period figures have been restated and the overall impact can be summarised as follows:

	As at 31 December 2018 (as previously reported)	Restatement	As at 31 December 2018 (restated)
Cash flows from operating activities			
Cash generated from operations	54,635	(1,490)	53,145
Cash flows from investing activities			
Payment for acquisition related costs	(1,490)	1,490	-
	53,145	-	53,145

25 Subsequent events

(i) There are no adjusting post balance sheet events to report. The directors draw attention to the coronavirus pandemic which has impacted the world and has an uncertain short, medium and long-term impact on the economic conditions the Group operates in. The carrying value of intangible assets and goodwill has not been impacted by the outbreak of COVID-19 at the date of the financial statements. The Directors have assessed whether there has been any material impact upon the carrying value of any other assets or liabilities as of the reporting date, which would require disclosure as a post balance sheet event. No assets or liabilities have been identified that have been materially impacted. The Directors draw attention to the fact that the group has continued to collect debts from customers, in line with expectations prior to the outbreak of COVID-19. There has been no material impact upon the expected credit loss provision as a result of the outbreak of the pandemic.

Having considered reasonably expected sensitivities in relation to the pandemic, the directors believe it is still appropriate to prepare the accounts on a going concern basis. Please refer to the Director's Report and Going concern section of Note 2(b) - Accounting Policies for more information.

(ii) On October 1, 2020 the CPA Global Group was acquired by the below mentioned subsidiaries of Clarivate Plc ("Clarivate"), a public company registered in Jersey, Channel Islands and ultimate parent company. In connection with the transaction, former CPA Global shareholders received approximately 217 million Clarivate ordinary shares, representing 35% pro forma fully diluted ownership of Clarivate.

In order to effect the transaction Redtop Holding Limited (intermediate parent of the Company) sold 100% of the equity securities of the CPA Global Group Holdings Limited (immediate parent of the Company) to Camelot UK Bidco Limited a company registered in the United Kingdom. CPA GLobal Group Holdings Limited immediately prior to the sale of its equity securities distributed to Redtop Holding Limited, 100% of the equity securities in CPA Global Limited and its subsidiaries. Redtop Holding Limited in turn then sold 100% of the equity securities in CPA Global Limited and its subsidiaries, to Clarivate IP (US) Holdings Corporation, a company registered in Delaware, USA.