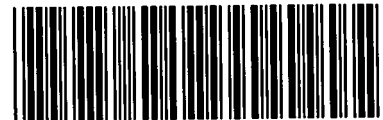


**Avaya UK**

**Reports and Financial Statements**

**for the year ended 30 September 2022**

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**Avaya UK**  
**DIRECTORS AND OTHER INFORMATION**

<b>Directors</b>	Lee J. Hastings Ena Hunter Steve Joyner Indira Stacey
<b>Company Number</b>	03049861
<b>Registered Office and Business Address</b>	1000 Cathedral Square Cathedral Hill Guildford Surrey GU2 7YL United Kingdom
<b>Independent Auditors</b>	BDO 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
<b>Bankers</b>	Citibank PO Box 449 Riverdale House Molesworth Street London SE13 7EU United Kingdom
<b>Solicitors</b>	Taylor Wessing 5 New Street Square London EC4A 3TW United Kingdom

# Avaya UK

## STRATEGIC REPORT

for the year ended 30 September 2022

The directors present their strategic report for the year ended 30 September 2022.

### Business review and principal activities

Avaya UK provides communications systems, applications and services for enterprises, including businesses, government agencies and other organisations. Our products include Internet Protocol ("IP") telephony systems and traditional voice communications systems, multi-media contact centre infrastructure and applications in support of customer relationship management, unified communications applications and appliances, such as IP telephone sets. The company supports its broad customer base with comprehensive service offerings that enable our customers to plan, design, implement, monitor and manage their communications networks.

We offer a broad array of communication solutions, comprised of hardware, software and services, that enable enterprises to communicate with their customers, suppliers, partners and employees through voice, web, electronic mail, facsimile, web chat sessions and other forms of communication, across a broad spectrum of devices. These devices include telephones, computers, mobile phones and personal digital assistants.

The results for the company show turnover for the year of £68,686,727 (30 September 2021: £87,165,759) and a loss on ordinary activities before taxation of £3,280,451 (30 September 2021: profit £2,034,168).

As reference in Note 6, the company operates in 3 segments - Global Communication Solutions, Avaya Global Services and Global Company Support. Revenue performance is referenced within the Financial Key Performance Indicators on page 5.

### Business environment

Our customers include enterprises operating in a broad range of industries, including financial services, manufacturing, media and communications, professional services, healthcare, education and government.

The Avaya Global group (Avaya) is focused on the migration of customers' traditional voice communications to a converged network that provides for the integration of voice, data, video and other applications traffic on a single network. We offer customers the flexibility to implement new IP telephony solutions or "IP-enable" their existing Avaya voice communications systems, thereby preserving some of their existing communications technology investments and allowing them to implement IP telephony at their own pace.

Converged networks offer increased functionality and provide our customers with the ability to reach the right person at the right enterprise, at the right time, in the right place and in the right way, thereby optimising business interactions and enhancing our customers' ability to grow revenue and reduce costs.

Our products, applications and services are driving the integration of communications and business processes, making communications an important component of our customers' business strategies.

We possess several strengths that we believe provide us with a competitive advantage in the enterprise communications market:

- clear focus on the enterprise;
- extensive voice experience and expertise, and a reputation for superior products and technology for voice processing and applications;
- a comprehensive suite of industry-leading communications applications, including remote/mobile offerings such as speech access, remote agents and soft phones, which allow our customers to improve worker productivity and reduce costs by providing secure business communications to a dispersed workforce;
- investment protection for traditional telephony systems, allowing customers to upgrade and take advantage of the benefits of IP telephony while maintaining a significant portion of their previous equipment investment (i.e. "IP-enable" their existing voice communications system);
- world-class contact centre offerings that assist our customers in managing their communications with their clients; and
- a services organisation that offers end-to-end customer solutions, including remote maintenance and diagnostic services that sense and fix software outages, often before customers even realise there may be a problem

# Avaya UK STRATEGIC REPORT

for the year ended 30 September 2022

(continued)

## Financial Key Performance Indicators

The board monitors progress on the overall strategy by reference to three KPIs.

Performance during the year ended 30 September 2022, together with historical trend data (period ended 30 September 2021) is set out in the table below:

	2022	2021	Definition
Decrease in turnover (%)	(21)%	(12)%	Period on period turnover decrease expressed as a percentage
Gross profit margin (%)	66%	58%	Gross profit expressed as a percentage of turnover
Operating profit margin (%)	(5)%	2%	Operating profit expressed as a percentage of turnover

Global Communications Solutions revenue decreased by 70% year on year (2021: 18% decrease year on year), and Avaya Global Services revenue decreased by 31% year on year (2021: 13% decrease year on year).

Avaya's go-to-market strategy is focussed on subscription and cloud offers (OPEX model) with particular focus on remote delivery of software and services. Due to the nature of delivery this has resulted in some revenue streams being contracted in a different Avaya group entity. Avaya's global policy continues to focus on strategic partnerships and utilisation of business partners and service providers and contributes to this decline. Also historically, global communications solutions revenue was independent, one off and based upon a CAPEX model of purchasing.

Group Company Support remains relatively static in the year, showing an increase of 1% year on year (2021: 8% decrease year on year). This revenue stream is strongly associated with certain company cost and expense.

Gross Margin % increase is as a result of a decrease in transfer pricing charges, in line with the Group's transfer pricing methodology, from Avaya International Sales Limited, a fellow group company registered in Ireland.

Operating profit margin % decrease is as a result of an impairment loss on a receivable balance owed by a group company.

The balance sheet of the company is considered to be strong as indicated in the cash position of £4.8m (2021: £4.5m) and net current asset position of £50.8m (2021: £50.4m), both of which increased during the year. The increase in net current assets is mainly because of a decrease in creditor balances of £9.1m offset by a reduction in debtor balances of £9m during the year.

# Avaya UK STRATEGIC REPORT

for the year ended 30 September 2022

(continued)

## **Strategy: Leadership in Intelligent Communications**

Intelligent Communications is about embedding communications solutions into our customers' business processes to help them transform their business and innovate their business models. It is about helping to enable customers to increase revenues, improve productivity and grow profits.

We are focused on extending the value of our communication management software as customers adopt technology architectures and frameworks that open up new possibilities for interaction among employees, customers, business partners and suppliers.

We also plan to build on our strong market position in contact centre applications by extending the core attributes and functionality of the contact centre across the entire enterprise, creating in many ways a virtual contact centre, and also by deepening and strengthening our technology solutions in this area. In unified communications we plan to build off our strengths in messaging and multimedia conferencing for collaboration and driving employee productivity.

## **Research and development**

The research and development engineers employed by Avaya UK are focused on developing and testing future products and features in line with the Avaya Global Strategy.

## **Future outlook**

We remain a leader in our enterprise telephony market, we are helping to lead the transition to IP telephony and Intelligent Communications.

Avaya's solutions are combinations of our products and services designed to help our customers address their customer and team engagement needs, before, during and after any transition they may move to a mobile- and cloud-enabled communications environment. We believe our unified communications and contact center can increase productivity and profitability for businesses of all sizes.

Our goal is to leverage and build on these strengths to improve the level and consistency of our performance. We will do this by continuing to focus on three key areas: strategy, execution and culture. This enables us to further differentiate our offerings, enhance our market leadership, drive our growth, improve efficiency and instil a commitment to success.

The COVID-19 pandemic, and the governmental responses to it, had a negative impact on global, regional and national economies, disrupting supply chains and reducing international trade and business activity. Given the nature of the business the company operates in, the COVID-19 pandemic did not, or is it expected to, have a material impact on the company's revenue, profit or operating cashflow.

Management continues to evaluate the Ukraine and Russia situation and have concluded that the impact on the company has been minimal. Management will continue to review developments in this area and take appropriate actions in relation to these developments.

**Principal risks and uncertainties**

The following are the key factors currently affecting our management of the business and the execution of the company's strategy:

**Technology transition**

Our growth strategy relies heavily on capturing a significant share of the spending by enterprises on their transition of technology from traditional communications systems to IP telephony and Intelligent Communications. There are several factors that indicate that enterprises are in the midst of transitioning their traditional communications systems to next-generation communications technology.

Although many large companies may have begun to transition to IP telephony, IP telephony lines still constitute a small percentage of global installed enterprise telephony lines. We have begun to see companies that have purchased IP-enabled communications technology start to implement IP technology across their organisations. In addition, the average age of non-IP enterprise technology systems is over ten years. Although these systems continue to operate reliably after ten years, we believe that enterprises typically will consider a new investment in enterprise communications technology at this point in the telephony system's lifecycle.

Accordingly, we believe that enterprises are increasingly considering new investments in enterprise communications and, if they decide to make such investments, may consider IP telephony. Additionally, we believe that IP telephony has gained widespread acceptance in the marketplace as an alternative replacement option, and we expect to see increased demand as the IP telephony industry continues to become more mainstream. According to the latest available industry statistics, approximately half of all lines currently being shipped are IP rather than traditional.

**Competitive environment**

Avaya has historically operated, and continues to operate, in an extremely competitive environment. The demand for our products can change quickly and in ways that may not be anticipated because the market is characterised by rapid, and sometimes disruptive, technological developments, evolving industry standards, frequent new product introductions and enhancements, changes in customer requirements and a limited ability to accurately forecast future customer orders. Also, we face intense competition from current competitors and, in addition, because the market is subject to rapid technological change, as the market evolves, we may face competition in the future from companies with which we do not currently compete. Therefore, there is a need to keep software up to date and respond to changing technology and competitors in order for the income stream to develop.

**Economic conditions**

Current economic conditions do impact on customers' willingness to further spend and invest in technologies in the short term. Due to the importance of technology and innovation for future competitive advantage, Avaya expects that its customers will continue to invest in technologies and that Avaya's continued innovative and collaborative approach to delivering solutions will result in future growth. We are dependent on general economic conditions and the willingness of our customers to invest in technology. Instability in the geopolitical environment of our customers, instability in the global credit markets and other disruptions put pressure on the global economy causing uncertainties.

**Avaya UK**  
**STRATEGIC REPORT**  
for the year ended 30 September 2022

(continued)

**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to the:

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

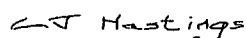
In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and relationships with employees, customers and suppliers. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

The views and the impact of the Company's activities on the Company's stakeholders (including its employees, customers, suppliers and shareholders) are an important consideration for us when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both the stakeholders and the Avaya global group means that generally stakeholder engagement best takes place at an operational or group level. The Company finds that as well as being a more efficient and effective approach, this also helps it achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company.

During the period the Company received information to help it understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, environmental, social and corporate governance matters and the outcomes of specific pieces of engagement. As a result of this, the Company has had an overview of engagement with stakeholders and other relevant factors which allows it to understand the nature of the stakeholders' concerns and to comply with its section 172 duty to promote success of the company.

One example of how the Company has had regard to the matters set out in section 172(1)(a)-(f) when discharging its section 172 duties and the effect of that on decisions taken is the closure of the Company's Guildford office. In making this decision, the Board considered a range of factors. This included the preferences of its employees for remote working, the needs and requirements of the Company's current and potential UK based customers and partners, and expectations of its' shareholders.

**On behalf of the board**



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Lee J. Hastings  
Director

**Date: 13 November 2023**

# Avaya UK

## DIRECTORS' REPORT

for the year ended 30 September 2022

The directors present their report and the audited financial statements for the year ended 30 September 2022.

### Principal Activity

Avaya UK provides communications systems, applications and services for enterprises, including businesses, government agencies and other organisations. Our products include Internet Protocol ("IP") telephony systems and traditional voice communications systems, multi-media contact centre infrastructure and applications in support of customer relationship management, unified communications applications and appliances, such as IP telephone sets. The company supports its broad customer base with comprehensive service offerings that enable our customers to plan, design, implement, monitor and manage their communications networks.

We offer a broad array of communications solutions, comprised of hardware, software and services, that enable enterprises to communicate with their customers, suppliers, partners and employees through voice, web, electronic mail, facsimile, web chat sessions and other forms of communication, across a broad spectrum of devices. These devices include telephones, computers, mobile phones and personal digital assistants.

### Results and Dividends

The loss for the year amounted to £3,717,136 (period ended 30 September 2021: profit £1,794,637).

The directors do not recommend payment of a dividend.

### Directors

The directors who served during the year are as follows:

Lee J. Hastings  
Ena Hunter  
Steve Joyner  
Indira Stacey

Unless otherwise stated the directors served in office for the entire period.

### Future Outlook

Future outlook for the company is set out on page 6 in the strategic report.

### Research and Development

Research and development is set out on page 6 in the strategic report.

### Events after end of the reporting period

On 11 January 2023, Avaya authorised a reduction in force with respect to its employees in Europe in connection with the company's cost-reduction actions. The reduction in force is aimed at aligning the size of Avaya's workforce with its operational strategy and cost structure. The impact to the Avaya UK workforce is around a 18% reduction during 2023.

On 14 February 2023, Avaya Holdings Corp, the ultimate parent company of Avaya UK and certain of its direct and indirect subsidiaries commenced voluntary cases under Chapter 11 of Title 11 of the United States Code, in the United States Bankruptcy Court for the Southern District of Texas.

On the Petition Date, the Company entered into a Restructuring Support Agreement with certain of its creditors and RingCentral. The Bankruptcy Court confirmed the Plan on 22 March 2023, and the Debtors satisfied all conditions required for Plan effectiveness and emerged from the Chapter 11 Cases ("Emergence") on 1 May 2023.

On 15 February 2023, the Company's Common Stock was delisted from the New York Stock Exchange ("NYSE").

As a result of above, the restricted stock units ("RSUs") and ESPP share schemes were cancelled during 2023.

As part of an internal restructuring project completed in April 2023, Avaya UK contributed a loan receivable owed by Avaya International Sales Limited in an amount of £19,124,542 and, loan receivables and trade receivables owed by Aurix Limited valued at £6,350,479 (in aggregate), for shares issued by Aurix Limited.

**Avaya UK**  
**DIRECTORS' REPORT**  
for the year ended 30 September 2022

(continued)

**Engagement with suppliers, customers, and others**

Please refer to the strategic report, specifically section 172 statement for an understanding of how the directors have had regard to the need to foster the company's business relationships with suppliers, customer, and other and the effect of that regard on the principal decisions taken by the company during the financial year.

**Employee Involvement**

The company's policy is to discuss with employees matters likely to affect their interests. Discussions are via various methods: electronic mail, staff meetings and the Avaya Employee Forum.

Information on matters of concern to employees is given through information bulletins and reports that seek to achieve a common awareness on the part of employees of the financial and economic factors which affect the company's performance.

Employees are encouraged to contribute to the success of the company and are offered incentives by way of share schemes and performance related bonuses.

**Disabled persons:**

The company has a policy of giving every consideration to applications for employment from disabled persons where the requirements of the job may be covered by those persons. With regards to existing employees who are or who become disabled, the company has continued to examine ways and means of providing continuing employment under normal terms and conditions, and to provide training and career development.

**UK Streamlined Energy and Carbon Reporting**

As per Streamlined Energy and Carbon Reporting (SECR) requirements, the below table provides a summary of emissions and energy data for the Company.

	<b>01 October 2021 to 30 September 2022</b>	<b>01 October 2020 to 30 September 2021</b>
Emissions from the combustion of gas (Scope 1) (tCO <sub>2</sub> e)	395	334
Emissions from purchased electricity (tCO <sub>2</sub> e) (Scope 2)	88	137
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO <sub>2</sub> e) (Scope 3)	0.1	0.2
<b>Total gross emissions based on the above (tCO<sub>2</sub>e)</b>	<b>483.10</b>	<b>471.20</b>
Energy consumption used to calculate Scope 1 emissions (kWh)	1,769,058	1,439,219
Energy consumption used to calculate Scope 2 emissions (kWh)	455,518	645,491
Energy consumption used to calculate Scope 3 emissions (kWh)	592	709
<b>Total energy consumption based on above (kWh)</b>	<b>2,225,168</b>	<b>2,085,419</b>
<b>Intensity ratio: tCO<sub>2</sub>e (gross Scope 1, 2 + 3) per £m sales revenue</b>	<b>6.84</b>	<b>5.41</b>

**Methodology**

The 2022 SECR footprint is equivalent to 484 tCO<sub>2</sub>e, with the largest portion being made up of emissions from fuel combustion at 395 tCO<sub>2</sub>e. Overall, emissions have decreased by 7% since the previous reporting year.

A third party engaged by the Company has calculated the above greenhouse gas (GHG) emissions to cover all material sources of emissions for which Avaya UK is responsible. The methodology used was that of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emissions sources was determined using the operational control approach. All emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included.

Raw data captured in spreadsheets including data from invoices, meter readings, landlord recharges, fuel expenses, rental vehicle mileage and sales data have been collected from Avaya UK. Energy was converted to GHG emissions using the UK Government's GHG Conversion Factors for Company Reporting 2022. Fleet fuel volume (litres) was estimated by converting fuel spend into litres using an average £/litre for petrol and diesel for 2022, from the Automobile Association (AA).

# Avaya UK DIRECTORS' REPORT

for the year ended 30 September 2022

(continued)

## Financial risk management

The company's operations expose it to a variety of financial risks that include foreign exchange risk, liquidity risk, credit risk and price risk. There is no debt held in the company other than balances with companies within the Avaya UK group. The UK group's debt exposure is considered at a global level therefore interest rate risk is not considered to represent a significant financial risk. Avaya UK's financial position is monitored at the Avaya LLC level to ensure there is no significant impact on the UK company's trading activities.

### Foreign exchange risk

The company operates in currencies other than Pound Sterling and, as such, is exposed to exchange rate movements. To protect against high levels of exchange rate risk, the company maintains the majority of its short-term monetary assets and liabilities in sterling. In addition, the international treasury team mitigate the risk by regularly reviewing the company's currency exposures and taking the appropriate hedge positions.

### Liquidity risk

Our ability to generate net cash from operating activities has been a primary source of our liquidity. At a time of challenging market conditions, our ability to generate sufficient net cash from operating activities to meet our cash needs could be adversely affected. This is managed centrally by the Avaya Global Treasury department. As of 30 September 2022, the company has cash of £4.8m, net current assets of £50.8m and continue to have access to additional financial support from its parent if required. The ultimate parent has also taken steps, as a precautionary measure, to boost liquidity and reinforce stability in an economically turbulent environment.

### Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit limits are determined by the Global Treasury Organisation and are monitored by management periodically.

### Price risk

One aspect of the competitive environment in which we operate is that we regularly face pricing pressures which may negatively impact our revenue and gross margins. In addition, we also face pricing pressure when long-term maintenance and managed services contracts expire. The potential impact of this is monitored through a robust approval process on any additional discount requests.

In the current economic conditions, including high inflation there is the additional risk of non-renewals or customers looking for additional discounts. However, given the current climate and the reliance on remote collaboration tools for most businesses across the UK and the additional pressures faced in many call centres the company do not envisage that there will be significant impact to the renewals business as companies are heavily reliant on Avaya's technologies at present.

## Going Concern

These financial statements have been prepared on a going concern basis.

We expect our existing cash balance, and cash generated by operations to be our primary sources of short-term liquidity. Our ability to meet our cash requirements will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We have prepared forecasts, including cash flow forecasts, that take into account a possible downturn in operations and are satisfied that we have the ability to meet liquidity needs for at least the next twelve months from the date of signing these financial statements.

As a result, the directors have concluded that the company has sufficient liquidity to prepare the financial statements on a going concern basis.

Avaya UK is a limited risk distributor, meaning it attracts a level of margin on its activities excluding certain costs and expenses. As a result, this minimises its risk exposure to any fluctuations to expected revenue, costs and expenses.

## Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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.

# Avaya UK DIRECTORS' REPORT

for the year ended 30 September 2022

(continued)

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 United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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.

## Statement of disclosure of information to auditors

Each of the persons who are directors at the time this director's report is approved has confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

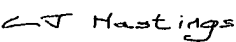
## Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The company also purchased and maintained throughout the financial period director's and officer's liability insurance in respect of itself and its director's.

## Independent Auditors

The auditors, BDO LLP, (Chartered Accountants and Statutory Audit Firm) have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

## On behalf of the board

  
Lee J. Hastings  
Director

Date: 13 November 2023

## Avaya UK

# Independent auditors' report to the members of Avaya UK

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its loss 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.

We have audited the financial statements of Avaya UK ("the Company") for the year ended 30 September 2022 which comprise the Statement of Comprehensive Loss, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

### Independence

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.

### 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 of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual reports and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

## Avaya UK

# Independent auditors' report to the members of Avaya UK

### Other Companies Act 2006 reporting

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 the Directors' report have been prepared in accordance with applicable legal requirements.

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 the 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 Statement of Directors' Responsibilities, 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.

### *Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## Avaya UK

### Independent auditors' report to the members of Avaya UK

- We obtained an understanding of the legal and regulatory frameworks and the Company's compliance through discussions with management and our review of board minutes, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- We challenged assumptions made by management in their significant accounting estimates.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how management monitors those processes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing journals meeting audit criteria of high risk or unusual, including a specific review of revenue journal postings and were designed to provide reasonable assurance that the financial statements were free of fraud or error.

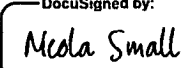
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:  
  
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13 November 2023

Nicola Small (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Avaya UK**  
**STATEMENT OF COMPREHENSIVE EXPENSE**  
for the year ended 30 September 2022

	Notes	Year ended 30 September 2022 £	Year ended 30 September 2021 £
Revenue	6	68,686,727	87,165,759
Cost of sales		<u>(21,810,865)</u>	<u>(36,320,876)</u>
<b>Gross profit</b>		<b>46,875,862</b>	<b>50,844,883</b>
Administrative expenses		<u>(41,709,195)</u>	<u>(48,072,121)</u>
Exceptional administrative expenses	8	<u>(8,854,061)</u>	<u>(1,425,568)</u>
<b>Operating loss</b>	7	<b>(3,687,394)</b>	<b>1,347,194</b>
Finance income	9	552,420	716,768
Finance costs	10	<u>(145,477)</u>	<u>(29,794)</u>
<b>Loss before taxation</b>		<b>(3,280,451)</b>	<b>2,034,168</b>
Tax on loss	12	<u>(436,685)</u>	<u>(239,531)</u>
<b>Total comprehensive expense</b>		<b><u>(3,717,136)</u></b>	<b><u>1,794,637</u></b>

**Avaya UK**

Company Number: 03049861

**STATEMENT OF FINANCIAL POSITION**

as at 30 September 2022

	Notes	2022 £	2021 £
<b>Non-Current Assets</b>			
Intangible assets	13	-	409,295
Property, plant and equipment	14	10,230,441	10,497,975
		<u>10,230,441</u>	<u>10,907,270</u>
<b>Current Assets</b>			
Inventories	15	145,219	195,673
Debtors	16	55,812,488	64,773,913
Cash and cash equivalents		4,750,791	4,506,615
		<u>60,708,498</u>	<u>69,476,201</u>
Creditors: Amounts falling due within one year	17	<u>(9,909,877)</u>	<u>(19,036,975)</u>
<b>Net Current Assets</b>		<u>50,798,621</u>	<u>50,439,226</u>
<b>Total Assets less Current Liabilities</b>		<b>61,029,062</b>	<b>61,346,496</b>
<b>Creditors</b>			
Amounts falling due after more than one year	18	(2,410,896)	(2,188,463)
Provisions for liabilities and charges	20	(4,375,467)	(1,198,198)
<b>Net Assets</b>		<u>54,242,699</u>	<u>57,959,835</u>
<b>Equity</b>			
Called up share capital	21	15,670,684	15,670,684
Other reserves including the fair value reserve	22	3,163,665	3,163,665
Retained earnings		35,408,350	39,125,486
<b>Equity attributable to owners of the company</b>		<u>54,242,699</u>	<u>57,959,835</u>

The financial statements on pages 16 - 33 were approved by the Board of Directors on 13 November 2023 and signed on its behalf by:

*Lee J Hastings*

Lee J. Hastings  
Director

**Avaya UK**  
**STATEMENT OF CHANGES IN EQUITY**  
for the period ended 30 September 2022

	Share capital £	Retained earnings £	Other reserves £	Total £
<b>At 1 October 2020</b>	15,670,684	37,330,849	1,005,665	54,007,198
Profit for the year	-	1,794,637	-	1,794,637
Other movements in equity attributable to owners	-	-	2,158,000	2,158,000
<b>At 30 September 2021</b>	15,670,684	39,125,486	3,163,665	57,959,835
Loss for the year	-	(3,717,136)	-	(3,717,136)
<b>At 30 September 2022</b>	<u>15,670,684</u>	<u>35,408,350</u>	<u>3,163,665</u>	<u>54,242,699</u>

# Avaya UK

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2022

### 1. GENERAL INFORMATION

Avaya UK is a private unlimited company incorporated in the United Kingdom. Avaya House, Cathedral Hill, Guildford, Surrey, GU2 7YL, United Kingdom is the registered office, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the strategic and directors' report.

### 2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### Statement of compliance

The financial statements of the company for the year ended 30 September 2022 have been prepared in accordance with The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

#### Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions subject to the notification of and no objections to the use of exemptions by the company's shareholders (FRS 102 paragraph 1.12). The company has taken advantage of the following exemptions:

- Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraphs 3.17(d) to present a statements of cash flows on the basis that its ultimate parent company includes the company's cash flows in its own consolidated financial statements.
- Exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102.
- Exemption from the requirements of FRS 102 Section 33 to disclose key management compensations in total.
- The company has taken advantage of the exemption under paragraphs 33.1A from the provisions of FRS 102 'Related Party Disclosures' from disclosing related party transactions with related parties that are part of the Avaya group.

#### Consolidated accounts

The company is entitled to the exemption in accordance with Section 400 of the Companies Act 2006 from the obligation to prepare group accounts.

**Avaya UK**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 September 2022

continued

**2. ACCOUNTING POLICIES** *(continued)*

**Revenue**

Revenue is recognised upon the transfer of control of the promised products and services to customers. The Company allocates the transaction price to each performance obligation based on its relative standalone selling price and recognizes revenue as each performance obligation is satisfied. The Company records accrued income when revenue is recognised in advance of the right to bill, pursuant to customer contract terms. The accrued income decreases when the Company has the right to bill the customer which is generally triggered by the satisfaction of additional performance obligations or contract milestones. The Company records deferred income when payment is received from the customer in advance of the Company satisfying a performance obligation and the deferred income is reduced as performance obligations are satisfied and revenue is recognised.

Software revenue from on-premise customer software licenses is generally recognised at the point-in-time the software is made available to the customer. The Company also sells its software under its subscription-based offerings which mainly consist of term software license arrangements and software as a service ("SaaS") arrangements. Term software licenses include multiple performance obligations where the term licenses are recognised at the point-in-time of transfer of control of the software, with the associated software maintenance revenue recognised rateably over the contract term as the customer consumes the services. SaaS arrangements do not include the right for the customer to take possession of the software during the contractual term of the arrangement, and therefore have one distinct performance obligation which is satisfied over time with revenue recognised rateably over the contract term as the customer consumes the services.

Support services are typically accounted for as distinct performance obligations. Given that support services consist of a series of distinct promises that are satisfied over time in the form of a single performance obligation comprised of a stand-ready obligation, these services are generally recognised rateably over the period during which the services are performed.

Professional services revenue is generally recognised over time based on the cost of effort incurred to date relative to the total cost of effort expected to be incurred as customers simultaneously consume and receive benefits.

Cloud and managed services offerings often include multiple performance obligations. Each performance obligation can itself include a series of distinct promises that are satisfied over time. Total consideration for a project is allocated to each performance obligation, with revenue recognised ratably over the period during which the services are performed as customers simultaneously consume and receive benefits. Variable consideration from incremental usage above a fixed fee is recognised at the point-in-time at which the usage occurs.

Revenue from group company support is recognised at the time at which the relevant services are provided to each group company.

**Exceptional items**

Restructuring items of income and expense and one-off transactions are disclosed in the statement of comprehensive income for the period as exceptional items.

**Interest payable**

Interest payable is recognised as it becomes due, in accordance with the relevant agreements.

**Interest receivable**

Interest receivable is recognised as it is due, in accordance with the relevant agreements.

for the year ended 30 September 2022

**2. ACCOUNTING POLICIES** *(continued)*

**Property, plant and equipment and depreciation**

The cost of tangible fixed assets is their historic purchase cost, together with any incidental expenses of acquisition less accumulated depreciation and where applicable, provision for impairment.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values on a straight-line basis over the expected useful economic lives of the assets concerned, once in service. The principal rates used for this purpose are:

Short leasehold property	-	Shorter of the lease duration and 20 years
Plant and equipment	-	2 to 10 years

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Leasing**

Where a company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the statement of financial position as a tangible fixed asset and is depreciated over its estimated useful economic life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the statement of comprehensive income, and the capital element which reduces the outstanding obligations for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the statement of comprehensive income on a straight-line basis over the life of the lease. Lease incentives are recognised over the life of the lease.

**Investments**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Work in progress represents the value of goods delivered to customers pending installation.

Provision is made where necessary for obsolete, slow moving or defective stocks.

**Financial assets and liabilities**

The company has financial assets in the form of cash and loans to group companies and financial liabilities in the form of loans from group companies, details of which are disclosed in the notes to the financial statements.

**Trade, other debtors and amounts owed by group companies**

Trade, other debtors and amounts owed by group companies are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

**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.

**Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where provisions are expected to unwind over a period a suitable discount rate is selected.

**Trade, other creditors and amounts owed to group companies**

Trade, other creditors and amount owed to group companies are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

for the year ended 30 September 2022

**2. ACCOUNTING POLICIES** *(continued)*

**Employee benefits**

The company provides a range of benefits to employees including paid holiday arrangements and a defined contribution pension plan.

(i) Short term benefits:

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plan:

The company operates a defined contribution pension 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 payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

(ii) Employee Stock Purchase Plan:

Under the Employee Stock Purchase Plan (ESPP), eligible employees may purchase the Company's common stock through payroll deductions at a discount not to exceed 15% of the lower of the fair market values of the Company's common stock as of the beginning or end of each 3-month offering period. Payroll deductions are limited to 10% of the employee's eligible compensation and a maximum of 6,250 shares of the Company's common stock may be purchased by an employee each offering period.

**Share-based payments**

The company operates an equity-settled share option scheme where a small number of the company's employees are awarded shares options in Avaya Holdings Corp. Equity-settled share-based payments are measured at fair value at the date of grant.

The company also has a scheme which issues restricted stock units ("RSUs") to a small group of employees each of which represents the right to receive one share of Avaya Holdings Corp. common stock when fully vested.

**Taxation and deferred taxation**

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the statement of financial position date.

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at average rates expected to apply when they crystallise based on current tax rates and laws enacted or substantively enacted at the statement of financial position date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

**2. ACCOUNTING POLICIES** *(continued)*

**Foreign currencies**

**(i) Functional and presentation currency**

The company's functional and presentation currency is Pound Sterling.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to pound sterling using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**Intangible assets**

Separately acquired customer lists are shown at historical cost. Customer lists acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. The UEL for intangible assets held in Avaya UK varies between 5 and 12 years.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Estimates and judgements made in the process of preparing the company's financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates. Key sources of estimation uncertainty and critical accounting judgements are as follows:

**Tangible fixed assets**

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

**Amounts due from group companies**

The directors have assessed the recoverability of amounts due from group companies by reviewing the current financial position and liquidity of the entities and overall group. During the period, following a review of the recoverability of balances, an impairment loss in relation to a receivable balance owed by a group company was recorded. The directors believe all other balances will be recovered in full in the future.

**Professional Services**

Revenue for professional services is generally recognized over time based on the cost of effort incurred to date relative to the total cost of effort expected to be incurred. Effort incurred generally represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Effort expected to be incurred represents estimated cost and expense required to perform the performance obligation.

**Onerous lease provision**

The company makes assumptions relating to discount rate, timing, availability and amount of sublease income expected to be received during the period of the underlying lease.

**Avaya UK**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 September 2022

continued

**5. GOING CONCERN**

These financial statements have been prepared on a going concern basis.

We expect our existing cash balance, and cash generated by operations to be our primary sources of short-term liquidity. Our ability to meet our cash requirements will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We have prepared forecasts, including cash flow forecasts, that take into account a possible downturn in operations and are satisfied that we have the ability to meet liquidity needs for at least the next twelve months from the date of signing these financial statements.

As a result, the directors have concluded that the company has sufficient liquidity to prepare the financial statements on a going concern basis.

Avaya UK is a limited risk distributor, meaning it attracts a level of margin on its activities excluding certain costs and expenses. As a result, this minimises its risk exposure to any fluctuations to expected revenue, cost and expenses.

**6. REVENUE**

The revenue for the year has been derived from:

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
Global Communications Solutions	1,978,027	6,512,082
Avaya Global Services	32,054,544	46,338,687
Group Company Support	34,654,156	34,314,990
	<u>68,686,727</u>	<u>87,165,759</u>
The following table displays revenue by location:		
United Kingdom	34,076,347	50,710,426
Ireland	31,229,623	31,491,889
United States	3,364,193	2,716,305
Rest of World	16,564	2,247,139
	<u>68,686,727</u>	<u>87,165,759</u>

In the year under review, materially all of turnover for GCS & AGS, by source and destination, was in the United Kingdom and generated from the sale and development of telecommunications equipment and provision of communication services. The turnover for Group Company Support by source was in the United Kingdom and the destination mainly split between Ireland and the United States as described below.

**Business analysis:**

The company operates in three classes of business segment - Global Communications Solutions ("GCS"), Avaya Global Services ("AGS") and Group Company Support.

**Global Communications Solutions:**

The GCS segment develops, markets and sells communications systems including IP telephony solutions, multi-media contact centre infrastructure and converged applications in support of customer relationship management, unified communications applications, appliances such as IP telephone sets and traditional voice communications systems.

**Avaya Global Services:**

The AGS segment develops, markets and sells comprehensive end-to-end global service offerings that enable customers to plan, design, implement, monitor and manage their converged communications networks worldwide.

**Group Company Support:**

This segment provides sales and market support for Avaya International Sales Limited, a fellow group company registered in Ireland, performs contract research and development services for Avaya Inc. and provides administrative and regional support services to fellow group companies in Europe, The Middle East and Africa.

**Avaya UK**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 September 2022

continued

**7. OPERATING LOSS**

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
<b>Operating loss is stated after charging/(crediting):</b>		
Depreciation of property, plant and equipment	2,992,122	1,839,404
Amortisation of intangible assets	409,295	724,000
Loss on disposal of property, plant and equipment	1,878	36,911
Gain on foreign currencies	(242,646)	(352,435)
Operating lease rentals		
- Land and buildings	997,847	1,278,856
- Motor vehicles	5,082	1,961
Auditors' remuneration	122,000	102,500
	<u>                    </u>	<u>                    </u>

**8. EXCEPTIONAL ITEMS**

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
Increase in onerous lease provision (note 20)	(4,082,684)	(1,425,568)
Impairment loss	(4,771,377)	-
	<u>                    </u>	<u>                    </u>

**9. FINANCE INCOME**

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
Other interest	552,420	716,768
	<u>                    </u>	<u>                    </u>

The total amount of the interest receivable relates to interest from group companies.

**10. FINANCE COSTS**

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
On amounts payable to third parties	145,477	29,794
	<u>                    </u>	<u>                    </u>

**Avaya UK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 September 2022

continued

**11. EMPLOYEES AND REMUNERATION**

**Number of employees**

The average number of persons employed (including executive directors) during the year was as follows:

	<b>Year ended 30 September 2022 Number</b>	<b>Year ended 30 September 2021 Number</b>
Management and administration	33	33
Technical	48	46
Sales/support	219	222
	<u>300</u>	<u>301</u>

The staff costs (inclusive of directors' salaries) comprise:

	<b>Year ended 30 September 2022 £</b>	<b>Year ended 30 September 2021 £</b>
Wages and salaries	27,357,835	30,617,952
Social security costs	4,032,829	3,832,375
Pension costs	3,452,776	3,138,140
	<u>34,843,440</u>	<u>37,588,467</u>

The wages and salaries amount includes a charge of £627,000 (2021: £701,288) relating to the employee share scheme.

**Avaya UK**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 September 2022

continued

**12. TAX ON PROFIT**

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
<b>(a) Analysis of charge in the year</b>		
<b>Current tax:</b>		
Corporation tax at 19% (30 September 2021: 19%) (Note 12 (b))	228,028	239,531
Adjustment in respect of previous years	(49,046)	-
Total current tax	<u>178,982</u>	<u>239,531</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	512,825	-
Adjustment in respect of previous years	(255,122)	-
Total deferred tax	<u>257,703</u>	<u>-</u>
Tax on profit (Note 12 (b))	<u>436,685</u>	<u>239,531</u>

**(b) Factors affecting tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
Loss before Tax	<u>(3,280,451)</u>	<u>2,034,168</u>
Loss before tax multiplied by the standard rate of corporation tax in the United Kingdom at 19% (30 September 2021: 19%)	(623,286)	386,492
<b>Effects of:</b>		
Expenses not deductible for tax purposes	24,896	15,626
Capital allowances in excess of depreciation	298,708	(171,975)
Movement in general provisions	(365)	(21,085)
Adjustment to tax charge in respect of previous periods	(304,168)	-
Group relief claimed/surrendered	(110,592)	(102,772)
Impairment charge – not tax deductible	906,562	-
Other timing differences	244,930	133,245
Total tax charge for the year (Note 12 (a))	<u>436,685</u>	<u>239,531</u>

**(c) Factors that may affect future tax charges**

A change in the main UK corporation tax rate was announced in the budget on 3 March 2021 and was substantively enacted on 24 May 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. This will increase the Company's future tax charge accordingly.

**Avaya UK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 September 2022

continued

**13. INTANGIBLE FIXED ASSETS**

	Customer Lists £	Total £
<b>Cost</b>		
At 1 October 2021	10,252,295	10,252,295
At 30 September 2022	10,252,295	10,252,295
<b>Amortisation</b>		
At 1 October 2021	9,843,000	9,843,000
Charge for the year	409,295	409,295
At 30 September 2022	10,252,295	10,252,295
<b>Net book value</b>		
At 30 September 2022	-	-
At 30 September 2021	409,295	409,295

**14. PROPERTY, PLANT AND EQUIPMENT**

	Short leasehold property £	Plant and Equipment £	Total £
<b>Cost</b>			
At 1 October 2021	2,701,254	16,307,114	19,008,368
Additions	-	3,807,423	3,807,423
Disposals	(2,050,914)	(550,238)	(2,601,152)
At 30 September 2022	650,340	19,564,299	20,214,639
<b>Depreciation</b>			
At 1 October 2021	1,270,723	7,239,670	8,510,393
Charge for the period	276,125	2,715,997	2,992,122
On disposals	(1,043,984)	(474,333)	(1,518,317)
At 30 September 2022	502,864	9,481,334	9,984,198
<b>Net book value</b>			
At 30 September 2022	147,476	10,082,965	10,230,441
At 30 September 2021	1,430,531	9,067,444	10,497,975

The net book value of plant and equipment includes an amount of £2,755,480 (2021: £2,174,738) in respect of finance lease assets and an amount of £5,091,414 (2021: £4,110,376) in respect of assets under construction.

**15. INVENTORIES**

	30 September 2022 £	30 September 2021 £
Work in progress	-	48,309
Finished goods and goods for resale	145,219	147,364
	145,219	195,673

There is no significant difference between the replacement cost of inventory and their carrying amounts. Inventories are stated after provisions for impairment of £102,899 (2021: £109,661).

**Avaya UK**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the year ended 30 September 2022

16. DEBTORS	30 September 2022 £	30 September 2021 £ As restated
Trade debtors	2,785,823	5,354,274
Amounts owed by group companies	41,390,538	46,224,712
Other debtors	606,015	102,658
Prepayments and accrued income	10,788,476	13,092,269
Taxation (Note 19)	241,636	-
	<u>55,812,488</u>	<u>64,773,913</u>

Trade debtors are stated after provisions for impairment of £152,257 (2021: £95,037).

Amounts owed by group undertakings includes loans of £28,311,349 (2021: £32,426,929), which incurs interest at various rates during the year ranging from 1.82% - 4.51% (2021: 1.81% - 2.89%) and are repayable on demand.

Trading balances of £13,079,189 (2021: £13,797,783) owed by group undertakings are interest free, and there are no fixed repayment terms.

All amounts owed by group undertakings are unsecured.

An impairment loss of £4,771,377 (2021: £nil) was recognised during the period. The loss is due to an impairment of a receivable balance owed by a group company.

The 2021 financial statements have been restated to reclassify accrued income balances of £11,659,523 previously presented within trade debtors to prepayments and accrued income in error.

17. CREDITORS	30 September 2022 £	30 September 2021 £
<b>Amounts falling due within one year</b>		
Trade creditors	1,860,516	3,517,420
Amounts owed to group companies	1,172,099	1,373,819
Taxation (Note 19)	1,279,651	2,032,019
Other creditors	2,861,722	6,192,307
Accruals	2,735,889	5,921,410
	<u>9,909,877</u>	<u>19,036,975</u>

The trading balances due to group undertakings are unsecured, repayable on demand and are not subject to interest.

18. CREDITORS	30 September 2022 £	30 September 2021 £
<b>Amounts falling due after more than one year</b>		
Other creditors	2,410,896	2,188,463
	<u>2,410,896</u>	<u>2,188,463</u>

**Avaya UK**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the year ended 30 September 2022

19. TAXATION	30 September 2022 £	30 September 2021 £
<b>Creditors:</b>		
VAT and social security	1,137,095	1,877,960
Corporation tax	142,556	154,059
	<u>1,279,651</u>	<u>2,032,019</u>
<b>Debtors:</b>		
VAT	<u>241,636</u>	<u>-</u>

**20. PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred Tax	Dilapidation provision	Onerous Lease provision	Total provision
	£	£	£	£
As 1 October 2021	-	518,921	679,277	1,198,198
Charge to profit & loss account	257,703	23,916	4,082,684	4,364,303
Amounts charged against provision	-	-	(1,187,034)	(1,187,034)
As at 30 September 2022	<u>257,703</u>	<u>542,837</u>	<u>3,574,927</u>	<u>4,375,467</u>

A dilapidation provision was created in relation to certain properties occupied by the company, based on the estimated present value of the costs likely to be incurred on the termination of the lease.

The onerous lease provision is estimated in accordance with FRS 102 using assumptions relating to timing, availability and amount of sublease income expected to be received during the period of the underlying lease.

Deferred tax liability includes accelerated capital allowances of £331,283 and other timing differences of (£73,580).

21. CALLED UP SHARE CAPITAL		2022 £	2021 £
<b>Description</b>	<b>Number of shares</b>	<b>Value of units</b>	
<b>Allotted, called up and fully paid</b>			
Ordinary Shares	15,670,684	£1 each	<u>15,670,684</u> <u>15,670,684</u>

There is a single class of share. There are no restrictions on the distribution of dividends and the repayment of capital.

**22. OTHER RESERVES**

**Other reserves**

Other reserves balance on the statement of financial position represents the movement in the share-based payments scheme Avaya UK has in place for certain employees.

**Avaya UK**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the year ended 30 September 2022

**23. FINANCIAL COMMITMENTS**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 30 Sep 2022 £	Other as at 30 Sep 2022 £	Total as at 30 Sep 2022 £	Land and buildings 30 Sep 2021 £	Other as at 30 Sep 2021 £	Total as at 30 Sep 2021 £
<b>Due:</b>						
Within one year	1,360,610	587,559	1,948,169	1,534,875	754,562	2,289,437
Between one and five years	3,978,718	144,179	4,122,897	5,549,011	728,241	6,277,252
In over five years	-	-	-	628,411	-	628,411
	<u>5,339,328</u>	<u>731,738</u>	<u>6,071,066</u>	<u>7,712,297</u>	<u>1,482,803</u>	<u>9,195,100</u>

**24. FINANCE LEASES**

Total future minimum lease payments under finance leases are as follows:

	Plant and equipment 30 Sep 2022 £	Total as at 30 Sep 2022 £	Plant and equipment 30 Sep 2021 £	Total as at 30 Sep 2021 £
<b>Due:</b>				
Within one year	824,335	824,335	785,473	785,473
Between one and five years	2,577,761	2,577,761	2,046,087	2,046,087
	<u>3,402,096</u>	<u>3,402,096</u>	<u>2,831,560</u>	<u>2,831,560</u>

**25. CONTINGENT LIABILITIES**

A guarantee has been given to HMRC of £75,000 (30 September 2021: £75,000) in relation to duties to be paid on imports.

**26. DIRECTORS' REMUNERATION**

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
Remuneration	663,640	794,001
Pension contributions	36,308	34,105
	<u>699,948</u>	<u>828,106</u>
	£	£
Highest paid director - Amounts included above:		
Emoluments and other benefits	372,932	458,113
Pension contributions	14,400	13,107
	<u>387,332</u>	<u>471,220</u>

During the year 4 directors (30 September 2021:4) participated in defined contribution pension schemes.

The emoluments of Mr Hastings, Ms Hunter, Mr Joyner and Ms Stacey were paid wholly by Avaya UK, and are not recharged to fellow Avaya UK Group companies. It is not possible to make an accurate apportionment of their emoluments in respect of each of the related subsidiaries.

**Avaya UK**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the year ended 30 September 2022

**27. PARENT AND ULTIMATE PARENT COMPANY**

The company regards Avaya UK Holdings Limited as its parent company.

The company's ultimate parent undertaking is Avaya Holdings Corporation. The address of Avaya Holdings Corporation is 350 Mount Kemble Avenue, Morristown, New Jersey, 07960, United States.

The parent of the largest group in which the results are consolidated is Avaya Holdings Corporation. Avaya Holdings Corporation is registered in the USA. The consolidated financial statements of Avaya Holdings Corporation are available from 350 Mount Kemble Avenue, Morristown, New Jersey, 07960, United States.

**28. INVESTMENTS**

	Subsidiary undertakings shares £	Total £
Investments		
Cost	21,600,000	21,600,000
	<u>21,600,000</u>	<u>21,600,000</u>
At 30 September 2021 and 2022	21,600,000	21,600,000
Provisions for diminution in value:		
At 30 September 2021 and 2022	<u>21,600,000</u>	<u>21,600,000</u>
Carrying amount		
At 30 September 2022	<u>          -</u>	<u>          -</u>
At 30 September 2021	<u>          -</u>	<u>          -</u>

**Subsidiary undertakings:**

The company has the following principal subsidiary:

Name of subsidiary undertaking	Country of incorporation	Nature of business	Details of investment	Proportion held by company
Aurix Limited	England and Wales	Trading	£0.01 GBP Ordinary shares £0.01 GBP A preference shares £0.01 GBP B preference shares	100%

The registered office for the above subsidiary of Avaya UK is as follows:

45 Gresham Street  
 London  
 EC2V 7BG  
 United Kingdom

**29. EVENTS AFTER THE END OF REPORTING PERIOD**

On 11 January 2023, Avaya authorised a reduction in force with respect to its employees in Europe in connection with the company's cost-reduction actions. The reduction in force is aimed at aligning the size of Avaya's workforce with its operational strategy and cost structure. The impact to the Avaya UK workforce is around a 18% reduction during 2023.

On 14 February 2023, Avaya Holdings Corp, the ultimate parent company of Avaya UK and certain of its direct and indirect subsidiaries commenced voluntary cases under Chapter 11 of Title 11 of the United States Code, in the United States Bankruptcy Court for the Southern District of Texas.

On the Petition Date, the Company entered into a Restructuring Support Agreement with certain of its creditors and RingCentral. The Bankruptcy Court confirmed the Plan on 22 March 2023, and the Debtors satisfied all conditions required for Plan effectiveness and emerged from the Chapter 11 Cases ("Emergence") on 1 May 2023.

On 15 February 2023, the Company's Common Stock was delisted from the New York Stock Exchange ("NYSE").

As a result of above, the restricted stock units ("RSUs") and ESPP share schemes were cancelled during 2023.

As part of an internal restructuring project completed in April 2023, Avaya UK contributed a loan receivable owed by Avaya International Sales Limited in an amount of £19,124,542 and, loan receivables and trade receivables owed by Aurix Limited valued at £6,350,479 (in aggregate), for shares issued by Aurix Limited.

There have been no other significant events since the statement of financial position date that the directors believe require adjustment to, or disclosure in the accounts.