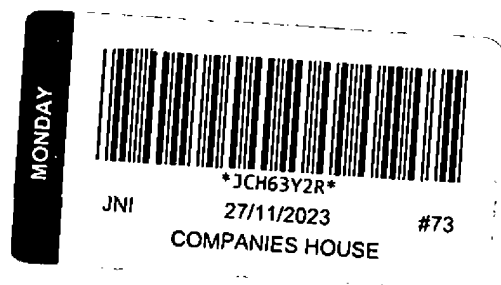


Registration number: 04075033

Amdocs Systems Group Limited
Annual Report and Financial Statements
for the year ended 30 September 2022



Amdocs Systems Group Limited

CONTENTS

	Page
Company Information	1
Strategic Report	2
Directors' Report	3 – 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 – 31

Amdocs Systems Group Limited

COMPANY INFORMATION

Directors	Bart Johannes Brummelaar (Dutch) Richard John Kateley (British)
Company Secretary	Bart Johannes Brummelaar (Dutch)
Registered Office	3 rd Floor Chiswick Park Estate 566 Chiswick High Road London W4 5YE
Solicitors	Gunnercooke 1 Cornhill London EC3V 3ND
Bankers	JP Morgan Chase Bank N.A. 125 London Wall London EC2Y 5AJ
Auditor	Ernst & Young Chartered Accountants & Statutory Audit Firm Ernst & young Building Harcourt Centre Harcourt Street Dublin 2 Ireland

Amdocs Systems Group Limited

STRATEGIC REPORT

for the Year Ended 30 September 2022

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

Principal activity and fair review of the business

The principal activity of the Company is the sale and marketing of software products and related services to the communication industry.

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

Turnover decreased from \$18,446,182 in 2021 to \$18,262,093 in 2022. The Company made a profit before tax of \$10,257,771 compared to a profit of \$11,093,876 in 2021. The Company made an operating profit of \$9,506,009 compared to an operating profit of \$5,484,606 in 2021.

After recognising a tax credit of \$1,842,903 (2021: \$1,929,198) a profit of \$12,100,674 (2021: \$13,023,074) has been transferred to reserves. Shareholder's funds at 30 September 2022 amounted to \$80,976,361 (2021: \$70,095,171).

Both the level of business and the year end financial position were in line with expectations.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are summarised below:

- the pace with which new communications products and services emerge;
- the nature and pace of technological change within the communications industry;
- the extent to which consolidation within the communications industry will continue;
- the extent to which communications services will continue to converge;
- the increasing need for communications service providers to reduce costs and retain high value customers in a highly competitive environment; and
- general global economic conditions, particularly market conditions in the communications industry.

To the fullest possible extent, we believe the Company has taken sufficient measures to mitigate these risks and uncertainties and turn these into opportunities for future growth.

Approved by the Board on 20 November 2023 and signed on its behalf by:

DocuSigned by:
Bart Brummelaar
835952972E04485...

Bart Johannes Brummelaar (Dutch)
Director

Amdocs Systems Group Limited

DIRECTORS' REPORT

for the Year Ended 30 September 2022

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

Directors and secretary of the Company

The directors, who held office during the year and to the date of this report, were as follows:

Neville Thomas Walker (Irish) (Resigned 30 November 2022)

Sarit Galanos (Israeli) (Resigned 15 June 2022)

Richard John Kateley (British) (Appointed 15 June 2022)

Bart Johannes Brummelaar (Dutch) (Appointed 30 November 2022)

The directors had no interest in the shares of the Company at the beginning or end of the financial period.

On 30 November 2022, Neville Walker resigned as Company secretary and on the same date Bart Brummelaar was appointed as Company secretary.

Dividends

No dividend was paid to the parent company during the year (2021: \$Nil).

Financial instruments

Foreign currency exchange risk

Profit/loss on ordinary activities and amounts due from fellow subsidiary undertakings are sensitive to movements in exchange rates between US Dollar and Sterling.

Interest rate risk

Our interest expense and income are sensitive to changes in interest rates, as are our cash reserves and our loans due to/from other group undertakings.

Political donations

There were no political donations made during the year (2021: \$Nil).

Future developments

It is the intention of the Directors to continue the current activities of the Company.

Research and development

The Company is not currently undertaking any research and development activities.

Corporate governance

The Company has not applied the UK Corporate Governance Code 2018 for the financial year due to the size of the Company and its status as a limited company. The directors have reviewed the UK Corporate Governance Code 2018 during the financial year, identifying and implementing sections that they consider best practice for a company of this size. Any sections that have not been implemented have been noted and will be re-assessed on a periodic basis, as will the requirement for full application of governance code.

Going concern

At the time of approving the financial statements the Company has reviewed its financial projections of future profits, cash flows and working capital in terms of its position within the overall Amdocs Group. In addition, the Company has received a letter of support from Amdocs Limited which commits to making support available if it is required at a point in time covering the period of twelve months from the date of approval of the financial statements. After making enquiries, the Directors have a reasonable expectation that the Company will have sufficient resources to continue to trade satisfactorily and hence continue to adopt the going concern basis in preparing these financial statements.

Events after the reporting date

There have been no significant events affecting the Company since the financial year end.

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Amdocs Systems Group Limited

DIRECTORS' REPORT

for the Year Ended 30 September 2022

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 20 November 2023 and signed on its behalf by:

DocuSigned by:

Bart Brummelaar

B35952672E94485...

Bart Johannes Brummelaar
Director

Amdocs Systems Group Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable United Kingdom 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ("FRS 101"). Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Approved by the Board on 20 November 2023 and signed on its behalf by:

DocuSigned by:
Bart Brummelaar
B35952072E94485...

Bart Johannes Brummelaar
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMDOCS SYSTEMS GROUP LIMITED

Opinion

We have audited the financial statements of Amdocs Systems Group Limited for the year ended 30 September 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

.../continued

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMDOCS SYSTEMS GROUP LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

.../continued

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMDOCS SYSTEMS GROUP LIMITED (continued)

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

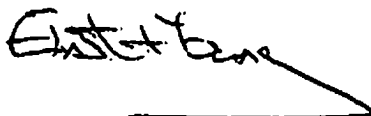
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (United Kingdom Accounting Standards and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its domestic and overseas operations, including health and safety, employees, data protection and anti-bribery and corruption.
- We understood how the company is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.
- We incorporated data analytics into our testing of manual journal entries, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to source documentation, ensuring appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journal entries identified by specific risk criteria.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Dermot Quinn

for and on behalf of Ernst & Young

Chartered Accountants and Statutory Audit Firm

Dublin

Date: 21 November 2023

Amdocs Systems Group Limited**STATEMENT OF COMPREHENSIVE INCOME**

for the Year Ended 30 September 2022

	Notes	2022 \$	2021 \$
Turnover	4	18,262,093	18,446,182
Cost of sales		(8,759,176)	(9,652,397)
Gross profit		9,502,917	8,793,785
Administrative income / (expenses)		3,092	(3,309,179)
Operating profit	5	9,506,009	5,484,606
Dividend income	13	280,486	5,607,161
Other interest receivable and similar income	6	939,644	205,165
Interest payable and similar charges	7	(468,368)	(203,056)
		751,762	5,609,270
Profit on ordinary activities before tax		10,257,771	11,093,876
Tax on profit on ordinary activities	10	1,842,903	1,929,198
Profit for the financial year and total comprehensive income		12,100,674	13,023,074

The above results were derived from continuing operations.

The notes on pages 12 to 31 form an integral part of these financial statements.

Amdocs Systems Group Limited

(Registration number: 04075033)

STATEMENT OF FINANCIAL POSITION

as at 30 September 2022

	Notes	2022 \$	2021 \$
Fixed Assets			
Tangible assets	11	388,863	528,280
Intangible assets	12	5,867	10,250
Right-of-use assets	17	397,754	2,153,064
Investments	13	1,304,961	1,304,961
		<u>2,097,445</u>	<u>3,996,555</u>
Current Assets			
Trade and other debtors	14	77,079,202	65,928,248
Cash at bank and in hand		3,098	3,503
Deferred tax assets	10	7,708,583	5,715,770
		<u>84,790,883</u>	<u>71,647,521</u>
Creditors: Amounts falling due within one year	18	<u>(4,834,659)</u>	<u>(3,528,938)</u>
Net Current Assets		<u>79,956,224</u>	<u>68,118,583</u>
Total assets less current liabilities		<u>82,053,669</u>	<u>72,115,138</u>
Creditors: Amounts falling due after more than one year	19	<u>(1,003,452)</u>	<u>(1,804,160)</u>
Provisions for liabilities	20	<u>(73,856)</u>	<u>(215,807)</u>
Net assets		<u>80,976,361</u>	<u>70,095,171</u>
Capital and reserves			
Called up share capital	15	7,924	7,924
Share premium reserve		42,405,482	42,405,482
Profit and loss account		38,562,955	27,681,765
Shareholder's funds		<u>80,976,361</u>	<u>70,095,171</u>

Approved by the Board on 20 November 2023 and signed on its behalf by:

DocuSigned by:

Bart Brummelaar

835952972E94485...

Bart Johannes Brummelaar
Director

The notes on pages 12 to 31 form an integral part of these financial statements.

Amdocs Systems Group Limited**STATEMENT OF CHANGES IN EQUITY**

for the Year Ended 30 September 2022

	Share capital	Share premium reserve	Other reserves	Profit and loss account	Total
	\$	\$	\$	\$	\$
At 1 October 2021	7,924	42,405,482	-	27,681,765	70,095,171
Profit for the year	-	-	-	12,100,674	12,100,674
Total comprehensive income	-	-	-	12,100,674	12,100,674
Share-based payment transactions	-	-	95,202	-	95,202
Transfer to profit and loss reserve	-	-	(95,202)	95,202	-
Recharge from ultimate parent	-	-	-	(1,314,686)	(1,314,686)
At 30 September 2022	7,924	42,405,482	-	38,562,955	80,976,361

	Share capital	Share premium reserve	Other reserves	Profit and loss account	Total
	\$	\$	\$	\$	\$
At 1 October 2020	7,924	42,405,482	-	14,847,049	57,260,455
Profit for the year	-	-	-	13,023,074	13,023,074
Total comprehensive income	-	-	-	13,023,074	13,023,074
Share-based payment transactions	-	-	135,233	-	135,233
Transfer to profit and loss reserve	-	-	(135,233)	135,233	-
Recharge from ultimate parent	-	-	-	(323,591)	(323,591)
At 30 September 2021	7,924	42,405,482	-	27,681,765	70,095,171

The notes on pages 12 to 31 form an integral part of these financial statements.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

1. General Information

The Company is a private company limited by share capital, incorporated and domiciled in the United Kingdom. The Company registration number is 04075033.

The address of its registered office is:

3rd Floor
Chiswick Park Estate
566 Chiswick High Road London
W4 5YE

These financial statements were authorised for issue by the Board on 20 November 2023.

2. Accounting Policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework', issued by the Financial Reporting Council and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, except that as disclosed in the accounting policies, certain items are shown at fair value, and on the going concern basis.

The financial statements are denominated in US dollar ("\$") which is the functional currency of the Company. Amounts as disclosed in the financial statements have been rounded to the nearest ("\$").

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirements of paragraphs 10(d), 10(f), 38A-D, 40A-D and 134-136 of IAS 1 Presentation of Financial Statements;
- d) the requirements of IAS 7 Statement of Cash Flows;
- e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- h) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets;
- i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- j) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment: because the share-based payments concerns the instruments of another group entity;
- k) the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- l) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

The individual financial results of Amdocs Systems Group Limited are included in the consolidated financial statements of Amdocs Limited.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 October 2021 have had a material effect on the financial statements.

Going concern

At the time of approving the financial statements the Company has reviewed its financial projections of future profits, cash flows and working capital in terms of its position within the overall Amdocs Group. In addition, the Company has received a letter of support from Amdocs Limited which commits to making support available if it is required at a point in time covering the period of twelve months from the date of approval of the financial statements. After making enquiries, the directors have a reasonable expectation that the Company will have sufficient resources to continue to trade satisfactorily and hence continue to adopt the going concern basis in preparing these financial statements.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

2. Accounting Policies (continued)

Group financial statements

Section 400 of the Companies Act 2006 exempts an intermediate parent entity whose own parent entity is established under the law of an EEA state from the need to prepare consolidated financial statements. The Company has availed itself of this exemption and consequently has prepared these financial statements on a stand alone basis.

Investments in subsidiary companies

Subsidiaries are all entities that the Company controls. Investments in subsidiary companies are initially recognised at cost, being the fair value of the consideration given. After initial recognition investments are stated at cost less provision for impairment in accordance with IAS 36 "Impairment of assets". If the carrying amount exceeds the recoverable amount then the carrying value of the investment is written down to its recoverable amount.

Revenue recognition

The Company recognises revenue under the five-step methodology required under IFRS 15, which requires the Company to identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations identified, and recognise revenue when (or as) each performance obligation is satisfied.

The Company's primary revenue categories, related performance obligations, and associated recognition patterns are as follows:

i. Revenue recognition for projects

The Company usually sells its software licenses as part of an overall solution offered to a customer including significant customisation, modification, implementation and integration. Those services are deemed essential to the software. As a result, revenue related to these projects is recognised over time, usually based on a percentage that incurred labour effort to date bears to total projected labour effort. Incurred effort represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Revenue from customisation, implementation, modification and integration services is also recognised over the course of the projects. When total cost estimates for these types of arrangements exceed revenues in a fixed-price arrangement, the estimated losses are recognised immediately based upon the cost applicable to the delivering unit. Significant judgement is required when estimating total labour effort and progress to completion on these arrangements, as well as whether a loss is expected to be incurred on the project.

As a significant portion of the Company's revenue is satisfied over time as work progresses, the annual operating results may be affected by the size and timing of the initiation of customer projects as well as the Company's progress in completing such projects.

ii. Revenue recognition for subsequent license fee

Subsequent license fee revenue is recognised when the customer has access to the license and the right to use and benefit from the license. In cases when the conditions require delivery, then delivery must have occurred for purposes of revenue recognition. Subsequent license fee is based on a customer's subscriber level, transaction volume or other measurements when greater than the level specified in the contract for the initial license fee.

iii. Revenue recognition for term-based license and perpetual license

Revenue related to software solutions that do not require significant customisation, implementation and modification are recognised upon delivery.

iv. Revenue recognition for maintenance

Maintenance revenue is recognised ratably over the term of the maintenance agreement.

v. Revenue recognition for ongoing services

Revenue from ongoing support services is recognised over time as services are performed, using one method of measuring performance such as time elapsed, output produced, volume of data processed or subscriber count that provides the most faithful depiction of the transfer of services.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

2. Accounting Policies (continued)

Revenue recognition (continued)

vi. Revenue recognition for managed services arrangement

Managed services arrangements include management of data centre operations and IT infrastructure, application management and ongoing support, management of end-to-end business processes, and managed transformation that includes both a transformation project as well as taking over managed services responsibility. The revenue from managed services arrangement is recognised for each individual performance obligation according to its relevant revenue category, including but not limited to, revenue from the management of a customer's operations, revenue from projects and revenue from ongoing support services. Revenue from the management of a customer's operations pursuant to managed services arrangements, is recognised over time as services are performed, using one method of measuring performance such as time elapsed, output produced, volume of data processed or subscriber count that provides the most faithful depiction of the transfer of services, pursuant to the specific contract terms of the managed services arrangement. Typically, managed services arrangements are long term in duration and are not subject to significant seasonality.

vii. Revenue recognition for managed services arrangement

Managed services arrangements include management of data centre operations and IT infrastructure, application management and ongoing support, management of end-to-end business processes, and managed transformation that includes both a transformation project as well as taking over managed services responsibility. The revenue from managed services arrangement is recognised for each individual performance obligation according to its relevant revenue category, including but not limited to, revenue from the management of a customer's operations, revenue from projects and revenue from ongoing support services. Revenue from the management of a customer's operations pursuant to managed services arrangements, is recognised over time as services are performed, using one method of measuring performance such as time elapsed, output produced, volume of data processed or subscriber count that provides the most faithful depiction of the transfer of services, pursuant to the specific contract terms of the managed services arrangement. Typically, managed services arrangements are long term in duration and are not subject to significant seasonality.

viii. Revenue recognition for third-party hardware and software

Third-party hardware sales are recognised upon delivery or installation, and revenue from third-party software sales is recognised upon delivery. Maintenance revenue is recognised ratably over the term of the maintenance agreement. Revenue from third-party hardware and software sales is recorded at gross amount for transactions in which the Company controls the third-party hardware and software prior to fulfilling the performance obligation. In specific circumstances where the Company does not meet the above criteria, revenue is recognised on a net basis. In certain arrangements, the Company may earn revenue from other third-party services which is recorded at a gross amount as it controls the services before transferring them to the customer.

ix. Arrangements with multiple performance obligations

Many of the Company's agreements include multiple performance obligations. The Company allocates the transaction price for each contract to each performance obligation identified in the contract based on the relative stand alone selling price (SSP). The Company determines SSP for the purposes of allocating the transaction price to each performance obligation by considering several external and internal factors including, but not limited to, transactions where the specific performance obligation sold separately, historical actual pricing practices and geographies in which the Company offers its services in accordance with IFRS 15. The determination of SSP requires the exercise of judgement. If a specific performance obligation is sold for a broad range of amounts (that is, the selling price is highly variable) or if the Company has not yet established a price for that good or service, and the good or service has not previously been sold on a stand alone basis (that is, the selling price is uncertain), the Company applies the residual approach whereby all other performance obligations within a contract are first allocated a portion of the transaction price based upon their respective SSPs with any residual amount of transaction price allocated to the remaining specific performance obligation.

Billing terms and conditions generally vary by contract category. Amounts are typically billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones. In cases where timing of revenue recognition significantly differs from the timing of invoicing, the Company is considering whether a significant financing component exists. The Company elected to use the practical expedient in assessing the financing component in contracts where the time between cash collection and performance is less than one year.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

2. Accounting Policies (continued)

Revenue recognition (continued)

Contract assets and contract liabilities

In case the services rendered by the Company as of the reporting date exceed the payments made by the customer as of that date and the Company does not have the unconditional right to charge the client for the services rendered, a contract asset is recognised. The Company assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9.

If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised. The Company recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Cost to obtain or fulfil contracts with customers

The Company recognises the incremental costs incurred by the Company to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable, and record them in "Other assets" in the statement of financial position. Incremental costs of obtaining contracts are those costs that the Company incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognised in "cost of sales" in the statement of comprehensive income. Additionally the asset is assessed for impairment and any impairment loss is recognised in "cost of sales" in the statement of comprehensive income. The Company recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Foreign currency transactions and balances

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

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

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

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Where a group undertaking transferred losses to the Company, the amount paid in excess of the benefit received is recognised in administrative expenses in the statement of comprehensive income.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

2. Accounting Policies (continued)

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

The asset's residual values, useful lives methods are reviewed, and adjusted if appropriate, at each financial year end.

Expenditure for repairs and maintenance of tangible assets is charged to the statement of comprehensive income. Expenditure for significant improvements and renovations is capitalised if it is considered that it adds value to the tangible assets.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

Depreciation

Depreciation is charged so as to write off the cost of tangible assets and right-of-use assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Office equipment	5 – 10 years
Computer equipment	3.5 – 7 years
Right-of-use assets	Shorter of the estimated useful life and the term of the lease
Leasehold improvements	Shorter of the estimated useful life and the term of the lease

Intangible assets

Intangible assets represent acquired computer software.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least once during the reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Asset class	Depreciation method and rate
Acquired computer software	4 years

Cash and cash equivalents

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

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain the expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

2. Accounting Policies (continued)

Leases

Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Company as a lessee

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the Company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used).

Initial recognition and measurement

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the Company measures the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the statement of comprehensive income, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for tangible assets. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured in accordance with the above. Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

2. Accounting Policies (continued)

Leases (continued)

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease. The modification is accounted for as a separate lease if both:

- a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Company then accounts for these in line with the accounting policy for new leases. If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the statement of comprehensive income.

Sub leases

If an underlying asset is re-leased by the Company to a third party and the Company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

2. Accounting Policies (continued)

Share capital

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

The difference between the fair value of the amount received for share capital and the nominal value of the share capital issued is transferred to the share premium account.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Share-based payments

Employees of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined by using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares (market conditions) of the Company's ultimate parent undertaking, Amdocs Limited.

The cost of equity-settled transactions are recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for a period, reflected in the statement of comprehensive income, represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

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

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

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

2. Accounting Policies (continued)

Financial instruments (continued)

i. Financial assets

Initial recognition and measurement

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss ("FVTPL").

If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of comprehensive income.

Financial assets not otherwise classified above are classified and measured as FVTPL.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

The Company has not designated any financial assets at fair value through OCI nor profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other debtors.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

2. Accounting Policies (continued)

Financial instruments (continued)

i. Financial assets (continued)

Derecognition (continued)

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For credit-impaired financial instruments, the Company recognises the lifetime ECL.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities may include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Company has not designated any financial liability as at fair value through profit or loss.

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

2. Accounting Policies (continued)

Financial instruments (continued)

ii. Financial liabilities (continued)

Subsequent measurement (continued)

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements required management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However the nature of estimation means the actual outcomes could differ from those estimates. The following are the Company's key sources of estimation uncertainty:

Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the asset. Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less cost to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

Lease – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Amdocs Systems Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

for the Year Ended 30 September 2022

4. Turnover

Revenue was wholly derived from the Company's principal activity. It comprises the value of goods and services sold, excluding VAT. The Company has recognised the following amounts in relation to revenue in the statement of comprehensive income. Revenue is derived from 11 (2021: 12) customers, located mainly in Europe. Revenue from customer was as follows:

	2022	2021
	\$	\$
Contracts with customers	18,262,093	18,446,182

The following table provides information about contract assets and contract liabilities:

	2022	2021
	\$	\$
Contract assets	710,401	1,170,202
Contract liabilities	(1,168,731)	(757,541)
Net unbilled contract amounts	(458,330)	412,661

Revenue recognised during the year ended 30 September 2022, which was included in 'Contract liabilities' as of 1 October 2021 was \$619,846 (2021: \$1,052,012). Amounts billed during the year ended 30 September 2022, which was included in 'Contract assets' as of 1 October 2021 was \$1,170,202 (2021: \$844,226).

Billing terms and conditions generally vary by contract category. Amounts are typically billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones. In cases where timing of revenue recognition significantly differs from the timing of invoicing, the Company considers whether a significant financing component exists. The Company elected to use the practical expedient in assessing the financing component in contracts where the time between cash collection and performance is less than one year.

5. Operating profit

Arrived at after charging/(crediting):

	2022	2021
	\$	\$
Depreciation - right-of-use assets	426,624	522,893
Impairment - right-of-use assets	1,328,686	-
Foreign exchange (gains)/losses	(2,966,697)	336,502
Depreciation - tangible assets	123,738	131,560
Loss on disposal – tangible assets	804	169
Auditor's remuneration	56,692	56,193
Amortisation expense	4,383	4,828
Management charge	236,565	363,233

6. Other interest receivable and similar income

	2022	2021
	\$	\$
Interest on loans to group undertakings	939,642	205,165
Interest income on bank deposits	2	-
	939,644	205,165

Amdocs Systems Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

for the Year Ended 30 September 2022

7. Interest payable and similar charges

	2022	2021
	\$	\$
Bank charges	2,387	1,259
Interest on loans from group undertakings	443,258	170,450
Other finance costs	7	7
Interest expense on leases - property	22,716	31,340
	<u>468,368</u>	<u>203,056</u>

8. Staff costs

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

	2022	2021
	\$	\$
Wages and salaries	6,477,662	8,211,296
Social security costs	935,813	1,174,369
Pension costs, defined contribution scheme	353,102	416,742
	<u>7,766,577</u>	<u>9,802,407</u>

Included in wages and salaries is a total expense of share-based payments of \$95,202 (2021: \$135,233) all of which arises from transactions accounted for as equity settled share-based payment transactions.

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

	2022	2021
	No.	No.
Production	50	54
Administration and support	2	3
Sales, marketing and distribution	11	13
	<u>63</u>	<u>70</u>

9. Directors' remuneration

The directors did not receive any remuneration or benefit for qualifying services in either the current year or the prior year.

Amdocs Systems Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

for the Year Ended 30 September 2022

10. Income tax

Tax (credited) / charged in the statement of comprehensive income

	2022	2021
	\$	\$
Current taxation		
Corporation tax	178,456	38,410
Corporation tax adjustment for prior period	(28,546)	(144,372)
Current tax charge / (credit)	<u>149,910</u>	<u>(105,962)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	1,771,438	785,870
Arising from changes in tax rates and laws	-	(962,698)
Arising from previously unrecognised tax loss	(3,764,251)	(1,646,408)
Deferred tax	<u>(1,992,813)</u>	<u>(1,823,236)</u>
Tax (credit) / expense in the statement of comprehensive income	<u>(1,842,903)</u>	<u>(1,929,198)</u>

The tax on profit for the year is the same as the standard rate of corporation tax in the UK of 19% (2021 - the same as the standard rate of corporation tax in the UK of 19%).

The differences are reconciled below:

	2022	2021
	\$	\$
Profit before tax	<u>10,257,771</u>	<u>11,093,876</u>
Corporation tax at standard rate	1,948,976	2,107,836
Decrease in current tax from adjustment for prior periods	(28,546)	(144,372)
Movement from effect of non deductible expenses / (income)	7,704	(1,063,391)
Movement from effect of exercise employee share options	(69,985)	(169,695)
Arising from previously unrecognised tax loss	(3,764,251)	(1,646,408)
Tax at higher rate on deferred taxation	63,199	(50,470)
Deferred tax credit relating to changes in tax rates or laws	-	(962,698)
Tax (credit) / expense in the statement of comprehensive income	<u>(1,842,903)</u>	<u>(1,929,198)</u>

Future tax changes

The directors are not aware of any factors that will materially affect the rate of corporation tax in the foreseeable future.

At Budget 2020, the government announced that the Corporation Tax rate for the years starting 1 April 2020 and 2021 would remain at 19%. At Budget 2021, the government announced that the Corporation Tax would increase to 25% from 1 April 2023. This rate had been enacted on 10 June 2021 when the Finance Bill 2021 received Royal Assent.

The closing deferred tax asset has been calculated at the corporation tax rate applicable to the periods during which it is expected to materialise.

Amdocs Systems Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

for the Year Ended 30 September 2022

10. Income tax (continued)**Deferred tax**

Deferred tax movement during the year:

	At 1 October 2021	Recognised in income	At 30 September 2022
	\$	\$	\$
Accelerated tax depreciation	1,878,046	(26,420)	1,851,626
Tax losses carry-forwards	3,460,348	2,255,818	5,716,166
Share-based payment	359,678	(236,585)	123,093
Leases	17,698	-	17,698
Net tax assets	<u>5,715,770</u>	<u>1,992,813</u>	<u>7,708,583</u>

Deferred tax movement during the year:

	At 1 October 2020	Recognised in income	At 30 September 2021
	\$	\$	\$
Accelerated tax depreciation	1,361,608	516,438	1,878,046
Tax losses carry-forwards	2,378,022	1,082,326	3,460,348
Share-based payment	139,452	220,226	359,678
Leases	13,452	4,246	17,698
Net tax assets	<u>3,892,534</u>	<u>1,823,236</u>	<u>5,715,770</u>

There are \$1,525,983 of unused tax losses (2021 - \$5,501,487) for which no deferred tax asset is recognised in the statement of financial position.

11. Tangible assets

	Computer equipment	Office equipment	Leasehold improvements	Total
	\$	\$	\$	\$
Cost or valuation				
At 1 October 2021	5,103,988	559,868	1,517,786	7,181,642
Disposals	(129,222)	(17,726)	(13,699)	(160,647)
At 30 September 2022	<u>4,974,766</u>	<u>542,142</u>	<u>1,504,087</u>	<u>7,020,995</u>
Depreciation				
At 1 October 2021	4,933,654	524,752	1,194,956	6,653,362
Charge for the year	46,186	6,567	70,985	123,738
Eliminated on disposal	(128,109)	(7,867)	(8,992)	(144,968)
At 30 September 2022	<u>4,851,731</u>	<u>523,452</u>	<u>1,256,949</u>	<u>6,632,132</u>
Carrying amount				
At 30 September 2022	<u>123,035</u>	<u>18,690</u>	<u>247,138</u>	<u>388,863</u>
At 30 September 2021	<u>170,334</u>	<u>35,116</u>	<u>322,830</u>	<u>528,280</u>

Amdocs Systems Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

for the Year Ended 30 September 2022

12. Intangible assets	Acquired computer software	Total
	\$	\$
Cost or valuation		
At 1 October 2021	281,242	281,242
At 30 September 2022	281,242	281,242
Amortisation		
At 1 October 2021	270,992	270,992
Amortisation charge	4,383	4,383
At 30 September 2022	275,375	275,375
Carrying amount		
At 30 September 2022	5,867	5,867
At 30 September 2021	10,250	10,250
13. Investments	2022	2021
	\$	\$
Subsidiaries		
Cost or valuation		
At 1 October	1,304,961	51,470,478
Additions	-	1,304,961
Disposal on liquidation	-	(51,470,478)
At 30 September	1,304,961	1,304,961
Provision		
At 1 October	-	37,324,384
Reversal of provision on liquidation	-	(37,324,384)
At 30 September	-	-
Net book value		
At 30 September	1,304,961	1,304,961

Details of the principal investments held by the Company at 30 September 2022 of which the Company holds, directly or indirectly, at least 20% of the nominal value of any class of share capital are as follows:

Name of subsidiary	Country of incorporation and principal place of business	Holdings type (stock/shares)	Proportion of ownership interest and voting rights held
Amdocs Systems AB	Sweden	Ordinary	100%

Amdocs Systems Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

for the Year Ended 30 September 2022

13. Investments (continued)

The subsidiary undertakings are engaged in providing business support systems and related services to the communication industry.

During the year, the liquidation of Amdocs Systems Europe Limited and Amdocs Systems Limited was finalised and a final dividend of \$280,486 (2021: \$5,607,161) was received.

14. Trade and other debtors

	2022	2021
	\$	\$
Trade debtors	1,011,007	441,230
Amounts owed by group undertakings	75,160,131	64,116,113
Accrued income	710,401	1,170,202
Other debtors	78,894	130,810
Prepayments	118,769	69,893
	<u>77,079,202</u>	<u>65,928,248</u>

Amounts owed by group undertakings are unsecured, bear interest at commercial rates and are repayable in full within one year of granting.

15. Share capital

Allotted, called up and fully paid shares	2022		2021	
	No.	\$	No.	\$
A ordinary shares of £0.00010 each	2,357,000	441	2,357,000	441
B ordinary shares of £0.00010 each	1,500,000	280	1,500,000	280
C ordinary shares of £0.00010 each	2,000,000	374	2,000,000	374
D ordinary shares of £0.00010 each	2,000,000	374	2,000,000	374
H ordinary shares of £0.00010 each	4,875,823	911	4,875,823	911
Y ordinary shares of £0.00002 each	3,556,312	133	3,556,312	133
B participating preference shares of £0.00010 each	3,664,375	684	3,664,375	684
A participating preference shares of £0.00100 each	2,531,300	4,727	2,531,300	4,727
	<u>22,484,810</u>	<u>7,924</u>	<u>22,484,810</u>	<u>7,924</u>

16. Other reserves

The reserve records the contributions in respect of the share-based payments made to the employees of the Company.

17. Leases

The Company leases buildings for its office space. The leases of office space run for a period of 1 to 5 years, with some agreements including an option to renew after the end of the contractual term. For leases of office space with lease terms of 12 months or less, the Company applies the 'short-term lease' recognition exemptions for these agreements.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Amdocs Systems Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

for the Year Ended 30 September 2022

17. Leases (continued)

	2022	2021
	\$	\$
Cost		
At 1 October	3,160,881	3,220,310
Lease modification	-	(59,429)
At 30 September	<u>3,160,881</u>	<u>3,160,881</u>
Depreciation and impairment		
At 1 October	1,007,817	484,924
Depreciation charge for the year	426,624	522,893
Impairment	1,328,686	-
At 30 September	<u>2,763,127</u>	<u>1,007,817</u>
Net book value		
At 1 October	<u>2,153,064</u>	<u>2,735,386</u>
At 30 September	<u>397,754</u>	<u>2,153,064</u>

Leases Included in creditors

	2022	2021
	\$	\$
At 1 October	2,392,016	2,734,275
Foreign exchange (gains)/losses	(318,050)	121,977
Accretion of interest	22,716	31,340
Lease modification	-	12,481
Payments	(723,900)	(508,057)
At 30 September	<u>1,372,782</u>	<u>2,392,016</u>
	2022	2021
	\$	\$
Current	369,330	587,856
Non-current	1,003,452	1,804,160
At 30 September	<u>1,372,782</u>	<u>2,392,016</u>

Lease liabilities maturity analysis

The contractual undiscounted cash flow related to the lease payments is as follows:

	2022	2021
	\$	\$
Within one year	383,372	611,770
In two to five years	1,013,852	1,833,611
	<u>1,397,224</u>	<u>2,445,381</u>

Amdocs Systems Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

for the Year Ended 30 September 2022

17. Leases (continued)**Amount recognised in statement of comprehensive income**

	2022	2021
	\$	\$
Interest on lease liabilities	22,716	31,340
Depreciation expense of right-of-use assets	426,624	522,893
Impairment of right-of-use assets	1,328,686	-
Total amount recognised in profit or loss	1,778,026	554,233

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2022	2021
	\$	\$
Payment		
Right-of-use assets	723,900	508,057

18. Creditors due within one year

	2022	2021
	\$	\$
Trade creditors	34,843	541,549
Accrued expenses	1,473,591	1,150,957
Amounts owed to group undertakings	1,319,940	252,249
Social security and other taxes	303,994	148,488
Other creditors	990	52,504
Income tax liability	163,240	37,794
Deferred income	1,168,731	757,541
Lease liability (Note 17)	369,330	587,856
	4,834,659	3,528,938

Amounts owed to group undertakings are unsecured, bear interest at commercial rates and are repayable in full within one year of granting.

19. Creditors due after more than one year

	2022	2021
	\$	\$
Lease liability (Note 17)	1,003,452	1,804,160

20. Other provisions

	National insurance on stock options	Total
	\$	\$
At 1 October 2021	215,807	215,807
Decrease in existing provisions	(141,951)	(141,951)
At 30 September 2022	73,856	73,856

Amdocs Systems Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 September 2022

21. Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to \$353,102 (2021: \$416,742).

Contributions totalling \$Nil (2021: \$Nil) were payable to the scheme at the end of the year and are included in creditors (Note 18).

22. Share-based payments

Amdocs Systems Group Limited, as a member of the Amdocs group of companies, has adopted the Amdocs Stock Option and Incentive Plan (the "Plan"), which provides for the grant of restricted stock awards and stock options to employees, officers, directors and consultants. The purpose of the Plan is to enable the Company to attract and retain qualified personnel and to motivate such persons by providing them with equity participation in the Company. Awards granted under the Plan generally vest over a period of four years and stock options have a term of ten years.

Amdocs Systems Group Limited, has availed of the exemptions under FRS 101.6-8 from the requirements of paragraphs 45(b) and 46-52 of IFRS 2 share-based payments as the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

23. Related party transactions

In common with other companies which are members of a group of companies, the financial statements reflect the effect of such membership. The Company has availed of the exemption provided in Financial Reporting Standard 101, Reduced Disclosure Framework, for wholly owned subsidiary undertakings within the group, from the requirement to give details of transactions with entities that are part of the group.

24. Parent and ultimate parent undertaking

The Company's immediate parent is Amdocs Astrum Limited.

The ultimate parent is Amdocs Limited. The financial statements for Amdocs Limited are available from the Company's website: www.amdocs.com.

25. Events after the reporting date

There have been no significant events affecting the Company since the financial year end.

26. Board approval

These financial statements were authorised for issue by the Board on 20 November 2023.