

Registration number: 08277408

# CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

Annual Report and Financial Statements

for the Year Ended 31 December 2021



**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

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**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Company Information**

**Directors** Alisdair Saunders Lamb More

Jonathan Niall Murphy

**Registered office** 12 New Fetter Lane  
London  
EC4A 1JP

**Bankers** JP Morgan Chase  
25 Bank Street  
London  
E14 5JP

**Auditors** Ernst & Young  
Brigewater Place  
1 Water Lane  
Leeds  
LS11 5QR

## CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

### Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

#### Principal activity

The company is operating on a cost plus basis supporting the wider CommScope Group and as an intermediate holding company.

#### Review of the business

During the financial year ended 31 December 2021 the Company made a profit after taxation of \$2,155,000 (2020: \$1,965,000) and operating profit of \$2,352,000 (2020: \$2,658,000). The main driver of profit is dividend income from subsidiaries of \$1,926,000 (2020: \$10,021,000). Impairment expense of \$961,000 is charged to income statement during the year (2020: \$9,291,000) as a result of a dividend receipt reducing net assets within a direct subsidiary. The company's turnover in the year was \$23,650,000 (2020: \$25,019,000). The results are stated after charging a share based payment expense of \$883,000 (2020: \$1,104,000).

The Company had some restructuring during the year as part of the group wide CommScope NEXT initiative designed to drive shareholder value through three pillars: profitable growth, operational efficiency and portfolio optimization. The initiatives impacted the level of services the Company is required to provide to the wider group therefore reducing the turnover. Dividend income reduced in line with expectations based on the status of the subsidiaries.

The directors did not recommend the payment of a dividend in 2021 (2020 Interim dividend paid: \$8,200,000).

As at the 31 December 2021 the company has one overseas branch in Dubai. The branch is included in these Financial Statements.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Turnover	\$'000	23,650	25,019
Operating profit from services performed	%	6	5
Net profit from subsidiaries	\$'000	965	1,286

#### *Proposal to Spin off Home Networks business*

On 8 April 2021 the Company's owner has completed a strategic review and concluded that the Home Networks business globally, of which a portion is contained within ARRIS Global Ltd ("AGL"), a related party of the company, is expected to be spun off as an independent group. While not finalised, the intention at this time is that certain operations of AGL will be moved to CommScope UK Limited. The plans are not yet concluded as to the structure and financing of the new group arising from the spin transaction. Whilst the full impact is unknown at this stage the expectation is that the change is expected to be financially beneficial to the Company and would likely strengthen the Balance Sheet and profitability. As such, the impact of the spin-off is not seen as a risk to the company, but rather an opportunity. After a thorough consideration of the current supply chain environment and its impact on the Home Networks business, the ultimate parent company announced early 2022 to delay the execution of the spin-off with no firm timeline for restarting the plan.

## **CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Principal risks and uncertainties**

The Company is dependent on the continued profitability of the CommScope group. The principal risks and uncertainties are competition, management of growth, new products services and technologies, fluctuations in operating results, international expansion, commercial agreements, acquisitions, foreign exchange rates, system interruption, Government regulation, taxation and fraud. The risk and impact of Covid-19 is described in the going concern narrative with the Directors Report and Note 2 to the financial statements.

#### **S172(1) Statement**

The Directors have ensured compliance with their duties under s.172(1) in relation to the Company and its various stakeholders, including shareholders, subsidiaries, intercompany customers and employees. As a wholly-owned subsidiary of the Group, the Company has a sole member. The Company is a holding company in the United Kingdom to both its direct and indirect subsidiaries as presented in Note 12 to these financial statements. The Company qualifies as large under the Companies Act 2006 due to the size of its subsidiaries.

The Directors follow Group's policies and procedures in all business interactions using four guiding values: act with integrity, innovate for customer success, continuously improve and win as one team. The Directors believe that corporate responsibility and sustainability means making decisions that have a positive impact on our people, planet and bottom line. The group-wide sustainability mission is to enable faster, smarter and more sustainable solutions while demonstrating the utmost respect for our human and natural resources.

In executing their duties and in order to promote the success of the Company for the benefit of its members as a whole, the Directors always consider, among other things, the following factors:

- i. The likely consequences of any decision in the long term;
- ii. The interests of the Company's employees;
- iii. The need to foster the Company's business relationships with suppliers, customers and others;
- iv. The impact of the Company's operations on the community and environment;
- v. The desirability of the Company maintaining a reputation for high standards of business conduct; and
- vi. The need to act fairly as between members of the Company.

Engagement with all of the Company's stakeholders has informed the way in which the Directors have discharged their duties and addressed the principal risks and uncertainties as detailed below. Within the Group, Directors hold positions as Asst. General Counsel - International and VP Finance. Where individual Directors are not directly involved in the processes described below, regular feedback and discussions are held with the relevant management teams on matters of significance. The need and frequency for management board meetings is driven by regulatory environment as well as strategic planning and actions driven by the Group. Both Directors are often in attendance virtually or via email. The Directors rely on the Group's functional experts' guidance and have their approvals as appropriate before authorising any board resolutions. Operational review meetings are held on monthly basis where key business segment and functional leaders are in attendance discussing group matters that impact the company too. VP Finance attends these meetings. There were no matters brought to the attention of the Directors through the undertaken engagement that were considered to be of strategic importance, other than relating to those matters detailed in the principal decisions section below.

## CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

### Strategic Report for the Year Ended 31 December 2021 (continued)

The key stakeholders of the company during the year along with details of the forms of engagement undertaken are detailed below.

**Stakeholder: Shareholders**

**Key Considerations**

Shareholders of the company are considered to be the wider CommScope group, ultimate parent and controlling entity is CommScope Holding Company, Inc.

The company’s continued success is depended on the group’s performance, support for innovation and sharing of resources.

**Why We Engage**

We create value for our shareholders by generating strong and sustainable results that translate into dividends.

**How We Engage**

Management Board meetings and operational reviews.

**Outcomes and Actions**

Utilisation of excess cash reserves to effectively manage working capital for the company, its subsidiaries and the group.

Execution of legal entity simplification and disciplined cost control group strategy whilst maintaining capabilities of the company.

**Stakeholder: Employees**

**Key Considerations**

- Our employees are those who directly work for the company whether as permanent staff or as contractors.
- The Directors promote a culture of always being there for our colleagues, working together, across borders and boundaries, toward a singular goal-to win.
- Part of what makes us unique is our diverse set of experiences and perspectives, which provide a uniquely strong support system.

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Strategic Report for the Year Ended 31 December 2021 (continued)**

**Why We Engage**

Determined to make a positive change. Our employees are at the very heart of everything we do at CommScope, and they are the driving force for our innovation and success.

**How We Engage**

Engagement and pulse surveys, internal media, interviews, corporate Town Hall webcast, site-driven Town Hall meetings and dialogue as well as through an open-door policy.

**Outcomes and Actions**

Implemented procedures for managing the COVID-19 pandemic to protect the safety, health and welfare of our employees and to keep critical business operations functioning.

Training and educational programs will help source the next generation of employees and ensure CommScope's products meet customer needs.

Other stakeholders of the Company are customers, suppliers and creditors as well community and environment where it operates. Company's sole customer is an affiliated company, however, both take direction from the wider group therefore engagement through the shareholders is key to understand level of services the Company is expected to provide. Suppliers and creditors of the Company are mainly external Companies supporting the operations of the Company's employees in terms of office space, services and contractor workforce for specific projects as well as regulatory authorities. Building good relationships with suppliers and creditors enable efficient and compliant operations, however, they are not key to the Company's strategic objectives. The wider CommScope Group directs and drives the engagement and support for communities, ensures environmental compliance and designs improvements to reduce emission and wastage.

**Principal decisions**

Directors define principal decisions as both those that are material to the company, but also those that are significant to any of the key stakeholder groups in the previous section. In making the following principal decisions the Directors considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the company.

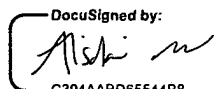
**Key principal decisions during the year**

The Board managed and monitored the plans related to the proposed Home Networks spin-off closely ensuring the company, its subsidiaries and their employees were considered, and compensation planned, where appropriate related to the assets and positions they hold. The Board effectively balanced the shareholder requirements to the requirements of the Company. In addition the Board executed further restructuring activities during the year following the group's strategic objectives and consultation with HR, managers and impacted employees.

**Future developments**

Refer to *Review of the Business* on Strategic report related to the CommScope Group's plans to spin off the 'Home Networks' business and its impact to the Company.

Approved by the Board on 29 September 2022 and signed on its behalf by:

DocuSigned by:  


.....C384A3RD655448A.....

Alisdair Saunders Lamb More  
 Director

## **CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

### **Directors' Report for the Year Ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

#### **Directors of the company**

The directors who held office during the year were as follows:

Michael David Coppin (resigned 9 June 2022)

Alisdair Saunders Lamb More

The following director was appointed after the year end:

Jonathan Niall Murphy (appointed 9 June 2022)

#### **Results**

The profit for the year, after taxation amounted to \$2,155,000 (2020: \$1,965,000).

#### **Dividends**

The directors do not recommend a dividend payment for the year (2020: \$8,200,000).

#### **Political donations**

The company made no political or charitable contributions during the year (2020: \$nil).

#### **Research and development**

No expenditure on research and development was incurred in the year (2020: \$nil).

#### **Branches outside the United Kingdom**

CommScope UK Limited - Dubai Branch (previously known as ARRIS Solutions UK Ltd (Dubai Branch))

Sheikh Zayed Road, H-Business Tower, 25th floor, office 2509.

P.O.Box: 128262, Dubai.

#### **Going concern**

The Company operates under a cost-plus agreement supporting the wider CommScope Group whereby all costs are recharged to another group company at a pre-agreed mark-up %. Under this operating structure, the Company expects to remain profitable on an annual basis, but is dependent and funded by the activities of the CommScope Group and the ultimate parent, CommScope Holding Company, Inc.

Consequently, the Company has obtained a letter of support by the ultimate parent, CommScope Holdings Company, Inc. The letter confirms that CommScope Holdings Company, Inc will provide financial support to the company to assist in meeting its liabilities to the extent that money is not otherwise available to the company to meet such liabilities. CommScope Holding Company, Inc. has confirmed its ability to provide such support for a period of at least until 31 December 2023 from the date of approval of the company's balance sheet. The Directors have assessed the level of financial support, and are satisfied the support is available taking into account the Parent Company's available liquidity, consisting of a \$671.1m revolver and \$229.3m cash in hand at the end of June 2022, and its financial plan driven by the CommScope NEXT designed to drive shareholder value through three pillars: profitable growth, operational efficiency and portfolio optimization.

## CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

### Directors' Report for the Year Ended 31 December 2021 (continued)

The Directors have reviewed the impact of the inflationary pressures, which is impacting the level of services the Company is required to provide to the CommScope Group and requires it to operate in a disciplined cost control manner. The directors have analysed the business operations of the Company in terms of its ability to continue as a going concern for at least until 30 September 2023, and have determined that there is no significant uncertainty regarding the ability to continue as a going concern.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least until 30 September 2023. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Directors' liabilities

The directors have chosen in accordance with Section 414C(11) of the Companies Act 2006 to include in the Strategic Report matters otherwise required to be disclosed in the Directors' Report as the directors consider these are of strategic importance to the company.

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in place for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law in respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy has been maintained throughout the financial year and at the date of approval of the financial statements.

#### Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

#### Reappointment of auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young will therefore continue in office. Ernst & Young have expressed their willingness to continue in office as auditors.

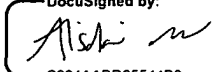
#### Important non adjusting events after the financial period

The Company was renamed as CommScope UK Limited on 1 March 2022.

The following subsidiaries of the Company have paid cash dividends post year end: ARRIS Taiwan Ltd. declared a dividend of NT\$ 29.4 million (\$806,588) on 29 April 2022. ARRIS Sweden A.B. declared a dividend of SEK 8 million (\$792,841) on 28 June 2022.

To support group wide legal entity simplification strategy, on 21 June 2022 the Company sold its entire 100% interest of issued share capital in ARRIS Solutions Switzerland GmbH at fair value \$513,598, to CommScope Holdings (Germany) GmbH & Co. KG. a group affiliate.

Approved by the Board on 29 September 2022 and signed on its behalf by:

DocuSigned by:  
  
.....C384AABDR55A4B8.....  
Alisdair Saunders Lamb More  
Director

## **CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **Independent Auditor's Report to the Members of CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

### **Opinion**

We have audited the financial statements of CommScope UK Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Profit and Loss, Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period from when the financial statements are authorised for issue to 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of CommScope UK Limited (previously known as ARRIS Solutions UK Ltd) (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

*Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.*

## Independent Auditor's Report to the Members of CommScope UK Limited (previously known as ARRIS Solutions UK Ltd) (continued)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax laws and regulations in the UK.
- We understood how CommScope UK Limited is complying with those frameworks by making enquiries of those charged with governance and management, including those responsible for legal and compliance procedures, to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes and papers provided to the Board, and made inquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material adverse impact on the company, as well as consideration of the results of our audit procedures across the company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was a susceptibility to fraud. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements are free from fraud and error. Specifically, we identified a fraud risk in relation to overstatement of expenses, which would result in the overstatement of revenue. We performed detailed audit procedures on the costs incurred in the year, including agreement to supporting invoices and agreed revenue invoices to supporting distribution agreements.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. In addition to those set out above, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Financial Statements with the requirements of the relevant accounting standards and UK legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.

*Ernst & Young UK*

.....  
Tim Helm (Senior Statutory Auditor)  
For and on behalf of Ernst & Young, Statutory Auditor

Brigewater Place  
1 Water Lane  
Leeds  
LS11 5QR

30 September 2022

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Profit and Loss Account for the Year Ended 31 December 2021**

	<b>Note</b>	<b>2021 \$000</b>	<b>2020 \$000</b>
Turnover	3	<u>23,650</u>	<u>25,019</u>
Gross profit		23,650	25,019
Administrative expenses		(22,263)	(23,647)
Dividends received and impairment in subs	4	<u>965</u>	<u>1,286</u>
Operating profit	5	2,352	2,658
Other interest receivable and similar income	6	<u>-</u>	<u>(2)</u>
Profit before tax		2,352	2,656
Taxation	10	<u>(197)</u>	<u>(691)</u>
Profit for the financial year		<u><u>2,155</u></u>	<u><u>1,965</u></u>

The notes on pages 16 to 37 form an integral part of these financial statements.

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Statement of Comprehensive Income for the Year Ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Profit for the year	<u>2,155</u>	<u>1,965</u>
Total comprehensive income for the year	<u><u>2,155</u></u>	<u><u>1,965</u></u>

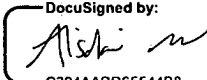
The notes on pages 16 to 37 form an integral part of these financial statements.

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**(Registration number: 08277408)  
Balance Sheet as at 31 December 2021**

	Note	31 December 2021 \$000	31 December 2020 \$000
<b>Fixed assets</b>			
Tangible assets	11	144	330
Investments	12	<u>19,703</u>	<u>20,664</u>
		<u>19,847</u>	<u>20,994</u>
<b>Current assets</b>			
Debtors	13	17,471	17,037
Cash at bank and in hand		<u>2,231</u>	<u>526</u>
		19,702	17,563
<b>Creditors: Amounts falling due within one year</b>	14	<u>(5,227)</u>	<u>(6,376)</u>
<b>Net current assets</b>		<u>14,475</u>	<u>11,187</u>
<b>Total assets less current liabilities</b>		34,322	32,181
<b>Creditors: Amounts falling due after more than one year</b>	14	<u>(315)</u>	<u>(293)</u>
<b>Net assets</b>		<u>34,007</u>	<u>31,888</u>
<b>Capital and reserves</b>			
Called up share capital	16	41	41
Other reserves	17	(39,273)	(39,273)
Profit and loss account	17	<u>73,239</u>	<u>71,120</u>
<b>Total equity</b>		<u>34,007</u>	<u>31,888</u>

Approved and authorised by the Board on 29 September 2022 and signed on its behalf by:

DocuSigned by:  
  
 G394AABD65544B8.....  
 Alisdair Saunders Lamb More  
 Director

The notes on pages 16 to 37 form an integral part of these financial statements.

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Statement of Changes in Equity for the Year Ended 31 December 2021**

	<b>Share capital \$000</b>	<b>Other reserves \$000</b>	<b>Profit and loss account \$000</b>	<b>Total \$000</b>
At 1 January 2021	41	(39,273)	71,120	31,888
Profit for the year	-	-	2,155	2,155
Total comprehensive income	-	-	2,155	2,155
Share based payment transactions	-	-	(36)	(36)
At 31 December 2021	41	(39,273)	73,239	34,007
	<b>Share capital \$000</b>	<b>Other reserves \$000</b>	<b>Profit and loss account \$000</b>	<b>Total \$000</b>
At 1 January 2020	41	(39,273)	76,809	37,577
Profit for the year	-	-	1,965	1,965
Total comprehensive income	-	-	1,965	1,965
Dividends	-	-	(8,200)	(8,200)
Share based payment transactions	-	-	546	546
At 31 December 2020	41	(39,273)	71,120	31,888

• The 2021 share based payment transaction of \$(36,000) consist of share based payment expense of \$883,000 and charge made by parent during the year in respect of share based payments is \$918,000.

• The 2020 share based payment transaction of \$546,000 consist of share based payment expense of \$ 1,104,000 and charge made by parent during the year in respect of share based payments is \$(558,000).

The notes on pages 16 to 37 form an integral part of these financial statements.

## **CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

12 New Fetter Lane  
London  
EC4A 1JP  
United Kingdom

These financial statements were authorised for issue by the Board on 29 September 2022.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

##### **Basis of preparation**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention. Certain critical accounting estimates (where relevant) has been used and professional judgements been exercised in applying the Company's accounting policies (see note 2) as to compliance with FRS102.

Monetary amounts in these financial statements are rounded to the nearest whole \$1,000, except where otherwise indicated.

## **CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Summary of disclosure exemptions**

The company is considered to be qualifying entity (under FRS 102) due to it being subsidiary of CommScope Holding Company Inc. at the reporting date. As a qualifying entity, the company has adopted the following disclosure exemptions;

- (i) the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d) and the requirements of Section 7 Statement of Cash Flows;
- (ii) the requirements of Section 11 Basic Financial Instruments, paragraphs 11.39 to 11.48A and the requirements of Section 12 Other Financial Instruments Issues paragraphs 12.26 to 12.29;
- (iii) the requirements of Section 26 Share based Payment, paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- (iv) the requirement of Section 33 Related Party Disclosures paragraph 33.7.

The company has also adopted the disclosure exemption in respect of related party transactions between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

##### **Name of parent of group**

These financial statements are consolidated in the financial statements of CommScope Holding Company, Inc.

The financial statements of CommScope Holding Company, Inc may be obtained from CommScope Holding Company, Inc., 1100 COMMSCOPE PLACE, SE, HICKORY NC 28602, United States of America.

##### **Functional and presentation currency**

Following ARRIS Group re-organisation post Pace plc acquisition in 2016, the Company changed its functional and presentation currency to United States Dollar ("USD"). The activity of the Company is not distinct and separable from the wider CommScope Group and the economic environment in which it operates is reported in USD. The Company receives revenue in USD and a significant portion of expenses are also recorded in USD. The currency in the jurisdiction in which the Branch is domiciled is the pounds sterling ("GBP").

Historically, financial statements for the company were prepared on the basis that the pounds sterling was its functional currency. However, following review, the directors have determined that the US Dollar is the functional currency that most accurately portrays the economic results of the company and thereby achieves the objectives of foreign currency translation.

## **CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

The Company operates under a cost-plus agreement supporting the wider CommScope Group whereby all costs are recharged to another group company at a pre-agreed mark-up %. Under this operating structure, the Company expects to remain profitable on an annual basis, but is dependent and funded by the activities of the CommScope Group and the ultimate parent, CommScope Holding Company, Inc.

Consequently, the Company has obtained a letter of support by the ultimate parent, CommScope Holdings Company, Inc. The letter confirms that CommScope Holdings Company, Inc will provide financial support to the company to assist in meeting its liabilities to the extent that money is not otherwise available to the company to meet such liabilities. CommScope Holding Company, Inc. has confirmed its ability to provide such support for a period of at least until 31 December 2023 from the date of approval of the company's balance sheet. The Directors have assessed the level of financial support, and are satisfied the support is available taking into account the Parent Company's available liquidity, consisting of a \$671.1m revolver and \$229.3m cash in hand at the end of June 2022, and its financial plan driven by the CommScope NEXT designed to drive shareholder value through three pillars: profitable growth, operational efficiency and portfolio optimization.

The Directors have reviewed the impact of inflationary pressures, which is impacting the level of services the Company is required to provide to the CommScope Group and requires it to operate in a disciplined cost control manner. The directors have analysed the business operations of the Company in terms of its ability to continue as a going concern for at least until 30 September 2023, and have determined that there is no significant uncertainty regarding the ability to continue as a going concern.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least until 30 September 2023. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **Revenue recognition**

Turnover represents amounts receivable under intercompany service agreements with the parent company, excluding value added tax.

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**2 Accounting policies (continued)**

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in financial statements, Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognized only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

**Depreciation**

Depreciation is charged so as to write off the cost less estimated residual value of each of assets over its expected useful life.

The assets' residual values, useful life and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the Statement of Comprehensive Income.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold improvements	12 to 40 years
Laboratory equipments	3 to 10 years
Other equipment	3 to 10 years

## CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

## **CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial assets and liabilities (continued)**

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each year-end date. If there is objective evidence of impairment, an impairment loss is recognised in the income statement as described below.

##### **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

##### **Financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

##### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## **CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

##### **Defined contribution pension obligation**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognized as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

## CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Share based payments

###### *Equity settled transactions*

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions) and non-vesting conditions. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each year-end date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous year-end date is recognized in the income statement, with a corresponding entry in equity.

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

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

##### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 2, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities as at the year-end date and the amounts reported for turnover and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. For the current year management has identified Impairment of investments as a key source of estimation uncertainty.

## CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Impairment in Investments

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

#### 3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2021 \$000	2020 \$000
Rendering of services (United Kingdom)	<u>23,650</u>	<u>25,019</u>

#### 4 Dividends received and impairment in subs

The analysis of the company's other operating income for the year is as follows:

	2021 \$000	2020 \$000
Impairment in subsidiaries	(961)	(9,292)
Gain at sale of investments	-	557
Dividends received	<u>1,926</u>	<u>10,021</u>
	<u>965</u>	<u>1,286</u>

#### 5 Operating profit

Arrived at after charging:

	2021 \$000	2020 \$000
Depreciation expense	133	214
Operating lease expense - land and building	499	585
Operating lease expense - plant and machinery	27	36
Loss on disposal of property, plant and equipment	<u>54</u>	<u>-</u>

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**6 Other interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Other finance income	<u>-</u>	<u>(2)</u>

**7 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	10,540	11,658
Social security costs	1,350	1,297
Pension costs, defined contribution scheme	667	745
Share-based payment expenses	883	1,104
Other employee expense	<u>1,847</u>	<u>2,174</u>
	<u>15,287</u>	<u>16,978</u>

Other employee expenses contain employee related restructuring payments of \$729,000 (2020: \$804,000) due to re-organisation of the Company activities.

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Production and technical	32	32
Administration, sales and management	<u>42</u>	<u>57</u>
	<u>74</u>	<u>89</u>

## CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 8 Directors' remuneration

All of the Directors are paid out of other Group affiliated companies. They have an overall CommScope Group role and as a result the directors do not believe it to be practical to allocate any fees to this entity. Director's fees for individual Directors are disclosed in their respective employing entity financial statements as appropriate.

During the period no retirement benefits were accruing to any of the existing directors in respect of defined contribution pension schemes as the directors are not employed by the company (2020: NIL).

During the period, the directors were granted no restricted share units as part of a group share based payments scheme (2020: NIL).

#### 9 Auditors' remuneration

	2021 \$000	2020 \$000
Audit of the financial statements	-	35

2021 audit fee is \$41,000 paid by another group affiliate.

#### 10 Taxation

Tax charged/(credited) in the income statement

	2021 \$000	2020 \$000
Foreign tax	76	910
Total current income tax	76	910
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	97	(162)
Effect of tax rate change	(51)	(33)
Adjustment in respect of previous periods	75	(24)
Total deferred taxation	121	(219)
Tax expense in the income statement	197	691

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**10 Taxation (continued)**

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Profit before tax	<u>2,352</u>	<u>2,656</u>
Corporation tax at standard rate	447	505
Income not deductible for tax purposes	(393)	(2,047)
Expenses not deductible for tax purposes	184	1,771
Foreign tax paid	76	910
Rate change	(51)	(33)
Adjustment from previous periods - deferred tax	75	(24)
Group relief claimed	<u>(141)</u>	<u>(391)</u>
Total tax charge	<u>197</u>	<u>691</u>
<b>Deferred tax</b>		
Deferred tax assets and liabilities		<b>Asset</b>
		<b>\$000</b>
<b>2021</b>		
Share based payments		167
Capital allowances		210
Bonus		(2)
Tax losses carry-forwards		-
		<u>375</u>
		<u>375</u>
<b>2020</b>		<b>Asset</b>
		<b>\$000</b>
Share based payments		196
Capital allowances		205
Bonus		87
Tax losses carry-forwards		9
		<u>497</u>
		<u>497</u>

The main rate of UK corporation tax of 19% effective from 1 April 2017 was the rate of corporation tax throughout 2021. However, the Chancellor announced in his Budget on 3 March 2021 that the main rate of corporation tax will increase to 25.00% from April 2023. This rate was substantively enacted on 24th May 2021. The closing deferred tax balances as at 31 December 2021 have therefore been calculated at the rate of 25.00% for timing differences expected not to fully resolve by the rate change date, otherwise the shorter term timing difference have continued to be calculated at the rate of 19%.

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**11 Tangible assets**

	<b>Land and buildings \$000</b>	<b>Laboratory equipment \$000</b>	<b>Other tangible assets \$000</b>	<b>Total \$000</b>
<b>Cost or valuation</b>				
At 1 January 2021	770	1,493	76	2,339
Disposals	-	(624)	(2)	(626)
At 31 December 2021	<u>770</u>	<u>869</u>	<u>74</u>	<u>1,713</u>
<b>Depreciation</b>				
At 1 January 2021	677	1,264	67	2,008
Charge for the year	32	96	5	133
Eliminated on disposal	-	(570)	(2)	(572)
At 31 December 2021	<u>709</u>	<u>790</u>	<u>70</u>	<u>1,569</u>
<b>Carrying amount</b>				
At 31 December 2021	<u>61</u>	<u>79</u>	<u>4</u>	<u>144</u>
At 31 December 2020	<u>93</u>	<u>227</u>	<u>10</u>	<u>330</u>

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**12 Investments in subsidiaries**

	<b>31 December 2021 \$000</b>	<b>31 December 2020 \$000</b>
Investments in subsidiaries	<u>19,703</u>	<u>20,664</u>
<b>Subsidiaries</b>		<b>\$000</b>
<b>Cost or valuation</b>		
At 1 January 2021		126,422
<b>Impairment</b>		
At 1 January 2021		105,758
Charge in the year		<u>961</u>
At 31 December 2021		<u>106,719</u>
<b>Carrying amount</b>		
At 31 December 2021		<u>19,703</u>
At 31 December 2020		<u>20,664</u>

The impairment expense was recorded following an impairment assessment performed on the Company's investment balances. The carrying values of the fixed asset investments were compared to the present value of future expected cash flows expected to be generated from these investments. The impairment expense represents the shortfall between the carrying value of the total investment balance and present value of future expected cash flows. Following the impact of a dividend receipt in the current year, an impairment charge of \$961,000 was recorded in the current year income statement related to ARRIS Sweden.

**Details of undertakings**

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<b>Undertaking</b>	<b>Registered office</b>	<b>Owner entity</b>	<b>Proportion of voting rights and shares held</b>	
			<b>2021</b>	<b>2020</b>
<b>Subsidiary undertakings</b>				
ARRIS Sweden A.B.	Teknikringen 10, 583 30 Linköping Sweden	CommScope UK Limited	100%	100%

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**12 Investments in subsidiaries (continued)**

ARRIS Taiwan Ltd.	38F, No. 16, Xinzhan Rd., Banqiao Dist., New Taipei City 22041 Taiwan	CommScope UK Limited	100%	100%
ARRIS Canada, Inc.	160 Elgin Street, Suite 2600, Ottawa, Ontario, K1P 1C3 Canada	CommScope UK Limited	100%	100%
ARRIS Solutions Saudi Arabia Ltd.	Building WH14, 3rd Floor, Digital City, Saeed Alsulami Road, KSA, Riyadh Saudi Arabia	CommScope UK Limited	100%	100%
ARRIS Solutions Switzerland GmbH	Linvo Ag Gartenstrasse 23, Zurich, 8002 Switzerland	CommScope UK Limited	100%	100%
GIC International Holdco LLC	c/o Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808 USA	CommScope UK Limited	100%	100%
GIC International Capital LLC	c/o Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808 USA	CommScope UK Limited	100%	100%
ARRIS Solutions Portugal Unipessoal LDA	Rua 7 de Junho de 1759 no.1 Lagol, 2760-110, Caxias Portugal	GIC International Holdco LLC, GIC International Capital LLC	100%	100%
ARRIS Group Russia Limited Liability Company	11 Gogolevsky Boulevard, Moscow, 119019, Russia	GIC International Holdco LLC, GIC International Capital LLC	100%	100%

## CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 12 Investments in subsidiaries (continued)

ARRIS Telekommunikasyon Sirketi	Turkey Astoria İ̇s Merkezi Büyükdere Limited Cad. A Blok no:127, Kat:8-9-10 Esentepe, Istanbul 34394, Turkey	GIC International Holdco LLC, GIC International Capital LLC	100%	100%
ARRIS del Ecuador S.A.	Av. Republica de El Salvador No.1082 y Naciones Unidas, Quito Ecuador	GIC International Holdco LLC, GIC International Capital LLC	100%	100%
ARRIS de Guatemala S.A	C/o Consortium Diagonal 6, 10-01 zona 10, Centro Gerencial Las Margaritas, Torre II, Oficina 1101 Guatemala	GIC International Holdco LLC, GIC International Capital LLC	100%	100%
ARRIS New Zealand Ltd	Tompkins Wake, Level 17, 88 Shortland Street, Auckland Central, Auckland 1010 New Zealand	GIC International Holdco LLC	100%	100%

#### 13 Debtors

	Note	31 December 2021 \$000	31 December 2020 \$000
Amounts owed by related parties	22	15,760	15,102
Other debtors		104	105
Prepayments		111	245
VAT		83	50
Foreign withholding tax receivable		1,038	1,038
Deferred tax assets	10	375	497
		17,471	17,037

#### Details of non-current trade and other debtors

\$13,614 (2020: \$105,000) of other debtors is classified as non current. The amount includes restricted cash deposit of \$13,614 (2020: \$13,614) for CommScope UK - Dubai Branch. Prior year also includes a rent deposit of \$91,455 for CommScope UK Limited that is classified as current in 2021 as the lease agreement ended on 8 June 2022.

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**14 Creditors**

	Note	31 December 2021 \$000	31 December 2020 \$000
<b>Due within one year</b>			
Trade creditors		585	324
Amounts due to related parties	22	2,067	2,228
Social security and other taxes		-	386
Accruals		2,575	3,438
		<u>5,227</u>	<u>6,376</u>
<b>Due after one year</b>			
Operating lease		-	35
Other non-current financial liabilities		315	258
		<u>315</u>	<u>293</u>

Other non current financial liability is \$315,114 (2020: \$258,035) gratuity for CommScope UK Limited - Dubai Branch, payable when the employee leaves the company.

**15 Pension and other schemes**

**Defined contribution pension schemes**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the scheme and amounted to \$667,026 (2020: \$744,687). Contributions outstanding at 31 December 2021 amounted to \$59,715 (2020: \$70,413) to the scheme.

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**16 Share capital**

**Allotted, called up and fully paid shares**

	31 December 2021		31 December 2020	
	No.	\$	No.	\$
Allocated, issued and fully paid of £1 each	<u>26,100</u>	<u>41,000</u>	<u>26,100</u>	<u>41,000</u>

Note: The company has one class of ordinary shares which carry no right to fixed income.

**17 Reserves**

The company's other reserves are as follows:

(i) Translation reserve consist of \$(39,273,000) (2020 - \$39,273,000) representing accumulated exchange differences arising from the impact of the functional currency change.

(ii) The retained earnings reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**18 Obligations under leases and hire purchase contracts**

**Operating leases**

The total of future minimum lease payments is as follows:

	31 December 2021 \$000	31 December 2020 \$000
Not later than one year	241	531
Later than one year and not later than five years	<u>-</u>	<u>244</u>
	<u>241</u>	<u>775</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was \$526,000 (2020 - \$621,000).

## CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 19 Share-based payments

##### Scheme details and movements

Restricted stock and restricted stock units (RSUs) grants consist of shares or the right to shares in CommScope Holding Company, Inc's common stock which are awarded to certain employees and non-employee directors of the company.

The grants are restricted such that they are subject to substantial risk of forfeiture and to restrictions on their sale or other transfer by the employee.

Upon the occurrence of a change in control, the restrictions on all shares outstanding on the date on which the change in control occurs will lapse.

The RSUs vest at a rate of 1/3 a year over a three-year period, 25% a year over a four-year period, and in one year and have been valued at the market value of the shares on the date of grant.

Under Section 26 of FRS 102 and using CommScope Holding Company, assumptions, the company records a fixed compensation expense equal to the fair market value of the shares of restricted stock granted on a straight-line basis over the requisite serviceman period for the restricted shares.

##### Effect of share-based payments on profit or loss and balance sheet

The total expense recognised as in profit or loss for the 2021 was \$882,574 (2020: \$1,104,171).

#### 20 Dividends

	31 December 2021	31 December 2020
	\$000	\$000
Dividends declared and paid	-	8,200

#### 21 Commitments

##### *Bank Guarantees*

On 30 August 2016 CommScope UK Limited became a party to an existing bank guarantee with fellow UK group companies ARRIS Global Limited, Pace Overseas Distribution Limited and ARRIS International IP Limited, by way of a fixed charge over certain bank accounts of these companies.

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**22 Related party transactions**

**Receivables from related parties**

	<b>Parent \$000</b>	<b>Subsidiary \$000</b>	<b>Other related parties \$000</b>
<b>2021</b>			
Amounts receivable from related party	-	391	15,369
	<u>          </u>	<u>          </u>	<u>          </u>
<b>2020</b>			
Amounts receivable from related party	264	339	14,499
	<u>          </u>	<u>          </u>	<u>          </u>

**Payables to related parties**

	<b>Parent \$000</b>	<b>Other related parties \$000</b>
<b>2021</b>		
Amounts payable to related party	-	2,067
	<u>          </u>	<u>          </u>
<b>2020</b>		
Amounts payable to related party	6	2,222
	<u>          </u>	<u>          </u>

**23 Parent and ultimate parent undertaking**

The immediate parent undertaking is ARRIS International Limited, a company registered in England and Wales. At the end of the year the ultimate parent undertaking, and controlling party, is CommScope Holding Company, Inc., a company registered in the United States of America.

The largest and smallest group in which the results of the partnership are consolidated is that headed by CommScope Holding Company, Inc., whose consolidated financial statements may be obtained from the Company Secretary, CommScope Holding Company, Inc, 1100 COMMSCOPE PLACE, SE, HICKORY NC 28602, United States of America.

**CommScope UK Limited (previously known as ARRIS Solutions UK Ltd)**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**24 Non adjusting events after the financial period**

The Company was renamed as CommScope UK Limited on 1 March 2022.

The following subsidiaries of the Company have paid cash dividends post year end: ARRIS Taiwan Ltd. declared a dividend of NT\$ 29.4 million (\$806,588) on 29 April 2022. ARRIS Sweden A.B. declared a dividend of SEK 8 million (\$792,841) on 28 June 2022.

To support group wide legal entity simplification strategy, on 21 June 2022 the Company sold its entire 100% interest of issued share capital in ARRIS Solutions Switzerland GmbH at fair value \$513,598, to CommScope Holdings (Germany) GmbH & Co. KG. a group affiliate.