Registered Number: 3812926

AURIX LIMITED

Annual report and financial statements

For the year ended 30 September 2014

AURIX LIMITED

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AURIX LIMITED

Directors and advisers

Directors

LJ Hastings
K Loidi

Company secretary

K Loidi

Registered office

Smith & Williamson Limited
25 Moorgate
London
EC2R 6AY

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Portland Building
25 High Street
Crawley
West Sussex
RH10 1BG

Solicitors

Taylor Wessing
5 New Street Square
London
EC4A 3TW

Bankers

Citibank
PO Box 449
Riverdale House
Molesworth Street
London
SE13 7EU

AURIX LIMITED

Strategic report for the year ended 30 September 2014

The directors present their Strategic report for the year ended 30 September 2014.

Principal activities and review of the business

The principal activities of the company is that of owner of intellectual property rights for speech search and speech analytics software product and solutions.

These products and solutions are currently distributed via Aurix Limited's legacy channels. The two main legacy streams of revenue are licencing and royalties. There has been an effort over the year to grow the royalty business.

The Company continues to undertake research and development on the products and solutions on which it owns intellectual property. Also the company is currently integrating its product into the Avaya Global Group distributed solutions.

Business environment

The Avaya Global Group ("Avaya") provides communication 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.

Future outlook

The company products have been integrated into Avaya solutions and forms part of Avaya's global suite of Intelligent Communications Solutions. The intention is to distribute the products via Avaya global distribution channels, as well as the company's traditional distribution channel.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks, some examples of which are set out below. The directors have ensured that processes are in place to assess, monitor and mitigate these risks.

Economic factors

The economic recession had some impact on the growth but the company grew revenue from its historic channel. This revenue growth will be enhanced by the company's products being distributed via the Avaya global channel, as part of an Avaya solution.

Competitive environment

Most competitors offer Speech to Text (STT) technology. Aurix Limited is set apart as its phonetic technology brings a number of benefits which are now being picked up in market awareness.

AURIX LIMITED

Strategic report
for the year ended 30 September 2014 (continued)

Liquidity Risk

Until it moves into operating profit it is dependent on Avaya Inc. for ongoing cash support.

Technology

The speech recognition technology developed in Aurix Ltd. must continually be developed in order to integrate it into new phonetic technology. Due to the ongoing integration of this technology into the products within the Avaya Global Group the company is able to stay abreast of the changing marketplace.

Key performance indicators (KPIs)

The Board monitors progress on the overall strategy by reference to two KPIs.

Performance during the year, together with historical trend data is set out in the table below:

	2014	**2013**	**Definition**
Increase in turnover (%)	46	12	Year on year turnover increase expressed as a percentage
Operating profit / (loss) margin (%)	2	(119)	Operating profit / (loss) expressed as a percentage of turnover

By order of the Board

LJ Hastings
Director
15 May 2015

AURIX LIMITED

Directors' report
for the year ended 30 September 2014

The directors present their report and audited financial statements for the year ended 30 September 2014.

Future outlook

Future outlook for the company is set out on page 2 in the Strategic report.

Results and dividends

The results for the year are set out on page 9. The directors do not recommend the payment of a dividend (2013: nil).

Financial risk management

The company 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 company's debt exposure is therefore considered at a global level.

Interest rate risk is not considered to represent a significant financial risk. Positions are monitored at the Avaya Inc. level to ensure there is no significant impact on the UK company's trading activities.

Foreign exchange risk

Certain of the company's purchases and sales are undertaken in currencies other than sterling which will be subject to exchange rate fluctuations, however any financial exposure in respect of transactions of this nature is considered minimal.

Liquidity risk

The company has losses on its balance sheet and is reliant on group support. If this support is not forthcoming or if our revenues and margins were to decline, our ability to meet our liabilities as they fall due could be adversely affected. The parent company, Avaya Inc., has confirmed that it will provide adequate financial support for the foreseeable future.

Credit risk

The company 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 operating margins. The potential impact of this is monitored through a robust approval process on any additional discount requests.

Directors' report for the year ended 30 September 2014 (continued)

Going concern

The Directors have received confirmation that Avaya Inc. intends to support the company for at least one year after these financial statements are signed. The Directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued support.

Directors

The directors of the company, who held office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

LJ Hastings
K Loidi
C McGugan (resigned 13 June 2014)

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 prepared 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's 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 year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

By order of the board

LJ Hastings
Director
15 May 2015

AURIX LIMITED

Independent auditors' report to the members of Aurix Limited

Report on the financial statements

Our opinion

In our opinion, Aurix Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2014 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.

What we have audited

Aurix Limited's financial statements comprise:

- the balance sheet as at 30 September 2014;
- the profit and loss account and the statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Aurix Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Michael Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
15 May 2015

AURIX LIMITED

Profit and loss account
for the year ended 30 September 2014

	Note	2014 £'000	2013 £'000
Turnover	2	**1,336**	915
Administrative expenses		**(1,309)**	(2,079)
Other operating income	3	-	75
Operating profit / (loss)		**27**	(1,089)
Interest payable and similar charges	6	**(290)**	(317)
Other finance income	7	-	29
Loss on ordinary activities before taxation	8	**(263)**	(1,377)
Tax on loss on ordinary activities	9	-	-
Loss for the financial year	15	**(263)**	(1,377)

All activities derive from continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents.

AURIX LIMITED

Statement of total recognised gains and losses
for the year ended 30 September 2014

	Notes	**Year 2014 £'000**	Year 2013 £'000
Loss for the financial year	15,16	**(263)**	(1,377)
Actuarial loss on pension scheme	13	**(89)**	(89)
Total recognised gains and losses relating to the year		**(352)**	(1,466)

AURIX LIMITED
Balance sheet
as at 30 September 2014

	Note	**2014**	2013
		£'000	£'000
Fixed assets			
Tangible assets	10	**20**	35
Current assets			
Debtors	11	**245**	137
Cash at bank and in hand		**1,655**	867
		1,900	1,004
Creditors: amounts falling due within one year	12	**(11,874)**	(10,641)
Net current liabilities		**(9,974)**	(9,637)
Total assets less current liabilities		**(9,954)**	(9,602)
Capital and reserves			
Called up share capital	14	**65**	65
Share premium account	15	**7,264**	7,264
Profit and loss account	15	**(17,283)**	(16,931)
Total shareholders' deficit	16	**(9,954)**	(9,602)

The financial statements on pages 9 to 25 were approved by the Board of directors and were signed on its behalf by

LJ Hastings
Director
15 May 2015

Registered Number: 3812926

AURIX LIMITED
Notes to the financial statements for the year ended 30 September 2014

1 Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Going concern

The financial statements are prepared on the going concern basis as the ultimate parent company, Avaya Inc.,has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements.

Cash flow statement

The Company is a wholly owned subsidiary of Avaya Inc. and is included in the consolidated financial statements of Avaya Inc. which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1, "Cash Flow Statements" (Revised 1996).

Turnover

Turnover represents the value, net of VAT and discounts, of work performed for customers, measured on the following basis:

- turnover receivable in respect of royalty income is recognised at the time of delivery of the company's products when the right to consideration is earned; and
- Income arising from subscription contract revenue is recognised on a straight line basis over the period of the subscription contract with invoiced but unearned income being shown in deferred income.

Leases

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 balance sheet 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 profit and loss account, 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 profit and loss account on a straight line basis over the life of the lease.

1 Principal accounting policies (continued)

Foreign currencies

Normal trading activities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rate of exchange ruling at the balance sheet date. Any foreign exchange gains or losses are included in the profit and loss account.

Pensions

The company holds a defined benefit pension scheme for employees. The funding for past service is invested through the scheme's trustees. The assets of the scheme are held separately from those of the company in an independently administered fund. The cost of providing pensions is charged to the profit and loss account in accordance with FRS 17 "Retirement benefits" over the periods benefiting from the services of employees. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the attained age method (the projected unit method is used for FRS 17 "Retirement benefits" disclosure, in accordance with the requirements of FRS 17 "Retirement benefits").

The pension expense for the company's defined benefit schemes is recognised as follows:

1. Within operating profit/(loss):
   - Current service cost – representing the increase in the present value of the defined benefit obligation resulting from employee service in the current period;
   - Past service cost – representing the increase in the present value of the defined benefit obligation resulting from employee service in the past period; and
   - Gains and losses arising on settlements and curtailments – where the item that gave rise to the settlement or curtailment is recognised within operating profit/(loss).

2. Within finance costs:
   - Interest cost on the liabilities of the scheme – calculated by reference to the scheme liabilities and discount rate at the beginning of the year and allowing for changes during the year; and
   - Expected return on assets of the scheme – calculated by reference to the scheme assets and long-term expected rate of return at the beginning of the year and allowing for changes during the year.

3. Within the statement of total recognised gains and losses:
   - Actuarial gains and losses arising on the assets and liabilities of the scheme.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

1 Principal accounting policies (continued)

Interest

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

Deferred taxation

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet 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 balance sheet 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.

Tangible fixed assets 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. The principal rates used for this purpose are:

Short leasehold improvements	- shorter of the lease duration and 20 years
Plant and equipment	- 2 to 10 years

Financial liabilities

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

2 Turnover

In the opinion of the directors it would be seriously prejudicial to disclose the geographical turnover split.

Business analysis

The company derives revenue from three business segments – Licences, Royalties and Support and Maintenance.

Turnover by business segment	**2014**	2013
	£'000	£'000
Licencing	**656**	685
Royalties	**638**	178
Support & Maintenance	**42**	52
	1,336	915

3 Other operating income

	2014	2013
	£'000	£'000
Sundry income	**-**	75
	-	75

Sundry income relates to pension contributions received from the former parent company.

4 Directors' emoluments

The emoluments of Mr Hastings and Mr Loidi are paid by Avaya UK, a fellow group company, which makes no recharge to the company. Mr Hastings and Mr Loidi are directors of Avaya UK and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries, which makes no recharge to the company. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Avaya UK.

Up to the time of resignation the emoluments of Mr McGugan (resigned 13 June 2014) were paid by Avaya Inc, a fellow global group company, which made no recharge to the company.

5 Employee information

Staff costs in relation to the company are incurred by a recharge of £1,055,000 (2013: £1,355,000) from Avaya UK.

6 Interest payable and similar charges

	2014	2013
	£'000	£'000
Interest payable to fellow group companies	290	317

7 Other finance income

	2014	2013
	£'000	£'000
Expected return on pension scheme assets	185	128
Interest on pension scheme liabilities	(108)	(99)
Surplus restriction	(77)	-
	-	29

8 Loss on ordinary activities before taxation

	2014	2013
Loss on ordinary activities before taxation is stated after charging/(crediting):	£'000	£'000
Hire of other tangible assets under operating leases	61	68
Exchange losses / (gains)	4	(35)
Depreciation of tangible fixed assets:		
- Owned assets	18	17

For the year ended 30 September 2014, all auditors' remuneration was borne by Avaya UK of £9,000 (2013: £9,000).

9 Tax on loss on ordinary activities

	2014	2013
Current tax:	**£'000**	£'000
- UK corporation tax on loss of the year	-	-
Total current tax	-	-

The tax assessed for the year differs (2013: differs) from the standard rate of corporation tax in the UK 22% (2013: 23.5%) applied to the loss on ordinary activities before taxation of the company. The differences are explained below:

	2014	2013
	£'000	£'000
Loss on ordinary activities before taxation	**(263)**	(1,377)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2013: 23.5%)	**(58)**	(324)
Effects of:		
Movement in general provision	**10**	-
Expenses not deductible for tax purposes	**1**	1
Capital allowances in excess of depreciation	**(8)**	(8)
Group relief surrendered but not paid for	**55**	331
Current tax for year	-	-

Factors affecting future tax charges

The average rate of corporation tax during the period was 22% as a result of the reduction in the rate of corporation tax from 23% to 21% effective from 1 April 2014.

The corporation tax rate will further reduce to 20% effective from 1 April 2015. This was substantively enacted on 3 July 2013 and so was used to measure deferred tax balances as at the previous balance sheet date at 30 September 2013. No further changes to the rate of corporation tax have been substantively enacted and so deferred tax balances have continued to be measured at 20%.

10 Tangible fixed assets

	Short leasehold improvements	Plant and equipment	Total
	£'000	**£'000**	**£'000**
Cost			
At 1 October 2013	118	246	364
Additions	-	3	3
At 30 September 2014	**118**	**249**	**367**
Accumulated depreciation			
At 1 October 2013	118	211	329
Charge for the year	-	18	18
At 30 September 2014	**118**	**229**	**347**
Net book value			
At 30 September 2014	-	**20**	**20**
At 30 September 2013	-	35	35

11 Debtors

	2014	2013
	£'000	£'000
Trade debtors	**238**	114
Prepayments and accrued income	**7**	23
	245	137

Debtors are unsecured.

12 Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Trade creditors	**6**	118
Amounts owed to group undertakings	**11,849**	10,454
Taxation and social security	**4**	1
Accruals and deferred income	**15**	68
	11,874	10,641

12 Creditors: amounts falling due within one year (continued)

All loans owed to group undertakings are not secured and incur interest at 4% (2013: 4%) and are repayable on demand. Total loans from group undertakings are £7,683,000 (2013: £7,505,000).

Trading balances of £4,166,000 (2013: £2,949,000) due to group undertakings are not secured, repayable on demand and are not subject to interest.

13 Pension commitments

Defined contribution scheme

Subsequent to the acquisition of the company by Avaya UK, employees were transferred to Avaya UK, and staff costs including defined contribution pension payments are recharged to the company. It is not possible to identify amounts payable to the defined contribution scheme separately.

Defined benefit scheme

Financial Reporting Standard 17 (Retirement Benefits) requires the company to include in the balance sheet the surplus or deficit on the scheme calculated as at the balance sheet date. It is therefore a snapshot view which can be significantly influenced by short term market factors. The calculation of the surplus or deficit is therefore dependant on factors which are beyond the control of the company, principally the value at the balance sheet date of equity shares in which the scheme has invested and long term interest rates which are used to discount future liabilities. The funding of the scheme is based on long term trends and assumptions relating to market growth, as advised upon by qualified actuaries. The closure of the scheme to benefit accrual from 1 January 2013 has led to a reduction in the value of accrued benefits for active members as the final salary link has been broken.

Based on the current schedule of contributions the company's best estimate of contributions expected to be paid in the next financial year is £82,000 (2013: £20,000).

Assumptions

An actuarial valuation of the Aurix Limited pension scheme, using the projected unit basis, was carried out by Capita, independent consulting actuaries. The major assumptions used by the actuary as updated were:

	2014	2013
Rate of increase in salaries	**N/A**	N/A
Discount rate	**4.05%**	4.7%
Inflation assumption (API)	**3.45%**	3.2%
Inflation assumption (CPI)	**2.6%**	2.3%
Mortality assumption	**S1PA**	S1PA

13 Pension commitments (continued)

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. It is important to note that these assumptions are long term, and in the case of the discount rate and the inflation rate are measured by external market indicators.

The mortality assumptions (S1PMA (males) and S1PFA (females) with the CMI 2011 projection with a 1.2% p.a. long term improvement rate) imply the following life expectancies at age 60.

Male retiring at age 60 in 2014	27.9 years
Female retiring at age 60 in 2014	30.4 years
Male retiring at age 60 in 2034	29.8 years
Female retiring at age 60 in 2034	32.3 years

In 2013, the mortality assumptions (S1PMA (males) & S1PFA (females) with CMI 2013 projection with 1.2% p.a. long term impairment rate) imply the following life expectancies at age 60.

Male retiring at age 60 in 2013	28.0 years
Female retiring at age 60 in 2013	30.4 years
Male retiring at age 60 in 2033	29.9 years
Female retiring at age 60 in 2033	32.4 years

Scheme assets

The fair value of the scheme's asset, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods, and thus inherently uncertain, were:

	2014	2013
	£'000	£'000
Equities	**2,237**	2,039
Bonds	**1,000**	901
Cash	**54**	24
Total market value of assets	**3,291**	2,964
Present value of scheme liabilities	**(2,804)**	(2,337)
Surplus restriction	**(487)**	(627)
Surplus in the scheme at the year end	**-**	-

13 Pension commitments (continued)

Expected long term rates of return were:

	2014	2013
Equities	**6.50%**	7.00%
Bonds	**4.25%**	4.60%
Cash	**4.20%**	3.90%

The actual return on plan assets was £297,000 (2013: £319,000).

Reconciliation of the present value of the scheme liabilities:

	2014	2013
	£'000	£'000
Scheme liabilities at start of year	**2,337**	2,214
Interest cost	**108**	99
Actuarial losses	**418**	52
Benefits paid and death in service	**(59)**	(28)
Scheme liabilities at end of year	**2,804**	2,337

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2014	2013
	£'000	£'000
Fair value of scheme assets at start of year	**2,964**	2,584
Expected return on scheme assets	**185**	128
Actuarial gains	**112**	191
Contributions by employer	**89**	89
Benefits paid and death in service	**(59)**	(28)
Fair value of scheme assets at end of year	**3,291**	2,964

13 Pension commitments (continued)

Analysis of the amount charged to the profit and loss account is as follows:

	2014	2013
	£'000	£'000
Expected return on pension scheme assets	185	128
Interest on pension scheme liabilities	(108)	(99)
Surplus restriction	(77)	-
	-	29

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £777,000 (2013: £688,000).

Amounts for current and previous four accounting periods

	Year 2014	Year 2013	Period 2012	Year 2011	Year 2010
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(2,804)	(2,337)	(2,214)	(2,129)	(2,058)
Plan assets	3,291	2,964	2,584	2,273	2,154
Surplus restriction	(487)	(627)	(370)	(144)	-
Surplus/(deficit)	-	-	-	-	96
Difference between the expected and actual return on scheme assets:					
Amount	112	191	145	(330)	150
Experience gains and losses on scheme liabilities					
Amount	(8)	(52)	(25)	(8)	56
Total amount recognised in STRGL					
Amount	(89)	(89)	(99)	(611)	84

The period specified for 2012 is nine months long running 01.01.2012 to 30.09.2012. This was to facilitate a change of the financial year end to bring Aurix Ltd in line with Avaya UK, its parent.

14 Called up share capital

	2014	2013
	£'000	£'000
Allotted, and fully paid		
4,060,100 (2013: 4,060,100) Ordinary shares of 1p each	**41**	41
1,632,480 (2013: 1,632,480) A preference shares of 1p each	**16**	16
776,233 (2013: 776,233) B preference shares of 1p each	**8**	8
	65	65

15 Reserves

	Profit and loss account	**Share premium account**	**Total**
	£'000	£'000	£'000
Loss for the financial year	(263)	-	(263)
Actuarial losses on pension scheme	(89)	-	(89)
Movement for the year	(352)	-	(352)
At 1 October 2013	(16,931)	7,264	(9,667)
At 30 September 2014	(17,283)	7,264	(10,019)

16 Reconciliation of movements in total shareholders' deficit

	2014	2013
	£'000	£'000
Opening shareholders' deficit	(9,602)	(8,136)
Actuarial losses on pension scheme	(89)	(89)
Loss for the financial year	(263)	(1,377)
Closing shareholders' deficit	**(9,954)**	(9,602)

17 Operating lease commitments

The annual non-cancellable operating lease payments to which the company was committed as at 30 September were as follows:

	Land and buildings 2014 £'000	Land and buildings 2013 £'000
Lease expiring:		
Within one year	**46**	-
Between two and five years	**-**	46
	46	46

18 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Avaya UK Holdings Limited.

The ultimate parent undertaking and controlling party is Avaya Holdings Corp. (formerly Sierra Holdings Corp.), a company incorporated in the United States.

Sierra Communications International LLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Sierra Communications International LLC are available from 211 Mt Airy Road, Basking Ridge, New Jersey, 07920, USA.

Avaya Inc is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Avaya Inc are available from 211 Mt Airy Road, Basking Ridge, New Jersey, 07920, USA. Avaya Inc. owns 100% of all Avaya UK subsidiaries.

19 Related party transactions

The company has taken advantage of the exemption stated in Financial Reporting Standard 8 "Related Party Disclosures" that allows the non-disclosure of transactions or balances with entities that are part of the group or investments of the group qualifying as related parties where the entities are wholly owned within the group. The company is included in the financial statements of Avaya Inc. which are available as detailed in note 18.

There were no other related party transactions requiring disclosure during the current or prior year.

20 Deferred taxation

	Amount unprovided asset 2014 £'000	Amount unprovided asset 2013 £'000
Accelerated capital allowances	**(47)**	(55)
Other timing differences	**(13)**	(3)
Losses	**(2,360)**	(2,360)
	(2,420)	(2,418)

The deferred tax above has not been recognised in the financial statements as the directors cannot reasonably foresee in the short term that these timing differences will reverse.