Westcon Comstor

Westcon Group European Operations Limited

Consolidated Annual Report and Financial Statements

28 February 2022

Registered number 04411285

WESTCON GROUP EUROPEAN OPERATIONS LTD
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 28 February 2022

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WESTCON GROUP EUROPEAN OPERATIONS LTD
OFFICERS AND PROFESSIONAL ADVISORS
For the year ended 28 February 2022

DIRECTORS
C G McGregor
D Grant

COMPANY SECRETARY
D O M Jones

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INDEPENDENT AUDITORS
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Chartered Accountants and Statutory Auditors
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WESTCON GROUP EUROPEAN OPERATIONS LTD
GROUP STRATEGIC REPORT

For the year ended 28 February 2022

The directors present their strategic report on the group for the year ended 28 February 2022.

PRINCIPAL ACTIVITIES

Westcon Group European Operations Limited (hereinafter referred to as 'the Group') is a value-added technology distributor of industry-leading solutions in cyber security, network infrastructure, unified communications products, data centre solutions and channel services with a global network of service providers, systems integrators and speciality resellers. The Group operates in Europe, the Middle East and in Africa. The Group goes to market under the Westcon and Comstor brands. The Group creates unique programmes and provides support to grow the business of its market leading vendors such as Cisco, Extreme, Juniper, Checkpoint, F5, Palo Alto Networks, Avaya and Broadcom.

WESTCON

Westcon provides solutions from a broad portfolio of premier vendors. Westcon has deep expertise with vendors in the following technologies:

Cyber and network security: Arbor Networks, CheckPoint Technologies, F5 Networks, Infoblox, Palo Alto Networks, PulseSecure, Riverbed, TrendMicro, Broadcom;
Networking infrastructure: APC, Ciena, Extreme Networks, Juniper, Nokia Nuage, Ruckus, Silver Peak, Solar Winds, VeloCloud;
Collaboration and mobility: Avaya, Jabra, Microsoft, Mitel, Poly;
Data centre: NetApp, VMware;
Business productivity: AWS, Microsoft.

COMSTOR

Comstor is the Cisco-centred business unit. The business distributes the full line of Cisco solutions:

Cisco security: providing highly secure firewall, web and email threat detection and management services for network and mobile device protection;
Cisco collaboration: empowering people to engage and innovate through multiple endpoints and truly collaborative software; anywhere, any time, on any device;
Cisco software: flexible software licensing across the hardware estate combined with profitable annuity revenue;
Cisco data centre: allowing data to be analysed, simplified, automated and protected ("ASAP") for operational efficiency through storage of digital information on mission-critical applications;
Cisco enterprise networking: covering SMB and enterprise solutions across core switching, wireless and routing technologies — without the enterprise costs; and
Cisco services: providing customer support on Cisco solutions through its global support and solutions team of experts, serving over 180 countries and responding in 17 languages.

OTHER

The Group also has capability practices, or specialities, that it offers globally under its Westcon-Comstor brand:

Cloud: Amazon Web Services, Microsoft Azure and Microsoft Office 365;
Services: supply chain, financial, education, technical support and professional; and
Global supply chain services: logistics, staging, strategic stocking, configuration, project coordination, VAT recoverability; global contracting and global credit management.

STRATEGIC OVERVIEW

The Group's strategic framework aims to create value for all stakeholders via five strategic foundations that define our priorities: Sales & growth driven, Solutions portfolio, Sustainable excellence, Digital & data leadership and Responsible business.

Our strategic priorities for the period through to February 2027 are:

- Revenue growth across the Westcon International group (achieved 9.8% growth for the Group in FY22)
- Increased value of recurring revenues to 65% of gross sales (across the international group 51% was recurring in FY22)
- Improve EBITDA as a proportion of reported gross margin to 35% (for the Group, normalised EBITDA was 15.7% of gross margin in FY22)
- Increase digital enablement of our transactions to 90% (in FY22 we improved automation through our digital investments in systems such as 1View, 1View Order Entry, Partner Central and API integration with our partners and vendors).
- Achieve 100% of our responsible business targets (this is a new goal for this multi-year plan. We are defining the specific goals for each category of responsible business, and our overarching goal is to achieve 100% of these targets).

MARKETS OVERVIEW

The ongoing impact of the COVID-19 pandemic meant that there was a continued increase in demand for IT products and services that allowed the Group to increase revenue with most vendors, whilst supply chain issues resulted in a significant increase in backlog orders that were unable to be fulfilled. The war in Ukraine that began in February 2022 creates some uncertainty for the forthcoming financial year through macro-economic considerations including possible recession and high inflationary pressures, although the Group has no activities in Russia and no direct exposure.

BUSINESS & PERFORMANCE REVIEW

The Group's revenues for the year ended 28 February 2022 ("FY22") increased by $211.3m driven by continued strong demand for products and services.

The Group recorded a gross profit margin of 9.8%, a reduction from 10.8% in FY21 due to margin pressures arising from the economic backdrop and an increase in lower margin activities in Cloud and SaaS sales. The gross profit margin was also suppressed by a $12.6m provision against potential indirect taxes, sales taxes and withholding tax where the Group is in discussion with tax authorities.

The Group improved the operating result significantly from $5.5m to $10.1m during the year. A reduction in restructuring costs of $7.0m was offset by an increase in the share-based payment expense of $5.3m, and the Group benefitted from a movement in the FX result from a $6.5m loss in FY21 to a $6.6m gain in FY22. Costs of employment increased as the Group employed more people whilst other G&A was well controlled and below levels of expenditure in FY21.

Normalised EBITDA, as defined on page 5, improved from $23.7m to $33.1m as the Group demonstrated strong cost control coupled with pleasing financial results despite a difficult macro-economic situation.

The Group also recognised improvements in net working capital days primarily due to lower days sales outstanding ("DSO") and increased inventory turns.

The Group increased access to working capital facilities during the year with an extension of the invoice assignment facility with a European banking syndicate, led by Crédit Agricole Leasing & Factoring ("CALEF") to €391m, from €275m, as well as agreeing a new Invoice Financing facility with Levantor Capital. Finance costs increased from $9.1m to $9.3m in FY22.

KEY PERFORMANCE INDICATORS

The Group produces detailed management reports and accounts on a monthly basis and a number of Key Performance Indicators (KPI's) are an integral part of this process. These KPI's include earnings before interest, tax, depreciation and amortisation (EBITDA) and EBITDA as a percentage of revenue. For the purposes of management review this would be normalised removing the effect of restructuring and transformation or other exceptional costs.

Key performance indicators	**2022**	**2021**
	USD'000	**USD'000**
Revenues	2,138,147	1,926,866
Gross profit percentage	9.8%	10.8%
Operating profit	10,114	5,528
Operating profit %	0.5%	0.3%
Average number of employees	1,872	1,793
Operating profit per employee	5	3
EBITDA (normalised)	33,140	23,652

Reconciliation of operating profit to normalised EBITDA	**2022**	**2021**
	USD'000	**USD'000**
Operating profit	10,114	5,528
Depreciation	8,750	9,635
Amortisation	1,676	1,472
EBITDA	20,540	16,635
Restructuring costs	-	7,017
Indirect taxes, sales taxes and withholding tax (see page 4)	12,600	-
EBITDA (normalised)	**33,140**	**23,652**

FUTURE OUTLOOK

The Group continues to monitor and respond to the COVID-19 pandemic with its priority on maintaining the health and welfare of its staff in compliance with relevant government directives, while limiting business impacts for channel and vendor partners. During FY22 a majority of our workforce have moved from a fully remote working environment to a hybrid style as our offices and facilities have been able to open once again.

The invasion of Ukraine by Russia in February 2022 has created some further uncertainty for forthcoming trading conditions, and management is closely monitoring the developments and the potential impact on inflation, possible recessionary pressures and the ongoing supply chain concerns.

However against this backdrop the Group is performing well and has a significant backlog and strong order book. The Group's operations are proceeding according to plan with market conditions driving demand for technologies that support remote access computing, cloud computing, virtualisation, security and unified communications.

The Group remains focused on profitability by driving business improvement through revenue growth and margin expansion supported by cost controls. Whilst several macro-economic risks exist, the results demonstrate the Group's ability to respond effectively to challenging circumstances.

RISKS AND UNCERTAINTIES

BUSINESS RISK

The Group has a risk management framework in which risks are identified and managed on an ongoing basis. A risk register is maintained by the Group's compliance officer and monitored on a regular basis with those charged with governance. Executives within the business have responsibility for mitigating these risks. The risk register is presented at the Chief Risk Officer forum as part of the wider Datatec Group.

Key risks include the loss of core vendor and customer relationships, employee retention, business transformation, systems implementation, and macro-economic changes.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors have undertaken their duties to carefully consider the financial risks of the Group and have taken steps to minimise price risk, credit risk, liquidity risk and cash flow risk. The business is funded through cash, bank facilities, and shareholder's funds. Cash-flow forecasting is in place and monitored with the CFO on a daily basis. The directors have ensured that liquidity is adequate for the continuing operations of the Group through a significant increase in available facilities during FY22.

The Group has an active policy to hedge foreign exchange exposure, which is one of the largest risks to the Group's activities. All monetary elements of the working capital are hedged with forward exchange contracts and cash management. The Group does not use derivative financial instruments for speculative purposes.

The Group has a defined and monitored credit risk approach to ensure that only customers with a determined ability to pay are taken on. Bad debt as a proportion of total activity has remained very low within the Group.

STATEMENT ON s172(1)

The Directors have various duties under s172 of the Companies Act:

(a) the likely consequences of any decision in the long term

The Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Group are appropriately informed by s172 factors.

(b) the interests of the company's employees

Through an open dialogue with our key stakeholders, including our vendors, customers, employees, business partners and local communities, we have been able to develop a clear understanding of the needs and perspectives of a range of contributors to consider the impact on the Group's strategy and culture. The Group issues regular business wide updates to employees, and hosts webinars for all employees that are led by the senior management team.

(c) the need to foster the company's business relationships with suppliers, customers and others

The business relies on good relationships, particularly with our core vendors and key customer relationships. The Group ensures that there are key contacts with vendors throughout the organisation from senior management through to the operational channels. Regular business reviews are held with key vendors.

(d) the impact of the company's operations on the community and the environment

As part of the decision-making process, the Directors have to regard a number of broader factors, including the impact of the Group's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term. Acting as a responsible business is one of our key strategic priorities and will be developed further in the coming period.

Examples of how s172 factors have been applied can be found in the corporate social responsibility section below.

(e) the desirability of the company maintaining a reputation for high standards of business conduct

We have a zero-tolerance approach to practices which are at odds with our values and culture, for example corruption, bribery and modern slavery. We are committed to acting ethically and with integrity in all business dealings and relationships and to implementing and enforcing effective systems and controls to ensure such practices are not taking place anywhere in our businesses or supply chain.

(f) the need to act fairly as between members of the company.

All decisions by senior management are made with full consideration to all members of the Group.

CORPORATE AND SOCIAL RESPONSIBILITY

ENVIRONMENT, HEALTH AND SAFETY

The Group is driven by a commitment to act responsibly, in an effort to minimise the impact of commercial activities on the environment. For this reason, the Group encourages every operation across the globe to pursue initiatives with the goal of improving the quality of life in local communities.

The Group's management believes that responsible business practices significantly benefit the environment, help accelerate new business, drive cost-effectiveness and enhance loyalty. It understands its role as a responsible global corporate citizen and regularly works alongside employees, suppliers, customers, the public and environmental agencies to incorporate these efforts into its overall business strategy.

The Group aims to comply with environmental legislation across every region. It works to foster an environmentally conscious culture by providing employees with appropriate information and support to ensure work is done with consideration of the environment. The Group seeks to effectively maintain its plant and machinery to decrease environmental risks and recycle materials where possible. Its teams focus on implementing processes that assess and improve good environmental practices and encourage both internal and external communications related to performance of these practices.

Examples of how the Group promotes environmental awareness and sustainability include:

- Power-saving light switches, ensuring lights are turned off when offices are not in use;
- Recycling programmes encouraging operations in a paperless manner, asking employees to print documents only when necessary;
- Electronic signature policies reducing the volume of documents printed and shipped globally; and
- The online global business compliance information centre, which includes the environmental centre, containing an environmental policy and implementation manual, vendor site links and for each European country WEEE, battery and packaging declarations to each country's requirements.

KEY EMPLOYMENT ISSUES

The employees of the Group are a major asset and their skills, commitment and motivation are highly valued. The Group places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal email memoranda produced in multiple languages, divisional newsletters, and Executive Management webcasts to the business. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The Group has an equal opportunities policy, which applies in relation to the recruitment of all new employees and to the management of existing personnel. We offer all of our staff training relevant to their roles. It is the Group's policy not to discriminate against disabled persons in recruitment and that career development and training, as far as possible, is identical to that of other employees. In the event of employees becoming disabled every effort is made to ensure that their employment with the Group continues.

We create value for our employees through engagement programmes, education, training and development, rewards and recognition and long-term and short-term incentives. This, in turn, ensures that our employees are motivated and engaged and contribute positively to the Group's performance and success.

SOCIAL AND COMMUNITY RESPONSIBILITIES

The Group has a vested interest in the wellbeing of its employees and encourages them to give something back to their local community.

WESTCON GROUP EUROPEAN OPERATIONS LTD
GROUP STRATEGIC REPORT (continued)
For the year ended 28 February 2022

STREAMLINED ENERGY AND CARBON REPORTING (SECR)
The Group is exempt from the disclosure requirements of the SECR as a subsidiary company that is included in the consolidated financial statements of Datatec Plc, which includes the required SECR disclosures. The consolidated financial statements of Datatec Plc can be found at: https://www.datatec.com/annual-reports.php

GOING CONCERN
The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future. The Group's financial statements have accordingly been prepared on a going concern basis.

SOLVENCY
The Board has determined that the Group is solvent with net assets at 28 February 2022 of US$108,324k and cash and cash equivalents of $72,761k. The Group is expected to remain solvent over the next 12 months.

LIQUIDITY
The Group has increased its available working capital during the year with an increase to €391m, previously €275m, on the invoice assignment facility for its European subsidiaries, the largest region for the Group.

The Group's Board approved forecasts and projections of its current and expected financial performance show that it is expected to operate within the levels of its banking facilities, and to meet all covenant compliance requirements, for at least 12 months from the authorisation date of these annual financial statements. The projections also show that the Group has sufficient capital and liquidity to continue to meet its short-term obligations and as a result it is appropriate to prepare these annual financial statements on a going concern basis.

Approved by the Board and signed on its behalf by.

DocuSigned by:
Callum McGregor
608117ECD3544DA...
C G McGregor
Director
30 June 2022

WESTCON GROUP EUROPEAN OPERATIONS LTD
GROUP DIRECTORS' REPORT

For the year ended 28 February 2022

The directors present their report and the audited consolidated financial statements for the year ended 28 February 2022.

Under section 414c(II) of the Companies Act 2006, the Group has elected to disclose the following items within the strategic report and therefore these disclosures have not been repeated:

- Financial risk management objectives and policies;
- Future developments; and
- Employee consultation.

PRINCIPAL ACTIVITIES

Westcon Group European Operations Limited is a private limited company domiciled in the United Kingdom. The registered office address is set out on page 2. The immediate parent company is Westcon International Limited, a company incorporated in the United Kingdom. The company is also included within the consolidated financial statements of Datatec plc, a UK registered company that is the parent entity of Westcon International Limited. The ultimate parent company and controlling party is Datatec Limited, a company registered in South Africa listed on the Johannesburg stock exchange.

The Group is a value added speciality distributor of industry leading cyber security and network infrastructure, unified communications products, data centre solutions and channel services with a global network of service providers, systems integrators and speciality resellers.

The Group trades via its branches within the European Union and also acts as a holding company for subsidiaries within Europe, Middle East and Africa (together EMEA). The Group has European branches in the Netherlands, France, Spain, Belgium, Sweden, Norway, Denmark and the Czech Republic.

DIVIDENDS

During the year the Group declared and settled a dividend of $35,544k to Westcon International Limited, the parent company (2022: $11,047k).

DIRECTORS

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

D Grant
C G McGregor

DIRECTORS' INDEMNITIES

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force during the financial year and also at the date of approval of the financial statements.

The Group made no political donations or incurred any political expenditure during the year.

POST BALANCE SHEET EVENTS

There are no post balance sheet events to disclose.

OTHER MATTERS

Matters relating to Environment, health and safety, employment issues and social responsibility are included in the strategic report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- 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 group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the 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 group's and company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

In line with auditors rotation requirements of the wider group, PricewaterhouseCoopers LLP were appointed to office as auditors and a resolution to appoint them was approved at the Annual General Meeting.

Approved by the Board and signed on its behalf by:

DocuSigned by:
Callum McGregor
606117ECD3544DA...
C G McGregor
Director
30 June 2022

Independent auditors' report to the members of Westcon Group European Operations Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Westcon Group European Operations Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 28 February 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Consolidated Annual Report and Financial Statements (the "Annual Report"), which comprise: the group and company statements of financial position as at 28 February 2022; the group statement of comprehensive income, the group statement of cash flows and the group and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Westcon Group European Operations Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 28 February 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of revenue through posting fraudulent journal entries to inflate revenue and the risk of management bias in accounting estimates.

Independent auditors' report to the members of Westcon Group European Operations Limited (continued)

Audit procedures performed by the engagement team included:

- enquiry of management, those charged with governance and the in-house legal team around actual and potential litigation and claims, and anu instances of fraud;
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- performing a walkthrough of the revenue to receivables cycle to ensure we understand management's process and controls;
- auditing the risk of management override of controls, including through testing a sample of journal entries and other adjustments that meet our higher risk criteria;
- auditing the risk of fraud in revenue recognition, including through testing a sample of journal entries that are crediting revenue with unusual corresponding debits entries;
- testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of any significant transactions outside the normal course of business;
- reviewing the accounting policy to ensure compliance with IFRS 15 and the financial statement disclosures; and
- reviewing minutes of meetings of those charged with governance

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Other matter

The group financial statements for the year ended 28 February 2021, forming the corresponding figures of the group financial statements for the year ended 28 February 2022, are unaudited.

Gareth Murfitt

Gareth Murfitt (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

30 June 2022

WESTCON GROUP EUROPEAN OPERATIONS LTD
GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 28 February 2022

	Notes	2022 US$'000	2021 (unaudited) US$'000
Revenue	2	**2,138,147**	1,926,866
Cost of sales		**(1,928,040)**	(1,718,144)
Gross profit		**210,107**	208,722
Operating costs	3	**(181,089)**	(180,464)
Net impairment of financial assets		**(2,036)**	(3,442)
Restructuring costs	3	**-**	(7,017)
Share-based payments	30	**(6,442)**	(1,164)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	3	**20,540**	16,635
Depreciation and amortisation	3	**(10,426)**	(11,107)
Operating profit	3	**10,114**	5,528
Interest income	4	**86**	-
Finance costs	4	**(9,305)**	(9,147)
Other income	5	**374**	578
Profit before taxation		**1,269**	(3,041)
Taxation	6	**2,301**	(957)
Profit for the year		**3,570**	(3,998)
Other comprehensive income/(expense)			
Exchange differences arising on translation to presentation currency		**306**	(354)
Total comprehensive income/(expense) for the year		**3,876**	(4,352)
Profit attributable to:			
Owners of the parent		**3,529**	(3,928)
Non-controlling interests		**41**	(70)
		3,570	(3,998)
Total comprehensive income attributable to:			
Owners of the parent		**3,835**	(4,282)
Non-controlling interests		**41**	(70)
		3,876	(4,352)

WESTCON GROUP EUROPEAN OPERATIONS LTD
GROUP STATEMENT OF FINANCIAL POSITION
As at 28 February 2022

	Notes	2022 US$'000	2021 (unaudited) US$'000
ASSETS			
Non-current assets		**143,996**	109,598
Goodwill	7	**57,276**	57,276
Property, plant and equipment	8	**3,140**	4,163
Right-of-use assets	9	**21,695**	25,801
Intangible assets	10	**245**	1,683
Investments	12	**7,276**	7,276
Deferred tax assets	13	**18,985**	10,825
Other non-current assets	14	**35,379**	2,574
Current assets		**904,040**	892,259
Inventories	15	**148,906**	139,834
Short-term intercompany loans and receivables	16	**12,963**	10,121
Trade receivables	17	**625,214**	595,348
Prepaid expenses	18	**30,257**	29,309
Other receivables	19	**10,182**	5,162
Current tax assets		**3,757**	2,846
Cash resources	36	**72,761**	109,639
Total assets		**1,048,036**	1,001,857
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent		**106,510**	118,220
Share Capital	20	**-**	-
Share premium		**64,697**	44,697
Non-distributable reserves		**17,058**	16,752
Distributable reserves		**24,755**	56,771
Non-controlling interests		**(5,686)**	(5,727)
Total equity		**100,824**	112,493
Non-current liabilities		**64,991**	35,753
Long-term interest-bearing liabilities	21	**815**	-
Lease liabilities	22	**16,961**	22,112
Deferred tax liabilities	13	**312**	448
Deferred revenue	26	**12,891**	9,858
Provisions	25	**2,782**	3,335
Other non-current liabilities	23	**31,230**	-
Current liabilities		**882,221**	853,611
Trade and other payables	23	**691,173**	645,637
Short-term interest-bearing liabilities	24	**153,862**	170,707
Lease liabilities	22	**5,649**	6,655
Deferred revenue	26	**17,207**	18,640
Provisions	25	**3,304**	4,204
Current tax liabilities		**3,738**	4,052
Bank overdrafts	27	**7,288**	3,716
Total equity and liabilities		**1,048,036**	1,001,857

The profit attributable to the parent is $3,529k (FY21: loss of $3,928k). The consolidated financial statements of Westcon Group European Operations Limited, registration number 04411285, on pages 14 to 66, were approved by the Board of Directors on 30 June 2022 and signed on its behalf:

DocuSigned by:
Callum McGregor
606117ECD3544DA
C McGregor, Director

WESTCON GROUP EUROPEAN OPERATIONS LTD
GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2022

	Share Capital	Share premium	Foreign exchange reserve	(Accumulated losses) / retained earnings	Minority Interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 March 2020	-	114,697	17,106	1,746	(5,657)	127,892
Share premium cancellation	-	(70,000)	-	70,000	-	-
Dividend paid to parent undertaking	-	-	-	(11,047)	-	(11,047)
Loss and total comprehensive expense for the year	-	-	-	(3,928)	(70)	(3,998)
Differences arising on translation	-	-	(354)	-	-	(354)
Balance at 28 February 2021	-	44,697	16,752	56,771	(5,727)	112,493
Share issue	-	**20,000**	-	-	-	**20,000**
Dividend paid to parent undertaking	-	-	-	**(35,545)**	-	**(35,545)**
Profit and total comprehensive income for the year	-	-	-	**3,529**	**41**	**3,570**
Differences arising on translation	-	-	**306**	-	-	**306**
Balance at 28 February 2022	-	**64,697**	**17,058**	**24,755**	**(5,686)**	**100,824**

WESTCON GROUP EUROPEAN OPERATIONS LTD
GROUP STATEMENT OF CASH FLOWS
For the year ended 28 February 2022

	Notes	2022 USD'000	2021 (unaudited) USD'000
Operating activities			
Cash generated from operations	32	**22,943**	53,784
Interest income		**465**	574
Finance costs +/~		**(9,305)**	(9,147)
Taxation paid	33	**(7,239)**	(8,245)
Settlement of share-based payment liabilities		**(23)**	-
Net cash generated from operating activities		**6,841**	36,966
Investing activities			
Purchases of property, plant and equipment	34	**(367)**	(1,217)
Additions to capitalised development expenditure	10	**(239)**	794
Disposal of investments (Angola government bonds)	12.1	**-**	5,842
Net cash outflow on related party loans		**(5,668)**	(819)
Net cash (used in)/generated from investing activities		**(6,274)**	4,600
Financing activities			
Proceeds from interest bearing liabilities		**1,050**	-
Repayment of lease liabilities - principal		**(9,262)**	(5,862)
Bank overdrafts repayable on demand under certain conditions ~		**3,572**	(115,386)
Net proceeds from shares issued to parent company		**19,645**	-
Dividends paid to shareholders		**(35,544)**	(11,046)
Repayment of borrowings		**(2,075,559)**	(1,009,705)
Proceeds from borrowings		**2,058,653**	1,180,350
Net cash (used in) / generated from financing activities		**(37,445)**	38,351
Net (decrease) / increase in cash and cash equivalents		**(36,878)**	79,917
Cash and cash equivalents at beginning of year		**109,639**	29,722
Cash and cash equivalents at end of year	36	**72,761**	109,639

+ Finance costs includes US$1.2 million (FY21: US$1.3 million) of finance costs related to finance leases that are included in cash flows from operating activities. Refer to Note 4.

~ Finance costs include US$6.4 million (FY21: US$6.5 million) interest on bank overdrafts repayable on demand under certain conditions. These finance costs are included in cash flows from operating activities.

1. BASIS OF ACCOUNTING AND REPORTING

The consolidated financial statements of Westcon Group European Operations Limited Group (WGEO) have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The consolidated annual financial statements as set out on pages 14 to 66 have been prepared on the historical cost basis except for certain financial instruments (including derivatives) and cash-settled share-based payment schemes that are measured at fair values.

Significant details of the Group's accounting policies are set out below and are consistent with those applied in the previous year with the exception of changes due to implementation of the amendments to existing standards and interpretations below.

Accounting policies for which no choice is permitted in terms of International Financial Reporting Standards ("IFRS") have been included only if management considers that the disclosure will assist users in understanding the financial statements as a whole, after taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time have been removed, but will be included if the type of transaction occurs in future or becomes material. Accounting policies have been applied consistently across the Group, other than where new policies have been adopted.

Going concern

The directors have reviewed the future profit and cash flow projections in conjunction with the current economic climate as well as banking facilities in place to support all the operations, in order to express an opinion on the adequacy of working capital and the ability to continue as a going concern for the foreseeable future. These Board approved projections covered future financial performance, solvency and liquidity for a period of 12 months from the date of the release of these results. The directors have concluded that the Group will continue to be a going concern for the foreseeable future and therefore the results have been prepared on a going concern basis. The forecasts demonstrate no issues with meeting financial covenant requirements and remain within existing finance facility limits..

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future. The Group's financial statements have accordingly been prepared on a going concern basis.

The Group currently has no need to undertake a capital restructuring and key executive management is in place. The Board is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business.

Solvency
The Board determined that the Group is solvent, as at 28 February 2022, with net assets of US$100.8 million (FY21: US$112.5 million). The Group is expected to remain solvent over the next 12 months.

Liquidity
The Group's key borrowing facilities are in place for a period to at least September 2023 and comprise a €391 million customer invoice assignment facility and a $66m supplier invoice facility. These financing facilities, as well as the strong operating cash flow generated during FY22, demonstrate a significantly improved Group liquidity position.

Trade receivables and inventory are of a sound quality and adequate provisions have been recorded.

The Group's forecasts and projections of its current and expected financial performance show that the Group is expected to operate within the levels of its banking facilities for at least 12 months from the authorisation date of these annual financial statements. The Covid-19 pandemic and other macro-economic factors are not expected to impact the Group's ability to meet its banking covenants.

ADOPTION OF AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

The Group adopted the following amendments to existing standards and interpretations:

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IFRS 9 – *Financial Instruments*, IAS 39 – *Financial Instruments: Recognition and Measurement*, IFRS 7 – *Financial Instruments: Disclosures*, IFRS 4 – *Insurance Contracts* and IFRS 16 – *Leases*	Interest Rate Benchmark Reform — Phase 2	The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.	1 January 2021
IFRS 16 – *Leases*	Covid-19-Related Rent Concessions	Amended IFRS 16 – Leases to provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification..	1 June 2020

The application of the amendments to the existing standards and the interpretation had no material impact on the disclosures or amounts recognised in the Group's consolidated financial statements. The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NEW OR REVISED ACCOUNTING STANDARDS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of these annual financial statements, the following new or revised accounting standards and amendments to existing standards applicable to the Group were in issue but not yet effective:

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IAS 1 – *Presentation of Financial Statement*	Classification of Liabilities as Current or Non-current	The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.	1 January 2023
IAS 1 and IFRS *Practice Statement 2*	Disclosure of Accounting Policies	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.	1 January 2023

Applicable standard or note	**Amendment**	**Amendment application**	**Effective reporting period**
IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Error*	Definition of Accounting Estimates	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023
IAS 12 – *Income Taxes*	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023
IAS 16 – *Property, Plant and Equipment*	Proceeds before Intended Use	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	1 January 2022
IAS 37 – *Provisions*	Onerous Contracts – Cost of Fulfilling a Contract	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.	1 January 2022
IFRS 1 – *First-time Adoption of IFRS*	Annual Improvements to IFRS Standards 2018 – 2020	The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.	1 January 2022
IFRS 3 - *Reference to the Conceptual Framework*		Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	
IFRS 9 – *Financial Instruments*		The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.	

Applicable standard or note	**Amendment**	**Amendment application**	**Effective reporting period**
IFRS 16 – *Leases*		The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	
IFRS 4 – *Insurance Contracts*	Extension of the Temporary Exemption from Applying IFRS 9	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 – Insurance Contracts from applying IFRS 9 – Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	1 January 2023
IFRS 10 – *Consolidated Financial Statements* and IAS 28 – *Investments in Associates and Joint Ventures*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The Committee recommended that IAS 28 (2011) be amended so that: (a) the current requirements regarding the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 – Business Combinations (b) the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full. It was also recommended to amend IFRS 10 so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 to an associate or joint venture is recognised only to the extent of unrelated investors' interests in the associate or joint venture.	This project has been completed.
IFRS 16 – *Leases*	Covid-19-Related Rent Concessions beyond 30 June 2021	The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.	1 April 2021

The Group did not early adopt any new, revised or amended accounting standards or interpretations. The accounting standards, amendments to issued accounting standards and interpretations, which are relevant to the Group but not yet effective at 28 February 2022, are being evaluated for the impact of these pronouncements. Other than IAS 12 – Income Taxes amendment, the accounting standards, amendments to issued standards and interpretations are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Group's accounting policies described below, the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available and also engages third parties to perform valuations on its material acquisitions. Specifically, market-observable data is used for derivatives (forward-currency contracts) in the form of the latest foreign currency exchange rates that are available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in the relevant notes.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key areas of estimation included in the Group's annual financial statements, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

• Estimates made in determining the recoverable amount of goodwill included in the statement of financial position (disclosed in Note 7 – Goodwill). This requires an estimation of the recoverable amount of the cash-generating unit ("CGU") to which the goodwill is allocated. The Group's CGU to which goodwill is allocated is the geographical region that is managed separately (namely the Europe, Middle East and Africa region). The resulting recoverable amount calculations are sensitive to changes in the timing or quantum of future cash flows, the weighted average cost of capital and assumptions in determining the revenue growth rates and terminal growth rates. Changes in one or more of these inputs to management's estimations could result in the recognition of an impairment charge. Refer to Note 7 – Goodwill, for further discussion of the methodology and rationale for selecting these inputs to management's estimations.

• Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (as applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. The Group is required to make significant estimates in assessing whether future taxable profits will be available. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The Group's recognised and unrecognised deferred tax assets for the current year are disclosed in Note 13 – Deferred tax assets/(liabilities).

• The Group operates in numerous tax jurisdictions and the Group's interpretations and application of the various tax rules applied in direct and indirect tax filings may result in disputes between the Group and the relevant tax authorities. Uncertain tax positions are based on the most likely outcome of the tax liability based on information that is available. Due to the level of estimation and judgements required in determining tax provisions, amounts that may eventually become payable may differ from provisions recognised.

• Estimates made in determining the level of provision required for obsolete inventory. Inventory obsolescence is determined by reference to the risk profile of a vendor which considers the age of the inventory, the ability to rotate stock, the turnover of the stock and any other extenuating circumstances that management is aware of (disclosed in Note 15 – Inventories).

• Estimates are made in determining the amount or timing relating to restructuring, legal claims, pension and dilapidation obligations. Refer to Note 25 – Provisions for uncertainties disclosed for each of the categories listed.

• The Group recognises cash- and equity-settled share-based payment expenses from its various share incentive schemes and exercises judgements when calculating these expenses. Expenses are generally based on the fair values of awards granted to employees. Fair value is measured using appropriate valuation and option pricing models, where applicable. The values assigned to the key assumptions used in the valuation models for the Group's share incentive schemes are disclosed in Note 2 – Share-based payments.

• Estimates are utilised when measuring the expected credit losses ("ECLs") which are applied to determine the provision recorded against the gross value of trade receivables (disclosed in Note 17 – Trade receivables). The Group applies the simplified approach as permitted by IFRS 9 – Financial Instruments when providing for expected credit losses on trade receivables and contract assets. Factors which are considered for each of the operating segments are as follows:

– In measuring lifetime ECLs, past experience is considered to be the most significant predictor to determine historic write-off rates for trade receivables that reach different ageing categories that fall past due. A provision is then created based on this experience being the estimated likelihood of a debt being written off once it reaches the ageing bucket.

– For higher value receivables which are lower volume, the receivable is reviewed independently for recoverability. In making this assessment, management considers the age past due, the geography in which the customer resides, and the knowledge of the customer's situation based on the Group's discussions and dealings with particular customers. Further to the above assessments, the Group considers forward-looking information such as known changes in the macroeconomic environment of customers located in a certain geography, or the deterioration in the Group's relationship, or discussions with a particular customer.

– For lower-value receivables which are higher volume, the Group applies a percentage to the ageing buckets of these receivables. These percentages are derived by comparing the amounts ultimately written off in each ageing category to the total amount of customer receivables in each ageing category. Forward-looking information is assessed and included where material.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Agent vs principal (net vs gross revenue)

When deciding on the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction. The Group evaluates the following control indicators, among others, when determining whether it is acting as a principal or agent in transactions with customers, and therefore whether the recording of revenue is on a gross or a net basis:

• the Group is primarily responsible for fulfilling the promise to provide the specified goods or service;
• the Group has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer;
• the Group has discretion in establishing the price for the specified good or service;
• the Group is involved in determining product or service specifications; and
• the Group has discretion in supplier selection.

Revenue from sales arrangements where the Group acts as agent is recognised on a net basis, and the commission or gross profit earned on these contracts is recognised as revenue.

In the process of applying the Group's accounting policies, the directors have made a judgement in determining that the Group is acting as an agent in the provision of both product maintenance sales and certain sales of software, as well as of cloud and software services.

For product maintenance sales, a customer purchases a maintenance or service package from the Group that is delivered over time directly by the vendor. These service contracts are sold alongside but separately from the associated products, and the Group serves as the agent for the contract on behalf of the vendor. The Group's responsibility is to arrange for the provision of the specified service by the vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore has no obligation to the customer in terms of the service or maintenance once the sale has been made.

For vendor resold maintenance sales, a customer purchases a maintenance or service package from the Group that is delivered over time directly by the vendor. These service contracts are sold alongside but separately from the associated products, and the Group serves as the agent for the contract on behalf of the vendor. The Group's responsibility is to arrange for the provision of the specified service by the vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore has no obligation to the customer in terms of the service or maintenance once the sale has been made.

The Group sells cloud computing solutions, which include Infrastructure as a Service ("IaaS") and Software as a Service ("SaaS"). These solutions utilise third-party vendors to offer the Group's customers access to cloud technology and software in the cloud that provides flexible computing and storage resources, enhances office productivity, provides security or assists in collaboration.

While most of the Group's software licence sales are recognised on a gross basis, as the Group is acting as a principal in these transactions at the point the software licence is delivered to the customer, some software licences are sold with the ability to access that vendor's latest technology via product updates. The Group evaluates each of these arrangements to determine its performance obligation and appropriate recognition of revenue. The assessment of whether the Group acts as a principal or an agent is judgemental and requires a weighting of the individual factors in reaching a conclusion. The Group deems the defining characteristic of each arrangement to be whether its material performance obligation is to deliver the solution or to arrange access to the solution.

In those arrangements where the software service is delivered entirely by the vendor (i.e. SaaS), or where the updates and cloud access are critical to the effectiveness of the solution and there is no material on-premise component to the solution, the Group will recognise revenue at the time of invoice on a net basis as the Group is acting as an agent in the transaction. In all other cases, the Group is deemed to be acting as principal and revenue is recognised on a gross basis.

Multi-year contract revenue recognition

The Group enters into multi-year contract arrangements, predominantly for the sale of software licences, software-as-a-service and maintenance products which allow for periodic billing to the customer over the term of the arrangement. The terms offered to customers on these deferred billing plans include back-to-back arrangements where the Group benefits from a similar billing profile from its vendors, as well as asynchronous arrangements. The contracts are non-cancellable by the Group or the customer other than in specific circumstances. The assessment of when revenue should be recognised in these arrangements requires considerable judgement of the individual factors.

In prior years, despite the contractual non-cancellable clause, the Group allowed annual cancellation for no compensation by customers, which indicated that enforceable rights and obligations would likely not exist for the entire stated term of the contracts. The Group's practice to accept early cancellations and obtain compensations or price concessions in return from the vendor was an indication that, in substance, the customer had an implicit termination right to cancel the contract after one year. Therefore, only one year of contact revenue at a time was recognised. In the current year, based on management's experience and decision to no longer allow cancellation, management has determined that sufficient evidence is now available, these contracts will not be cancelled. It is management's judgement that revenue is therefore recognised at the time of initial delivery which has been determined is when the Group's performance obligation under the terms of the arrangement is met. This change has been accounted for as a contract modification.

Amounts receivable for multi-year contracts and the associated accrued costs of the contract from the vendor are recorded on the statement of financial position in line with IFRS 15. The current portion of amounts receivable is included in Note 16.1 – Trade receivables and the non-current portion is included in Note 19.1 – Other non-current assets, contract assets and contract costs; while the current portion of accrued costs is included in Note 23 – Trade and other payables and the non-current portion is included in Other non-current liabilities. The amounts are recorded gross on the statement of financial position (discounted to present value where material), since the Group is contractually entitled to, and obligated for, the gross cash flows and no contractual right of set-off exists.

Leases

The Group applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably certain that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Judgements in determining if financial assets should be derecognised

The Group applies judgements in the determination of whether its financial assets (trade debtors that are factored) should be derecognised. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. Refer to the policy on Financial Instruments, c) derecognition of financial instruments for further information.

COVID-19 UPDATE

On 11 March 2020, the World Health Organization officially declared the novel coronavirus, Covid-19, a pandemic. The Group has considered Covid-19 and reported on the impact thereof in the 2021 and 2022 reporting periods. With the subsequent ease of restrictions and the immaterial impact on the Group's prior reporting periods, no further Covid-19 disclosures are deemed necessary. For the year ended 28 February 2022, we highlight the following relevant disclosures provided in the notes to the annual financial statements which include the effects of the pandemic:

• Trade receivables: Note 17 – the Group has considered the impact of Covid-19 in the calculation of the expected credit losses on trade receivables. Trade receivable collections have not been materially impacted by Covid-19 in the current financial year.

• Goodwill: Note 7, the Group has considered the impact of Covid-19 in the external valuations that have been utilised in assessing the goodwill impairments.

BASIS OF CONSOLIDATION

The Group reports in US Dollar as the US Dollar is the functional currency in which the major part of the Group's trading is conducted, and it is consistent with the economic substance of most of the Group's transaction flows worldwide. Reporting in US Dollar also simplifies financial analysis and is more meaningful to global investors and shareholders, and for international benchmarking. The translation for the Group components where the functional currency is not US Dollar is performed as follows:

(a) Assets and liabilities are translated at the closing rate ruling at the date of each statement of financial position.
(b) Income and expense items for all periods presented are translated at a weighted average rate that approximates the ruling exchange rates at the dates of the transactions.

Exchange differences arising from the translations in (a) and (b) are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

The average and closing exchange rates of the Group's material currencies are listed below:

	Average US$ exchange rates FY22	**Closing US$ exchange rates FY22**	Average US$ exchange rates FY21	Closing US$ exchange rates FY21
British Pound/US$	**1.37**	**1.33**	1.30	1.39
Euro/US$	**1.17**	**1.11**	1.16	1.21

The consolidated financial statements incorporate the financial statements of the Group and all enterprises controlled by the Group during the reporting period. The assessment of whether the Group has control over the investee is carried out at acquisition or inception.

Control is achieved when the Group:
• has power over the investee;
• is exposed, or has rights, to variable returns from its involvement with the investee; and
• has the ability to use its power to affect returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there may have been changes to one or more of the elements of control. Total comprehensive income of subsidiaries is attributable to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Subsidiaries may only have a different statutory reporting year end if required by local regulations.

FOREIGN CURRENCY TRANSACTIONS

The Group operates in various countries with various functional currencies. Transactions in currencies other than the functional currency are initially recorded at the rates of exchange ruling on the dates of the transactions. At each reporting date, assets and liabilities denominated in currencies other than the functional currency are translated at the rates prevailing at the reporting date. Profits and losses arising on such translations are recognised in profit or loss, except for unrealised profits or losses on exchange arising from equity loans, which are accumulated in the foreign currency translation reserve until the loan is derecognised, at which time it is reclassified to profit or loss. The equity loans are included in the net investments of foreign operations. Foreign exchange differences on taxes are accounted for in other comprehensive income in the statement of comprehensive income and included in foreign gains/losses.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

PROPERTY, PLANT AND EQUIPMENT

Owned assets

All property, plant and equipment have been measured at cost less accumulated depreciation and any recognised impairment loss except land, which is shown at cost less any recognised impairment loss. Depreciation is calculated based on cost using the straight-line method over the estimated useful lives of the assets less their residual value. Estimation of the useful economic life includes an assessment of the expected rate of technological developments and the intensity at which assets are expected to be used based on historic usage of similar property, plant and equipment. Revision of the useful life is considered annually and if there are significant changes to the initial usage assumptions.

The basis of depreciation provided on property, plant and equipment is as follows:

	Useful lives (years)
Office furniture and equipment	**2 – 6**
Motor vehicles	**2 – 4**
Computer equipment	**2 – 6**
Buildings	**20**
Leasehold improvements	**Shorter of useful life/period of the lease**

Land and buildings comprise mainly warehouses and offices. Software purchased to support the Group's back office, accounting and customer relationship functions that are an integral part of the hardware, is included in computer equipment and is depreciated over its expected useful life.

All assets' residual values and useful lives are reviewed at each reporting date and any changes to these estimates are accounted for on a prospective basis.

LEASING

Leases as a lessee

Right-of-use assets

The Group leases various property, plant and equipment. Rental contracts are typically entered into for fixed periods but may have extension options. The Group assesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option and accordingly determine the lease term. Lease terms are negotiated on an individual basis and contain a range of terms and conditions.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (typically $5k). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Items of low value have been determined based on the nature of the assets. Similar items are categorised and assessed to determine whether such items are considered to be low value. Low-value items include assets such as laptops and phones. The assessment of 'low value' for a leased asset is to be made on the basis of the value of an asset when it is (or was) new, regardless of whether the actual asset being leased is new. Additionally, the assessment is made regardless of whether the leased asset is material to the lessee.

The right-of-use asset is measured initially at cost, and subsequently at cost less any accumulated depreciation and impairment losses. Impairment losses are determined in accordance with IAS 36 – Impairment of Assets (refer to impairment policy below). Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Lease liabilities

The lease liability is measured initially at the present value of the future lease payments, discounted at the Group's incremental borrowing rate, unless the rate implicit in the lease is readily determinable. The lease liability is subsequently increased by lease finance charges and decreased by lease payments made. Lease finance charges are amortised over the duration of the underlying leases, using the effective interest method. Incremental borrowing rates have been determined based on country specific factors and vary across the Group.

CAPITALISED SOFTWARE DEVELOPMENT EXPENDITURE

An intangible asset arising from internal development (or from the development phase of an internal project) is recognised only if the Group can demonstrate all of the conditions as described in IAS 38.

Development expenditure is capitalised only if development costs can be measured reliably, the product of process is technically and commercially feasible, future economic benefits are probable, and the Group intends and has sufficient resources to complete the development and to use the asset. The expenditure that is capitalised includes the cost of internal and external labour charges. Expenditure that enhances or extends the performance of intangible assets beyond their original specifications is recognised as a capital improvement and is capitalised to the original cost of the assets.

Capitalised development assets are amortised using the straight-line method over their useful lives, which generally do not exceed seven years. The estimation of useful lives of capitalised development assets is based on the term of the initial software licences or expectations about the future use after taking into account technological developments.

All other expenditure on research activities is recognised as an expense in the period in which it is incurred.

The Group assesses whether cloud computing arrangements including software licences should be capitalised on a case-by-case basis. In circumstances where the Group does not have control over the software and therefore does not have the power to obtain the future economic benefit from the resource, the costs related to the cloud computing arrangement are expensed rather than capitalised. However, if the Group has control over the software and can obtain future economic benefits from it, then it will be capitalised, in accordance with IAS 38 – Intangible Assets.

OTHER INTANGIBLE ASSETS

Other intangible assets include those intangible assets acquired and identified as part of a business combination, and software acquired separately. An intangible asset acquired in a business combination is recognised separately when it meets the recognition criteria in terms of IAS 38. Intangible assets acquired as part of a business combination are capitalised at fair value on acquisition date, whereas purchased intangible assets are capitalised at cost.

Other intangible assets are amortised using the straight-line method over their useful lives. Factors considered in estimating the useful life of an intangible asset include:

• legal, regulatory or contractual provisions that may limit or extend the useful life;
• the effects of obsolescence, demand, competition, and other economic factors;
• the expected useful lives of related assets;
• the expected use of the intangible asset by the Company;
• the level of maintenance expenditures expected;
• the expected retention period of customers; and
• the expected completion date of the backlog projects.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

	Useful lives (years)
Trademarks, marketing, customer and vendor relationships	**Maximum of 10**
Software	**2 – 6**

Intangible assets which do not meet the criteria listed above are recognised as expenses in the period in which they are incurred. An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

GOODWILL

Goodwill represents the excess consideration transferred for an acquisition over the fair value of the Group's share of the net identifiable assets of the acquiree at the date of acquisition. For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies of the business combination and is measured and managed at an operating segment level. Goodwill is carried at cost less accumulated impairment losses.

The Group annually reviews the carrying amounts of goodwill for impairments. The recoverable amounts of the goodwill are estimated in order to determine the extent, if any, of the impairment loss. Impairment tests are conducted annually or more frequently when an indication of impairment exists on goodwill attributed to the CGUs. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of a CGU is the higher of its value-in-use and its fair value less costs of disposal. In assessing value-in-use and fair value less costs of disposal, the estimated future cash flows associated with budgeted and forecast results are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the recoverable amount of goodwill, the Group obtains external valuations to support the impairment test of the CGU. Determining whether goodwill is impaired requires an estimate of the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The impairment review is therefore conducted by reference to a discounted cash flow model applied to the underlying CGU, including the carrying value of goodwill, to ensure that the business remains profitable and cash-generative, and that it supports the ongoing recognition of the goodwill.

If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, based on the carrying amount of each asset in the unit.

INVESTMENTS IN ASSOCIATES

The results and assets and liabilities of associates are incorporated in the Group's financial statements using the equity method of accounting, and are recognised initially at cost.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of post-acquisition accumulated profits or losses of associated companies in the carrying amount of the investments.

IMPAIRMENT

At each reporting date, or more frequently when an indication of impairment exists, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value-in-use.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in profit or loss.

INVENTORIES

Inventories, comprising spares/maintenance inventory, finished goods and merchandise for resale, are measured at the lower of cost and net realisable value and are valued mainly on the weighted average cost basis.

Inventory obsolescence is determined by reference to the risk profile of a vendor which considers the age of the inventory, the ability to rotate stock, the turnover of the stock and any other extenuating circumstances that management is aware of.

FINANCIAL INSTRUMENTS

Financial instruments are valued at either:

- at fair value through profit and loss ("FVTPL"); or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing financial assets and their contractual cash flow characteristics. Financial liabilities are measured at amortised cost unless they are required to be measured at FVTPL (such as derivatives).

A) Classification and measurement

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments, and are initially measured at fair value. In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- level 3 inputs are inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available for its level 2 financial instruments.

Foreign exchange gains and losses

• For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the operating costs line item; and

• For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the operating costs line item.

Derivative instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk and interest rate risk, including forward exchange contracts, interest rate swap agreements and foreign currency collars. Further details of derivative financial instruments are disclosed in Note 31 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Other derivatives are presented as current assets or current liabilities.

Bonds

Bonds with a fixed maturity date are classified as financial assets at amortised cost and are measured using the effective interest method.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows, and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided below.

Other receivables

Financial assets, other than those that are disclosed above, are measured at amortised cost using the effective interest method.

Cash resources

Cash resources are initially measured at amortised cost. Cash resources include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less, and are measured at amortised cost using the effective interest method. Cash resources are included in cash and cash equivalents in the statement of cash flows (refer Note 36).

Borrowings

Borrowings are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Bank overdrafts

Bank overdrafts are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method and are accounted for as financial liabilities. All bank overdrafts are presented in current liabilities on the statement of financial position (refer Note 27).

Cash flows on bank overdrafts repayable on demand under certain conditions are classified as financing activities in the statement of cash flows (refer Note 36). Cash flows on bank overdrafts are reported on a net basis in the statement of cash flows as the receipts and payments are large amounts with quick turnover and short maturities.

Bank overdrafts that are unconditionally repayable on demand are classified as cash and cash equivalents in the statement of cash flows (refer Note 36).

Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds are received, net of the direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 – Income Taxes.

Interest income

Interest income mainly arises from bank and other deposits. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

B) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

The simplified approach has been applied to trade receivables and contract assets as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables and contract assets. The Group assesses, on a forward-looking basis, the ECL, defined as the contractual cash flows and the cash flows that are expected to be received associated with its assets at amortised cost.

• During this process, the probability of the non-payment of the trade receivables is assessed.

• This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

• The expected credit loss model applies a percentage based on an assessment of historical default rates and certain forward looking information, against receivables that are grouped into certain age brackets.

• In assessing the expected credit loss, the location of customers as well as their global presence is taken into account in the calculation. Typically, when these customers are in default it is due to disputes over the provision of a good or service, or billing technicalities, and not due to a credit risk due to an inability to settle their accounts.

• The forward-looking information that is incorporated includes:

– emerging or anticipated changes in the macroeconomic environment where a customer is located; for example, geographies where there are sensitive fluctuations to foreign currency rates and/or where the customer debt is in a volatile currency; and

– anticipated changes in the ownership or management of a customer which is in default, or where long-term relationships with customer management are likely to be compromised.

This method for calculating a provision is further supplemented by a specific review against higher value and aged trade receivables where there are other more specific risk factors identified from publicly available information such as insolvency proceedings. Other specific risk factors considered in this assessment are the age past due of the receivable, the probability of default by reference to past experience, the extent to which the customer is engaging in discussions to settle the debt, or conversely, whether there is an ongoing dispute as well as the macroeconomic environment of the geography/market in which the customer is located.

For trade receivables, which are reported net, such ECLs are recorded in a separate ECL account, with the profit or loss being recognised within profit from operating activities in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated ECL.

In measuring ECLs, past experience is considered to be the most significant predictor to determine historic write-off rates for trade receivables that reach different ageing categories that fall past due. For higher value receivables which are lower volume, the receivable is reviewed independently for recoverability. In making this assessment, management considers age past due, the geography in which the customer resides, and the knowledge of the customer's situation based on the Group's discussions and dealings with particular customers. Further to the above assessments, the Group considers forward-looking information, such as known changes in the macroeconomic environment of customers located in a certain geography or the deterioration in the Group's relationship or discussions with a particular customer.

Write-off policy

When the debtor is in severe financial difficulty and there is no prospect of recovering the debt, and every effort to collect a customer receivable balance has been exhausted, the balance is written off with approval required through the matrix of authorities defined by each operating segment. A write-off will only be approved if there is no realistic prospect of recovery; for example, when a customer is in liquidation or subject to bankruptcy proceedings.

c) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Westcon Group European Operations has a significant invoice assignment with recourse facility with a funder that provides working capital secured against the assignment of certain trade receivables to the funder. In these arrangements the trade receivables are not derecognised because the substantial risks and rewards of ownership are retained by Westcon International. In particular, Westcon Group European Operations continues to incur the risk of default and any credit losses by a customer, including the withdrawal of funding where a customer invoice falls more than 60 days past the due date. Westcon International retains the control of the customer relationship and all credit collection activity. The funder is unable to sell the receivable unilaterally. Westcon recognises a separate financial liability on the statement of financial position for the amounts advanced by the funder, less any amounts already repaid. In the statement of cash flows, the cash receipts from customers are accounted for in operating activities and the cash flows relating to the facility are reflected in cash flows from financing activities.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

OTHER RECEIVABLES

Other receivables include prepayments, accrued income and claims/refunds due for other tax as well as rebates due (from vendors according to vendor rebate programmes). Prepayments mainly represent prepaid vendor costs on services that are recognised over time where the cost of providing the service is deferred over the same time period. Accrued income arises on certain contracts where a deferred timetable for billing a customer has been agreed. These items are all measured at amortised cost.

PROVISIONS

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring and not associated with the ongoing activities of the entity.

Provisions for dilapidations and asset retirement obligations are recognised when the Group has a present obligation to return modified or utilised assets to a specified standard. Provisions for dilapidations and asset retirement obligations are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value using the entities' cost of borrowing where the effect is material. Provisions for legal claims, VAT/sales tax, onerous contracts and other provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

TAXATION

The tax expense in the statement of comprehensive income represents the sum of the current tax and deferred tax. Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment of tax payable for previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's consolidated annual financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In certain jurisdictions, goodwill relating to business combinations is tax deductible.

Deferred tax liabilities for taxable temporary differences relating to goodwill are recognised to the extent they do not arise from the initial recognition of goodwill. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for a business combination.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The entity considers its leases to be a single transaction in which the asset and liability are integrally linked. Thus, in applying the requirements of IAS 12 – Income Taxes to assets and liabilities arising from finance leases, the entity nets the deferred tax impact of the lease asset and liability. The net deferred tax impact is shown as a movement in deferred tax assets.

REVENUE

The Group's revenues result primarily from the sale of various technology products and services.

Recognition

Revenue is recognised based on the completion of performance obligations and an assessment of when control, over the specified good or service being provided, is transferred to the customer in accordance with IFRS 15. The following indicators are used by the Group in determining when control has passed to the customer:

• the Group has a right to payment for the product or service;
• the customer has legal title to the product;
• the Group has transferred physical possession of the product to the customer; and
• the customer has accepted the product or service.

The Group has standard terms and conditions for customer sales that are tailored to suit individual contracts. A contract is therefore deemed to be in place upon submission of a purchase order (or evidence of buying request) from the customer. Alternatively, fulfilment of an order by the Group is deemed to represent a contract per the standard terms and conditions. The contract in place with the customer per the above will include a sales price that is fixed or readily determinable.

Products sold by the Group are delivered via shipment from the Group's facilities, drop shipment directly from the vendor, or by electronic delivery of keys for software products. In the case of drop shipments from the vendor to its customers, the Group is generally responsible for negotiating the price both with the vendor and customer, payment to the vendor, establishing payment terms with the customer, product returns, and has risk of loss if the customer does not make payment. As the principal with the customer, the Group recognises revenue upon product shipment.

Measurement

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group provides volume rebates and other discounts to certain customers which are considered variable consideration. Sales are recorded net of such discounts, rebates and returns, which historically have not been material. Tariffs are included in sales as the Group has enforceable rights to additional consideration to cover the cost of tariffs. Other taxes imposed by governmental authorities on the Group's revenue-producing activities with customers, such as sales taxes and value added taxes, are excluded from net sales.

Contracts are assessed individually to determine whether the products and services are distinct; i.e. the product or service is separately identifiable from the other promises in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available. The consideration is allocated between the goods and services in a contract based on management's best estimate of the standalone selling prices of the goods and services.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, and only the passage of time is required before payment is due. Payment terms are on a customer-by-customer basis, but there are no financing components or, where there are, these are accounted for separately based on the financing component, which can be separately established. Discounts are agreed with suppliers and passed on to a client; this is treated as a reduction in both the cost of the item and, consequently, to the standalone selling price of that item.

When a contract results in payments received from customers in advance of fulfilling the performance obligation, a contract liability is recognised. Similarly, when the performance obligation has been fulfilled and the customers have not been invoiced, a contract asset is recognised.

Types of revenue

The group principally generates revenue from providing the following goods and services:

Revenue from product sales
• Revenue from sales of hardware
• Revenue from sales of software
• Revenue from vendor resold services and product maintenance sales
Revenue from services
• Revenue from professional services
• Revenue from other services
Revenue from annuity services
• Revenue from software services.

In recognising revenue, the practical expedient in IFRS 15 – Revenue from Contracts with Customers, paragraph 63 is applied as at inception in contracts with customers the period between the recognition of revenue and expected payment date is always less than one year.

REVENUE FROM PRODUCT SALES

Revenue from sales of hardware

Revenue is recognised at a point in time when control passes to the customer, being when the goods are delivered to the customer per the chosen shipment method.

Included in revenue from product sales is Westcon International's vendor maintenance revenue. A customer purchases a maintenance or service package from Westcon International that is delivered over time directly by the vendor. Westcon International has no obligation to the customer in terms of the service or maintenance once the sale has been made. These revenues are recognised at a point in time, and on a net basis, as Westcon International acts as an agent and has no further obligations to the customer once the sale has been made. The commission or gross profit earned on these sales is recognised as revenue. The maintenance package is sold alongside the hardware/software purchased by the vendor and is therefore considered as an integral part of the product.

Revenue from sales of software

Revenue from sales of software represents the resale of software licensing. The Group's performance obligation is met as the software licence(s), whether perpetual or term licences, is passed over to the client (this may be, for instance, when licence keys are handed to the client or when a contract representing the licence is assigned dependent on the applicable deal), and as such, revenue is recognised gross at a point in time where the right to access the licensing product has transferred to the customer, typically on delivery.

Revenue from vendor resold services and product maintenance sales

The Group sells maintenance contracts on behalf of its vendors which are accounted for on a net basis because the Group is acting as an agent. The commission or gross profit earned on these sales is recognised as revenue.

A maintenance package is sold alongside hardware or software products. The Group's responsibility is to arrange for the provision of the specified service by the original equipment manufacturer/vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore has no obligation to the customer in terms of the service or maintenance once the sale has been made and revenue is recognised at a point in time once the maintenance contract start date is initiated.

REVENUE FROM SERVICES

Revenue from professional and other services

The Group earns revenue from professional service contracts with customers. These include supply chain management, professional, education and other support services. These services are levied on a fixed fee or time and materials basis.

Support and embedded support services provide remote or on-site support to customers over a contract term which may include sparing or advanced hardware replacement. In most cases, revenue is recognised over time on a straight-line basis to represent the fulfilment of the service over the contractual period. In some cases, revenue is recognised on a milestone basis if the support contract is incident/ticket/pay-as-you-go based.

For all other professional services, revenue is recognised at a point in time when the service is complete, or at multiple points in time where the service is milestone based. In these contracts customers gain immediate use of the output of the service once the professional service has been rendered.

Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as contract assets and where recorded revenue is less than the amounts invoiced to clients, the difference is classified as contract liabilities.

REVENUE FROM ANNUITY SERVICES

Revenue from software services

The Group sells cloud computing solutions which include IaaS and SaaS mainly sold by Westcon Group European Operations. The Group recognises revenue for cloud computing solutions at the time of invoice, being the point in time when control passes, and on a net basis as the Group is acting as an agent in the transaction.

GOVERNMENT GRANTS

Government grants relating to costs incurred are deferred and recognised in the Income Statement over the period necessary to match them with the costs that they are intended to compensate. Government grants received have been credited to operating expenses within the Income Statement.

FINANCE COSTS

Finance costs include the borrowing costs on bank overdrafts and trade finance, finance leases and debt issuance costs which are recognised in profit or loss using the effective interest method.

SHARE-BASED PAYMENTS

The Group issues cash-settled share-based incentives to certain employees.

For cash-settled share-based payments, the liability for the fair value of all unexercised share rights which are expected to vest is determined initially at grant date and then revalued at each reporting date and amortised over the applicable vesting period.

Fair value is measured by independent experts using appropriate pricing models. The expected life used in the models has been adjusted, based on the directors' best estimate, for the effects of non-transferability, exercise restrictions and exercise behavioural considerations.

PENSION SCHEME ARRANGEMENTS

Certain subsidiaries of the Group make contributions to various defined contribution retirement plans on behalf of employees, in accordance with the local practice in the country of operation. These contributions are charged against profit or loss as incurred.

The Group has no liability to these defined contribution retirement plans other than the payment of its share of the contribution in terms of the agreement with the funds and employees concerned, which differs from country to country.

RELATED PARTIES

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's Executive Committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

USE OF NON-IFRS FINANCIAL MEASURES

The Group uses certain measures to assess the financial performance of the business. Certain of these measures are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include EBITDA.

EBITDA

The Group includes EBITDA and EBITDA margin because they are key measures that the Company's management and Board of directors use to understand and evaluate its core operating performance and trends. EBITDA is a core metric in the annual budget; and is used to develop short and long-term operational plans. EBITDA is defined as operating profit before finance interest, tax, depreciation and amortisation. EBITDA further excludes the following: the Group share of equity-accounted investment losses; acquisition-related fair value adjustments; other income and gains or losses on the disposal of investments. The Group calculates EBITDA margin as EBITDA divided by total revenue. All further references made to EBITDA will be in accordance with the definition stated above.

2. REVENUE AND GEOGRAPHICAL AND BUSINESS SEGMENTS

The Group is operational in the following geographic locations: Europe, Africa and Middle East. During the year the Group only had one principal activity. The revenue by geographic destination can be analysed as follows:

	2022 USD'000	2021 (unaudited) USD'000
Europe	**1,842,354**	1,629,322
Africa	**235,158**	239,779
Middle East	**60,635**	57,765
	2,138,147	1,926,866

	2022 USD'000	2021 (unaudited) USD'000
REVENUE		
Revenue from product sales	**2,077,542**	1,868,253
Revenue from sales of hardware	**1,256,192**	1,144,936
Revenue from sales of software*	**770,981**	668,907
Revenue from vendor resold services and product maintenance services	**50,369**	54,410
Timing of revenue from product sales		
At a point in time	**2,077,542**	1,868,253
Nature of revenue from product sales		
Principal	**2,027,173**	1,813,842
Agent	**50,369**	54,411
Revenue from services		
Revenue from professional services	**55,437**	53,166
Timing of revenue from services		
Over time	**55,437**	53,166
Nature of revenue from services		
Principal	**55,437**	53,166
Revenue from annuity services		
Revenue from software services*	**5,168**	5,447
Timing of revenue from annuity services		
Point in time	**5,168**	5,447
Nature of revenue from annuity services		
Agent	**5,168**	5,447
	2,138,147	1,926,866

** Includes software as a service revenue.*

3. OPERATING PROFIT

	2022 USD'000	2021 (unaudited) USD'000
Operating profit is arrived at after taking into account the following items:		
Operating costs		
Auditors' remuneration	**1,524**	1,509
For the audit of the Company's annual financial statements	**1,456**	1,397
Fees for additional statutory entities	**48**	103
Other services		
Taxation services	**20**	-
Other services	**-**	9
Foreign exchange (gains)/losses (+)	**(6,588)**	6,524
Realised	**(2,975)**	3,097
Unrealised	**(3,613)**	3,427
Staff costs (^)	**128,371**	118,890
Wages and salaries	**96,524**	90,588
Other pension costs	**3,925**	3,578
Social security costs	**17,089**	15,650
Other benefits	**10,833**	9,074
Directors' emoluments (*)	**1,145**	893
Emoluments	**1,073**	834
Employer's contribution to pension schemes	**72**	59
Short-term lease payments	**796**	788
Management fees (-)	**34,719**	36,420
Other expenses	**21,122**	15,440
Total operating costs	**181,089**	180,464

^ *Additional staff costs information included below.*
* *Long-term incentives for executive directors are included in the share-based payments charge reflected in Note 3.*
\- *Management fees are charged to the Group by Westcon Group Services Inc. for certain management, IT and head office services*
\+ *Unrealised foreign exchange gains and losses for financial instruments (excluding cash resources and bank overdrafts as disclosed on the statement of financial position) that have a different currency than the entity's functional currency, are determined as follows:*

- *Financial assets and liabilities that have open positions at the end of a period/reporting date are translated to the entity's functional currency at the rates prevailing for that period end/reporting date;*
- *The unrealised foreign exchange gains and losses are accounted for in the statement of comprehensive income;*
- *Foreign exchange gains and losses are considered unrealised until maturity or settlement date of the financial instrument, at which point the entire foreign exchange gain or loss is classified as realised; and*
- *Foreign exchange gains and losses on cash and cash equivalents are considered to be realised and accounted for in the statement of comprehensive income.*

3. OPERATING PROFIT (continued)

	2022 USD'000	2021 (unaudited) USD'000
Staff costs		
Staff costs included in cost of sales	**21,884**	21,055
Staff costs included in operating costs	**128,443**	118,890
Total staff costs	**150,327**	139,945

Only one Director received remuneration from Westcon Group European Operations Ltd. The other Director was remunerated by other group companies with no amounts recharged to Westcon Group European Operations Ltd.

Restructuring costs		
Restructuring costs	-	7,017

Restructuring costs in FY21 included costs relating to fundamental reorganisations and COVID-19-related restructuring. Any restructuring as a result of COVID-19 was considered fundamental in nature and would not otherwise have been incurred.

Depreciation and amortisation		
Depreciation: Property, plant and equipment	**1,390**	1,876
Office furniture, equipment and motor vehicles	**162**	212
Computer equipment	**430**	461
Leasehold improvements	**797**	1,203
Land and buildings	**1**	-
Depreciation: Right-of-use assets	**7,360**	7,759
Office furniture, equipment and motor vehicles	**2,056**	2,172
Computer equipment	**64**	116
Land and buildings	**5,240**	5,471
Amortisation	**1,676**	1,472
Amortisation of capitalised development expenditure	**14**	14
Amortisation of acquired intangible assets	**1,662**	1,458
Total depreciation and amortisation	**10,426**	11,107

No deprecation or amortisation is allocated to cost of sales. Depreciation and amortisation primarily relate to the operating function of the Group.

Employee numbers:

	2022 Number	2021 (unaudited) Number
Distribution	**105**	110
Professional Services	**270**	213
Sales and marketing	**1,228**	1,214
Administration	**269**	256
Total employees	**1,872**	1,793

4. NET FINANCE COSTS

	2022 USD'000	2021 (unaudited) USD'000
Finance costs		
Interest on short term interest-bearing liabilities and other trade finance	**(6,870)**	(6,463)
Interest on lease liabilities	**(1,233)**	(1,287)
Amortisation of debt issuance costs	**(1,202)**	(1,397)
	(9,305)	(9,147)
Interest income		
Other*	**86**	-
	86	-
Net finance costs	**(9,219)**	(9,147)

* All of the interest income was received in relation to a loan provided to Datatec Financial Services Holdings Ltd, which shares the same ultimate parent Datatec Limited. Please see Note 16.

5. OTHER INCOME

	2022 USD'000	2021 (unaudited) USD'000
Interest income on financial assets held as investments	**382**	574
Other items	**(8)**	4
	374	578

Interest income on financial assets held as investments relates to the Angola bonds as set out in note 12.1.

6. TAXATION

	2022 USD'000	2021 (unaudited) USD'000
6.1 Taxation (credit)/charge		
Current taxation – Current year	**4,594**	4,796
– Prior year	**1,401**	395
Deferred taxation – Current year	**(8,122)**	(4,018)
– Prior year	**(174)**	(216)
Total taxation (credit)/charge	**(2,301)**	957

6. TAXATION (continued)

	2022 %	2021 (unaudited) %	2022 USD'000	2021 (unaudited) USD'000
6.2 Reconciliation of taxation rate to profit / (loss) before taxation				
Profit / (loss) before tax			**8,769**	(3,041)
Weighted average statutory tax rate	**31.5**	0	**2,760**	1
Reconciling items expected to reoccur:				
Non-deductible property, plant and equipment, inventory and other asset impairments (1)	**-**	(3.3)		101
Other non-deductible expenses and permanent differences (2)	**12.1**	(9.6)	**1,064**	293
Share-based payments (3)	**(1.4)**	-	**(121)**	
Non-recoverable withholding taxes (4)	**6.8**	(23.8)	**599**	723
Tax loss utilised/recognised (5)	**(58.8)**	40.7	**(5,154)**	(1,239)
Foreign taxation rate differential (6)	**(0.2)**	(8.2)	**(17)**	249
Tax losses and other deferred tax assets not recognised (7)	**9.8**	(22.2)	**855**	674
Rate adjustment (8)	**(40.1)**	0.8	**(3,514)**	(24)
Prior year adjustments (9)	**14.1**	(5.9)	**1,227**	179
Effective taxation rate	**(26.2)**	(31.5)	**(2,301)**	957

Notes to the Group tax rate reconciliation:

The tax rate reconciliation uses a weighted average statutory tax rate as a starting point, which is why the starting point changes year on year. The weighted average statutory tax rate for 2021 was unusually low due to both the small overall loss for the year and the mix of UK losses with a statutory tax rate of 19% combined with non UK profits taxed at higher statutory tax rates.

(1): Relates to property, plant and equipment depreciation, inventory and work-in-progress write-offs and other asset impairments not deductible for tax purposes.

(2): Includes entertaining expenses, donations, gifts, disallowed interest, legal expenses, disallowed customs duty costs, the impact of foreign exchange movements and controlled foreign company taxation.

(3): Reflects the differing tax treatments of share-based payments which varies across jurisdictions, and the associated current or deferred tax credits arising which often do not directly correspond to the expenses booked in the financial statements.

(4): Represents tax deducted on cross-border commercial payments that cannot be recovered directly from a tax authority or offset against other income tax liabilities.

(5): Relates to the utilisation or recognition of tax losses and other timing differences that have not previously been recognised as a deferred tax asset.

(6): Related to tax arising on profits at a tax rate that differs from the local statutory rate of taxation.

(7): Relates to those timing differences that arise in the year for which a deferred tax asset has not been recognised, typically because of the uncertainty that future taxable income will be available against which deductible temporary differences can be utilised.

(8): Refers to changes in the carrying value of deferred tax assets and liabilities as a result of a change in local statutory rates of taxation.

(9): Reflects changes to the current and deferred tax recorded in relation to prior accounting periods.

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

6. TAXATION (continued)

	2022 USD'000	2021 (unaudited) USD'000
6.3 Taxation (credit)/charge by region:		
Europe	**(3,102)**	576
Middle East and Africa	**801**	381
Total taxation (credit)/charge	**(2,301)**	957
6.4 Unutilised tax losses		
Certain subsidiaries had tax losses at the end of the financial year that are available to reduce the future taxable income of the Group and are estimated to be:	**121,468**	141,913
Future tax relief at a blended tax rate of 24.6% (FY21: 20.7%) is US$29.9 million (FY21: US$29.4 million). Deferred tax assets of US$18.3 million (FY21: US$10.2 million) have been recognised in respect of a portion of these losses as set out in Note 13.	**29,881**	29,380

7. GOODWILL

	2022 USD'000	2021 (unaudited) USD'000
Net book value		
At the beginning of the year	**57,276**	57,281
Translation and other movements	**-**	(5)
Balance at the end of the year	**57,276**	57,276
Goodwill at cost	**57,276**	57,276

All of the Cash Generating Units (CGU) are in Europe.

Goodwill impairment assessment:

The Group completed its annual impairment tests, which are performed at the segmental cash-generating unit ("CGU") level. Goodwill has been allocated for impairment testing purposes to the CGUs.

The recoverable amount of each CGU is determined based on a fair value less cost to sell, which is compared to values arising from a comparable company's market approach and a market transactions method to ensure the reasonableness of the recoverable amount. The fair value less cost to sell is based on discounted cash flow calculations and is a level 3 fair value measurement, and further includes the following key assumptions:

Future earnings: Cash flow forecasts are prepared and derived from the most recent financial budgets for the next three years which are approved by management. EBITDA is considered a reliable indicator of operational performance and is considered a key assumption in the estimation of forecast future financial performance. Cash flows are extrapolated for a further two- to five-year period with estimated annual growth reducing gradually, to a rate which is considered not to exceed the long-term market growth in perpetuity used to calculate the terminal value. The future financial forecasts considered the potential future impact on the business from the Covid-19 pandemic.

Discount rates: Estimated discount rates used are post-tax rates of return that reflect current market assessments of the time value of money and the risks specific to the CGU to which goodwill is attributable.

Growth rates: Growth rates are based on budgeted figures and management estimates/assumptions in respect of the three- to six-year cash flow projections, a terminal growth rate and a discount rate. The growth rates are based on industry growth forecasts.

7. GOODWILL (continued)

Expected changes to selling prices and direct costs: Changes in selling prices and direct costs are based on past practices and reasonable expectations of future changes in the market.

As a result of the impairment analyses, it was concluded that no impairments were required to be recorded in the current year.

The table below contains the key assumptions that were used in the fair value less cost to sell calculations:

2022	
Weighted average cost of capital (post-tax rate)	**11.7%**
Revenue growth rate in discrete period	**2%**
Terminal growth rate	**2%**
2021	
Weighted average cost of capital (post-tax rate)	11%
Revenue growth rate in discrete period	2%
Terminal growth rate	2%

The directors believe that a possible change in the key assumptions, on which recoverable amounts are based, would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

8. PROPERTY, PLANT AND EQUIPMENT

	2022			2021 (unaudited)		
		Accumulated	**Net book**		Accumulated	Net book
	Cost	**Depreciation**	**Value**	Cost	Depreciation	Value
	USD'000	**USD'000**	**USD'000**	USD'000	USD'000	USD'000
Office furniture, equipment and motor vehicles	**4,436**	**(4,250)**	**186**	4,922	(4,579)	343
Computer equipment	**1,886**	**(1,365)**	**521**	1,752	(994)	758
Leasehold improvements	**17,058**	**(14,641)**	**2,417**	21,148	(18,086)	3,062
Land and buildings	**17**	**(1)**	**16**	1	(1)	-
	23,397	**(20,257)**	**3,140**	27,823	(23,660)	4,163

A register of land and buildings is maintained at the registered office of the applicable entities and may be inspected by shareholders or their duly authorised agents.

The fair value of property, plant and equipment approximates its net book value.

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Movement of property, plant and equipment	Office furniture, equipment and motor vehicles USD'000	Computer equipment USD'000	Leasehold improvements USD'000	Land and buildings USD'000	Total USD'000
Balance at 1 March 2020	538	285	3,998	-	4,821
Additions	17	140	267	-	424
Transfers (see note 10)	-	794	-	-	794
Depreciation	(212)	(461)	(1,203)	-	(1,876)
Balance at 28 February 2021	**343**	**758**	**3,062**	**-**	**4,163**
Additions	**5**	**193**	**152**	**17**	**367**
Depreciation	**(162)**	**(430)**	**(797)**	**(1)**	**(1,390)**
Balance at 28 February 2022	**186**	**521**	**2,417**	**16**	**3,140**

9. RIGHT-OF-USE ASSETS

	2022 USD'000			2021 (unaudited) USD'000		
	Cost	**Accumulated depreciation and impairment**	**Net book value**	Cost	Accumulated depreciation and impairment	Net book value
Office furniture, equipment and motor vehicles	**7,681**	**(4,431)**	**3,250**	6,660	(2,894)	3,766
Computer equipment	**265**	**(174)**	**91**	255	(109)	146
Land and buildings	**32,289**	**(13,935)**	**18,354**	31,659	(9,770)	21,889
	40,235	**(18,540)**	**21,695**	38,574	(12,773)	25,801

Movement of right-of-use assets US'000	Office furniture, equipment and motor vehicles	Computer equipment	Land and buildings	Total
Balance at 1 March 2020	3,393	55	20,179	23,627
Additions	3,057	240	8,097	11,394
Disposals	(513)	(33)	(756)	(1,302)
Translation and other movements	1	-	449	450
Impairment	-	-	(609)	(609)
Depreciation	(2,172)	(116)	(5,471)	(7,759)
Balance at 28 February 2021	**3,766**	**146**	**21,889**	**25,801**
Additions	**1,540**	**11**	**1,555**	**3,106**
Translation and other movements	**(1)**	**-**	**441**	**440**
Impairment	**-**	**-**	**(291)**	**(291)**
Depreciation	**(2,056)**	**(65)**	**(5,240)**	**(7,361)**
Balance at 28 February 2022	**3,249**	**92**	**18,354**	**21,695**

** Includes leasehold improvements.*

10. INTANGIBLE ASSETS

	2022 USD'000	2021 (unaudited) USD'000
10.1 Capitalised development expenditure		
Net book value	245	20
At the beginning of the year (*)	20	828
Amount capitalised	239	-
Transfers (see note 8)	-	(794)
Amortisation	(14)	(14)
Balance at the end of the year	245	20
Capitalised development expenditure at cost	284	45
Accumulated amortisation and impairment	(39)	(25)
Capitalised development assets are amortised using the straight-line method over their useful lives, which generally do not exceed ten years.		
10.2 Acquired intangible assets and software		
During the year, all acquired intangible assets and software were written off.		
Trademarks, customer and vendor relationships		
Net book value	-	1,663
At the beginning of the year	1,663	3,121
Amortisation	(1,663)	(1,458)
Balance at the end of the year	-	1,663
Acquired intangible assets at cost	-	34,863
Accumulated amortisation and impairment	-	(33,200)
Software is amortised using the straight-line method over their useful lives, which ranges from two to six years.		
Total acquired intangible assets and software and capitalised development expenditure	245	1,683

During the year, all Capitalised development expenditure was written off. There are no intangible assets with indefinite useful lives.

(*) In FY21 the brought forward balance included $794k of assets in the course of construction/work in progress.

11. CAPITAL COMMITMENTS

	2022 USD'000	2021 (unaudited) USD'000
Property, plant and equipment	773	1,490
Total capital commitments	773	1,490

This expenditure will be incurred in the ensuing year and will be financed from existing cash resources and available borrowing facilities.

12. INVESTMENTS

	2022 USD'000	2021 (unaudited) USD'000
12.1 Bonds (Angola government bonds)	**7,276**	7,276
ISIN: AOTNX0519L18	7,276	7,276
Long-term portion	**7,276**	**7,276**
Short-term portion	–	–
	7,276	**7,276**

The Angolan government bonds are indexed to the US Dollar. The amount of US$7.3 million is fixed and the Kwanza equivalent of this will be repaid at maturity. The prevailing National Bank of Angola official US Dollar rate at the maturity date will be used for conversion. Bonds to the value of US$7.28 million were purchased in July 2018 and mature in July 2023. The coupon rate on the bonds is 5.0%.

None of Angolan bonds matured during the year (2021: US$5.8 million).

The weakened economic outlook for Angola, which arose in prior years mainly as a consequence of the fall in the price of crude oil, has led to a decline in the exchange rate of the Kwanza to the US Dollar. The National Bank of Angola has instituted capital controls that render the timing and quantum of conversion from Kwanza to US Dollar unpredictable. The further decline in the price of crude oil has increased uncertainty in the Angolan market. Management had instituted a series of actions to control the exposure and seek to reduce further losses, including the purchase of the bonds referenced above.

Expected credit losses in respect of the bonds are considered negligible. There have been no defaults by the Angolan government on bond maturity in the past and the National Bank of Angola has been settling bonds as they fall due.

The bonds are classified as level 1 financial instruments for the purposes of the IFRS 13 fair value hierarchy disclosure and are valued using quoted market rates.

			Westcon Group effective holding (% held)	
12.2 Subsidiary Companies	**Nature of business**	**Country of incorporation**	**As at 28 February 2022**	As at 28 February 2021
WGEO Switzerland GmbH	IT Distribution	Switzerland	**100**	100
Westcon Group Austria GmbH	IT Distribution	Austria	**100**	100
Westcon Group Germany GmbH	IT Distribution	Germany	**100**	100
Westcon Group Italia Srl	IT Distribution	Italy	**100**	100
Westcon Group Portugal Sociedade Unipessoal Limitada	IT Distribution	Portugal	**100**	100
Westcon Group Poland Sp Zoo	IT Distribution	Poland	**100**	100
Westcon Group Africa Operations Limited	IT Distribution	UK	**100**	100
Westcon Group Middle East Holdings Limited	IT Distribution	UK	**100**	100
Westcon Denmark ApS	IT Distribution	Denmark	**100**	100
Westcon Group Norway AS	IT Distribution	Norway	**100**	100
Westcon Group Netherlands B.V.	IT Distribution	Netherlands	**100**	100

13. DEFERRED TAX

	2022 USD'000	2021 (unaudited) USD'000
13.1 Movement of deferred tax assets		
At the beginning of the year	**10,825**	6,989
Credit to the income statement	**8,160**	3,836
	18,985	10,825
Analysis of deferred tax assets		
Capital allowances	**175**	51
Expense accruals and similar items	**329**	591
Effect of tax losses	**18,316**	10,183
Other temporary differences	**165**	-
	18,985	10,825
13.2 Movement of deferred tax liabilities		
At the beginning of the year	**(448)**	(846)
Credit to the income statement	**136**	398
	(312)	(448)
Analysis of deferred tax liabilities		
Capital allowances	**(2)**	-
Intangible assets	**-**	(448)
Other temporary differences	**(310)**	-
	(312)	(448)

Potential deferred tax assets of US$11.6 million on assessed/estimated tax losses have not been recognised at 28 February 2022.

14. OTHER NON-CURRENT ASSETS

	2022 USD'000	2021 (unaudited) USD'000
Notes receivable	**32**	32
Security deposits	**2,328**	2,379
Multi-year contracts, long term accrued income	**33,001**	-
Other receivables	**18**	163
	35,379	2,574

The accrued income represents unbilled receivables for multi-year SaaS, on premise software licences and maintenance contracts. The amount falling due within one year is included in trade receivables. The associated accrual for unbilled payables to the vendors is disclosed in note 23.

15. INVENTORIES

	2022	2021 (unaudited)
	USD'000	USD'000
Goods held for resale	**150,742**	141,619
Inventory obsolescence provision	**(1,836)**	(1,785)
	148,906	139,834

$533k of inventory (FY21: $85k) was written off during the year and is recorded in cost of sales.

Westcon Group European Operations has certain inventory return arrangements with its major vendors to reduce the risk of technological obsolescence.

Westcon Group European Operations Limited has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of US$271.8 million (FY21: US$240.5 million) which extends payment terms to 60 days.

The agreement may be cancelled at any time with a 60-day notice by either Westcon Group European Operations Limited or the vendor. As at 28 February 2022, US$192.7 million (FY21: US$106.2 million) was outstanding and is included in trade payables per Note 23. Purchases within 0 to 30 days are described as unfunded and are also included in trade payables. The funded availability limit of US$271.8 million is treated as a group limit which is transferable for usage by the subsidiaries.

16. SHORT TERM INTERCOMPANY LOANS AND RECEIVABLES

	2022	2021(unaudited)
	USD'000	USD'000
16.1 Intercompany short term loans		
Datatec Financial Services Holdings Limited	5,702	1,049
	5,702	1,049
16.2 Intercompany trade receivables	**7,261**	8,023
	12,963	9,072

All of the intercompany trade receivables are non-interest bearing and are repayable per the usual payment terms for customers (usually within 30 days).

17. TRADE RECEIVABLES

	2022	2021 (unaudited)
	USD'000	USD'000
Trade receivables	**644,630**	613,306
Expected credit loss allowance	**(19,416)**	(17,958)
	625,214	595,348

All trade receivables represent financial assets of the Group and are measured at amortised cost.

The carrying value of trade receivables balances approximates their fair value, therefore no fair value disclosures are provided.

Included within trade receivables is $33.5m of short term accrued income on multi-year contracts. The accrued income represents unbilled receivables for multi-year SaaS, on premise software licences and maintenance contracts. The amount falling due after more than one year is included in note 14. The associated accrual for unbilled payables to the vendors is disclosed in note 23.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group recognises lifetime expected credit losses for trade receivables, which are estimated using a provision matrix. This matrix takes into consideration the payment profiles of trade receivables over a period of up to two years in preceding financial years; the Group's historical credit loss experience, adjusted for factors that are specific to the receivables including insurance held and other securities in place; general economic conditions; and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considers forward-looking information such as known changes in the macroeconomic environment of customers located in a certain geography, the deterioration in the Group's relationship or discussions with a particular customer. Consideration of these factors enables an estimation of future expected credit losses to be made. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Particular focus is placed on higher value and aged trade receivables where there are other, more specific risk factors. The concentration of credit risk in each of the Group's geographic segments is limited due to the customer base being large and geographically diverse. Accordingly, the directors believe that no further credit loss allowance is required.

There has been no change in the estimation techniques or significant assumptions made during the current period.

Before accepting any new customer, use is made of local external credit agencies where necessary, to assess the potential customer's credit quality and to define credit limits by the customer. Limits attributed to customers are reviewed regularly.

The Group does not hold any collateral over its trade receivables balances. US$428,964k of credit insurance is held over trade receivables (FY21: US$450,237k).

US$595,594k of trade receivables have been assigned against short-term interest-bearing liabilities. Refer to Note 17.1 and Note 24. (FY21: US$448,866k of trade receivables pledged as collateral against short-term interest-bearing liabilities and bank overdrafts).

The weighted average write-off rate over recent years across all classes of trade receivables is 0.33% (FY21: 0.50%). The Group therefore has sufficient expected credit loss allowances.

Management has concluded that the likelihood of material expected credit losses is low.

17. TRADE RECEIVABLES (continued)

17.1 Trade receivables credit risk

The following table details the credit risk profile of trade receivables based on the Group's provision matrix.

Days past due:

USD'000	Europe	Middle East	Africa	Total
2022				
Current	**491,277**	**74,289**	**11,856**	**577,422**
1 – 30 days past due	**28,453**	**8,156**	**(277)**	**36,332**
31 – 60 days past due	**6,890**	**608**	**(245)**	**7,253**
61 – 90 days past due	**2,485**	**155**	**417**	**3,057**
91 – 120 days past due	**1,322**	**(349)**	**(351)**	**622**
Over 120 days past due	**7,823**	**4,868**	**7,253**	**19,943**
Gross trade receivables	**538,250**	**87,727**	**18,653**	**644,630**
Expected credit loss allowance	**(6,836)**	**(5,275)**	**(7,305)**	**(19,416)**
Net trade receivables	**531,414**	**82,452**	**11,348**	**625,214**
2021 (unaudited)				
Current	463,235	73,318	9,283	545,836
1 – 30 days past due	13,153	7,850	1,530	22,533
31 – 60 days past due	7,203	5,506	128	12,837
61 – 90 days past due	3,391	903	120	4,414
91 – 120 days past due	2,203	1,181	43	3,427
Over 120 days past due	6,417	10,840	7,002	24,259
Gross trade receivables	495,603	99,598	18,106	613,306
Expected credit loss allowance	(7,738)	(3,138)	(7,082)	(17,958)
Net trade receivables	487,866	96,460	11,024	595,348

The past due receivables ageing categories above are shown gross, before taking into account expected credit loss allowances. US$19,416k expected credit losses have been allocated to the US$20,564k over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US$1,148k. Where there are no expected credit loss allowances, the balances are deemed to be recoverable, and there are either payment plans in place with the relevant customers or discussions with the customers are ongoing to resolve the payment of the outstanding balances.

17.2 Reconciliation of the expected credit loss allowance account

USD'000	Europe	Middle East	Africa	Total
Balance on 1 March 2020	(5,745)	(3,582)	(7,552)	(16,879)
Impairment losses recognised on trade receivables	(2,235)	(1,251)	-	(3,486)
Impairment losses reversed	-	-	46	46
Bad debt write-offs	281	1,695	143	2,119
Net exchange gains and losses	(39)	-	281	242
Balance at 28 February 2021	**(7,738)**	**(3,138)**	**(7,082)**	**(17,958)**
Impairment losses recognised on trade receivables	**-**	**(2,243)**	**-**	**(2,243)**
Impairment losses reversed	**162**	**-**	**45**	**207**
Bad debt write-offs	**689**	**83**	**-**	**772**
Net exchange gains and losses	**51**	**23**	**(268)**	**(194)**
Balance at 28 February 2022	**(6,836)**	**(5,275)**	**(7,305)**	**(19,416)**

18. PREPAID EXPENSES

	2022 USD'000	2021 (unaudited) USD'000
Deferred cost of sales on services contracts	**24,206**	21,373
Prepaid insurance	**1,009**	732
Prepaid vendor maintenance	**73**	712
Prepaid taxes	**51**	8
Advances	**238**	14
Other prepayments	**4,680**	6,470
	30,257	29,309

Deferred services cost of sales are presented in prepaid expenses as all related suppliers have been paid upfront.

19. OTHER RECEIVABLES

	2022 USD'000	2021 (unaudited) USD'000
Derivative Contracts	**5,913**	1,077
Rebates due from vendors	**3,503**	3,598
Notes and deposits held	**703**	444
Sundry receivables	**63**	43
	10,182	5,162

Expected credit losses have been assessed. No material expected credit losses have been noted.

20. SHARE CAPITAL

	2022 USD	2021 (unaudited) USD
Issued share capital		
113 (2021: 112) fully paid ordinary shares of $1.60 each	**181**	179
	181	179

On 31 January 2022, 1 additional ordinary share was issued for $20,000k. The difference between the consideration and the nominal value of the share issued has been credited to the Share Premium account.

21. LONG-TERM INTEREST-BEARING LIABILITIES

	2022 USD'000	2021 (unaudited) USD'000
Other long-term liabilities – unsecured	**1,050**	-
	1,050	-
Less: current portion included in short-term interest-bearing liabilities (Note 24)	**(235)**	-
Long term portion	**815**	-
Repayable between one and two years	**235**	-
Repayable between two and three years	**235**	-
Repayable between three and four years	**235**	-
Repayable between four and five years	**110**	-
	815	-

22. LEASE LIABILITIES

	2022 USD'000	2021 (unaudited) USD'000
Non-current	**16,961**	22,112
Current	**5,649**	6,655
	22,610	28,767
Current portion repayable within one year	**5,649**	6,655
Repayable between one and two years	**4,372**	5,219
Repayable between two and three years	**3,590**	4,258
Repayable between three and four years	**2,665**	3,469
Repayable between four and five years	**2,133**	2,630
Repayable between five and ten years	**4,201**	6,536
	22,610	28,767

Generally, these lease contracts are entered into for fixed periods but may have extension options. The Group's finance lease arrangements include immaterial variable lease payments.

Short-term leases (lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease (refer to Note 3).

No residual value guarantees have been provided. The residual value risk of leased assets is not significant, because of the existence of secondary markets for these assets.

23. TRADE AND OTHER PAYABLES

	2022	2021 (unaudited)
	USD'000	USD'000
Trade payables	**593,539**	535,039
VAT/sales tax liabilities	**16,860**	36,521
Accruals	**9,507**	8,415
Sundry payables	**61,815**	59,153
Short-term portion of share-based payments	**8,378**	2,012
Current portion of long-term liabilities	**234**	-
Amounts due to Datatec Group companies – short-term	**840**	4,497
	691,173	645,637

The carrying value of trade and other payables approximates their fair value, therefore no fair value disclosures are provided. Trade accounts payable will be settled in the normal course of business.

Included in trade and other payables are accruals for vendor invoices on committed multi-year contracts where the invoices will be received in the future. Of these amounts $31,230k relates to invoices that will be received in more than one year and have been included as other non-current liabilities in the statement of financial position.

Details of Westcon Group European Operations' inventory purchase financing arrangements can be found in Note 15. Amounts outstanding under these arrangements are included in trade payables.

Sundry payables of $64,421k (2021: $60,405k) includes $12,600k (2021: $nil) of provisions against potential indirect taxes, sales taxes and withholding tax where the Group is in discussion with tax authorities, $13,169k (2021: $15,921k) relating to products invoiced before 28 February 2022 but where revenue recognition is deferred, $11,636k (2021: $9,114k) relating to commission/salary based accruals, $11,349k (2021: $9,494) relating to accrued customer rebates and $1,208k (2021: 1,073k) relating to accrued audit fees.

24. SHORT-TERM INTEREST-BEARING LIABILITIES

	2022	2021 (unaudited)
	USD'000	USD'000
Secured short-term funding – Crédit Agricole Leasing & Factoring	**140,938**	170,707
Secured short-term funding – Levantor Capital Limited	**12,924**	-
	153,862	170,707

The carrying value of short-term interest-bearing liabilities approximates their fair value, therefore no fair value disclosures are provided. Trade accounts payable will be settled in the normal course of business.

Secured loans

Westcon Group European Operations and some of its subsidiaries have entered into various arrangements with Crédit Agricole Leasing & Factoring up to a maximum of US$435,1 million (€390.6 million), bearing interest at three-month Euribor + 0.9% and three-month Libor + 0.9%. These are rolling facilities and At 28 February 2022, US$140.9 million (FY21: US$170.7 million) was outstanding. The net availability on this facility is US$294.1 million (FY21: US$161.3 million).

Westcon Group European Operations and some of its subsidiaries have entered into various arrangements with Levantor Capital Limited of US$65.7 million, bearing interest at 3.25%. The maximum facility is US$65.7 million. These are rolling facilities and At 28 February 2022, US$12.9 million (FY21: nil) was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US$52.8 million (FY21: nil).

25. PROVISIONS

	Restructuring USD'000	Legal claims and costs USD'000	VAT/ sales tax USD'000	Asset retirement obligations USD'000	Onerous contracts USD'000	Other USD'000	Total USD'000
Balance at 1 March 2021	2,500	61	1,178	3,588	100	112	7,539
Amounts added	55	55	925	-	-	-	1,035
Utilised	(1,887)	(47)	-	(16)	-	-	(1,950)
Amounts reversed	(59)	-	(925)	-	-	-	(984)
Translation and other	36	12	-	(1)	-	399	446
Balance at 28 February 2022	**645**	**81**	**1,178**	**3,571**	**100**	**511**	**6,086**
Expected maturity							
Within one year	**645**	**81**	**1,178**	**889**	**-**	**511**	**3,304**
Between two and five years	**-**	**-**	**-**	**627**	**100**	**-**	**727**
More than five years	**-**	**-**	**-**	**2,055**	**-**	**-**	**2,055**
	645	**81**	**1,178**	**3,571**	**100**	**511**	**6,086**

	2022 **USD'000**	2021 (unaudited) USD'000
Long-term portion	**2,782**	3,335
Short-term portion	**3,304**	4,204
	6,086	7,539

Restructuring provisions include expected costs for certain restructuring activities of the Group where the details have already been announced to affected parties. The timing of restructuring provisions is fairly certain and is expected to be settled within 12 months. There is little uncertainty with regard to the amounts but some provisions are subject to final agreement.

Legal claims and costs are provisions for anticipated settlements including costs, for various legal matters that the Group is defending. There is uncertainty regarding the timing of legal claims as the finalisation of certain lawsuits cannot be determined. There is some uncertainty regarding the amounts but best estimates have been provided by legal counsel.

The VAT/sales tax provision relates to tax exposures in foreign jurisdictions and external tax consultants are being utilised to investigate these exposures.

Dilapidations and asset retirement obligations relate to provisions where the Group is expected to restore certain leased property and assets to their original condition. The timing of some dilapidations/asset retirement obligations is fairly certain and is based on the lease agreement end dates, but there is uncertainty regarding one dilapidation obligation. There is uncertainty with regard to the amounts as they are subject to the properties' conditions, the position and behaviour of the landlord and the local rates prevailing at the time.

Onerous contracts consist of projects in progress in which the costs of meeting the obligations under the contract exceed the economic benefits expected to be received. Some uncertainty exists over the timing and amount of onerous contracts. These have been determined using management's best estimate of the duration and costs to complete the relevant projects.

Other provisions include asset vendor credits, employee settlement claims and other provisions which are individually insignificant.

26. DEFERRED REVENUE

	2022 USD'000	2021 (unaudited) USD'000
Non-current	**12,891**	9,858
Current	**17,207**	18,640
	30,098	28,498
Changes during the period		
At the beginning of the year	**28,498**	25,665
Arising from new contracts in the current year	**35,866**	27,539
Amounts recognised as revenue (released to the Income statement) during the year	**(17,148)**	(11,947)
Revenue recognised as revenue (released to the Income statement) during the year that was included in the contract liability balance at the beginning of the year	**(18,276)**	(12,759)
Other	**1,158**	-
	30,098	28,498

Deferred revenue relates to invoices issued to customers where there is still a commitment to complete the performance obligation. Revenue is only recognised once the performance obligation has been satisfied/partially satisfied.

27. BANK OVERDRAFTS

	2022 USD'000	2021 (unaudited) USD'000
BANK OVERDRAFTS		
Total bank overdrafts at the end of the year	**7,288**	3,716
Bank overdrafts unconditionally repayable on demand	**-**	-
Bank overdrafts repayable on demand under certain conditions (refer to Note 36)	**7,288**	3,716
	7,288	**3,716**

Region	Provider	Facility currency	Facility limit USD'000	Interest rate	2022 Overdraft USD'000
Westcon Middle East					**7,288**
Bank overdrafts repayable on demand under certain conditions					**7,288**
UAE	HSBC	US$	15 000	London or Emirates Interbank offered ("LIBOR" or "EIBOR") + 2.25% (0.50429% and 0.59986% as at 28 February 2022)	**7,288**

Only facilities that have been drawn at 28 February 2022 have been included in the table above. There are further facilities available, which together with the drawn facilities above, amounts to total facilities of US$20,455k (FY21: US$20,974k). US$7,288k (FY21: US$3,716k) was drawn at year-end. No restrictions apply to the facilities. The net availability of the facilities is US$13,167k (FY21: US$17,258k). The net availability does not include any cash sources in Westcon Group European Operations. US$nil (FY21: US$nil) of trade receivables are pledged as collateral against bank overdrafts.

27. BANK OVERDRAFTS (continued)

Region	Provider	Facility currency	Facility limit USD'000	Interest rate	2021 (unaudited) Overdraft USD'000
Westcon Middle East					3,716
Bank overdrafts repayable on demand under certain conditions					3,716
UAE	HSBC	US$	15 000	London or Emirates Interbank offered ("LIBOR" or "EIBOR") + 2.25% (0.18838% and 0.3069% as at 28 February 2021)	3,716

28. CONTINGENT LIABILITIES, GUARANTEES AND LITIGATION

WGEO and its subsidiaries have issued, in the ordinary course of business, guarantees and letters of comfort to third parties in respect of finance and trading facilities, performance commitments to customers and lease commitments.

The Group has certain contingent liabilities resulting from litigation and claims, including breach of warranties, where operations have been acquired or disposed of, generally involving commercial and employment matters, which are incidental to the ordinary conduct of its business. Management believes, after taking legal advice where appropriate on the probable outcome of these contingencies, that none of these contingencies will materially affect the financial position or the results of operations of the Group.

29. RELATED PARTY TRANSACTIONS

Sales and purchases between Group companies are concluded on normal commercial payment terms in the ordinary course of business. For the year ended 28 February 2022, the inter-group sales of goods and provision of services amounted to US$53.4M (FY21: US$37.5 million), which are eliminated on consolidation. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Trading Transactions - Group Companies	Sales of goods and services 2022 USD'000	Sales of goods and services 2021 (unaudited) USD'000	Purchases of goods and services 2022 USD'000	Purchases of goods and services 2021 (unaudited) USD'000	Management fees (paid)/received 2022 USD'000	Management fees (paid)/received 2021 (unaudited) USD'000
Westcon South Africa	**9,910**	5,114	**1,554**	1,047	-	-
Comztek Namibia	**312**	315	-	30	-	-
Westcon Group Pty Ltd (AU)	**848**	75	**33**	14	-	-
Datastor New Zealand	**36**	-	**12**	12	-	-
Westcon Solutions Malaysia	**28**	204	-	-	-	-
Wescon Group Pte Ltd (SG)	**47**	26	**16**	82	-	-
Westcon Solutions Singapore	**345**	430	**17**	-	-	-
Philippines	**22**	65	-	-	-	-
Westcon Solutions Phillipines	**242**	-	-	-	-	-
Comstor Thailand	**15**	34	-	-	-	-
Korea	**34**	1	-	-	-	-
Indonesia	-	14	-	-	-	-
Westcon Solutions Taiwan	**69**	49	-	-	-	-
Hong Kong	**40**	1,394	-	-	-	-
Westcon Solutions Shanghai	**43**	47	-	9	-	-
Japan	**223**	39	-	-	-	-
Westcon International India	**822**	516	-	-	-	-
Logicalis Group Limited	**19,013**	12,228	-	-	-	-
Westcon Group Services Inc.	-	-	-	-	**(32,355)**	(33,767)
Westcon Group Shared Services.	-	-	-	-	**(2,364)**	(2,653)
	32,049	20,551	**1,632**	1,194	**(34,719)**	(36,420)

During the year the Group received interest of $84k (2021: $nil) from Datatec Financial Services Limited.

At 28 February 2022 the Group was due $5,702k (2021: $1,049k) from Datatec Financial Services Holdings Limited in respect of a short term loan provided to that entity.

30. SHARE BASED PAYMENTS

The expense in respect of cash-settled share based payment schemes, as disclosed in more detail below, for the year ended 28 February 2022 was $6,442,000 (2021: $1,164,000).

Westcon International Equity Appreciation Plan (EAP)

Westcon International Limited is the immediate parent company of the Group. The Westcon International EAP was implemented in FY19 for senior management in order to incentivise value generation. Participants have been awarded a once-off grant of "Units", whose value will be linked to the value of Westcon International; this is a notional base value which was estimated to be US$125 million (the "Hurdle"). The Units will not have any share rights, in particular they will not have the right to dividends or votes.

Ten percent of the value of Westcon International above the Hurdle will be paid to the EAP Pool on a sale of Westcon International. Each Unit will receive a pro rata share of the EAP Pool when Westcon International is sold.

For example, if Westcon International is sold for US$300 million, the EAP Pool will be US$17.5 million: ((US$300 million - US$125 million) x 10%). If there are 100,000 units in issue, each Unit will be worth US$175.

If Westcon International is not sold within five years of the start of the scheme on 1 March 2018, the business will be valued by an independent valuer at 1 March 2023 and the EAP will pay out to participants on the basis of that valuation. Such a valuation will be undertaken using a methodology which is fair and reasonable to all stakeholders including Datatec shareholders and participants in the EAP taking account of the recapitalisation noted above.

In addition to the Westcon International management participants, executive directors of Datatec Limited, the ultimate parent company, participate in the Westcon International EAP.

At 28 February 2022 there were 148,000 shares in issue (2021: 143,000) with a weighted average grant price of $125 (2021: $125). At 28 February 2022, the EAP awards had a remaining contractual life of 1.3 years (2021: 2.3 years). Of the 148,000 shares in issue at 28 February 2022, 54,000 (2021: 60,000) were issued to participants of the Group, including the Directors of the Company.

	2022		2021 (unaudited)	
	Number of shares ('000)	**Weighted Average grant price**	Number of shares ('000)	Weighted Average grant price
		US$		US$
Outstanding at the beginning of the year	**143**	**125**	145	125
Granted during the year	**8**	**125**	–	125
Forfeited/lapsed during the year	**(3)**	**(125)**	(2)	(125)
Outstanding at the end of the year	**148**	**125**	143	125

30. SHARE BASED PAYMENTS (continued)

Westcon International SARs Scheme

Westcon International implemented a SARs Scheme during FY19 to incentivise the cadre of senior management who were not awarded units in the EAP (above).

SARs were granted in FY19 and some further awards were made in FY20 to additional participants. The SARs Scheme is a one-off grant like the EAP and each SAR has an exercise price of US$1.25 based on a notional share capital for Westcon International of 100 million shares. The base valuation for the SARs was thus the same as the hurdle for the EAP. The SARs will be adjusted for the recapitalisation of Westcon International noted in the EAP section above. The SARs will vest after two years without performance conditions and thereafter may be exercised over the following three years (a maximum of one-third per year).

At 28 February 2022, the SAR awards had a remaining contractual life of 1.3 years (FY21: 2.3 years). Of the 2,384,000 shares in issue at 28 February 2022, 1,439,000 (2021: 1,684,000) were issued to participants of the Group, including the Directors of the Company.

	2022		2021 (unaudited)	
	Number of shares ('000)	**Weighted Average grant price**	Number of shares ('000)	Weighted Average grant price
		US$		US$
Outstanding at the beginning of the year	**2,595**	**1.25**	2,595	1.25
Granted during the year	**-**	**-**	–	–
Exercised during the year	**(144)**	**-**		
Forfeited/lapsed during the year	**(67)**	**-**	–	–
Outstanding at the end of the year	**2,384**	**1.25**	2,595	1.25

31. FINANCIAL INSTRUMENTS

Capital risk management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 24, cash and cash equivalents and equity comprising issued capital (see note 20), reserves and retained earnings. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of reviewing the levels of net debt.

Financial risk management objectives
The Group's senior management are responsible for monitoring and managing the financial risks relating to the operation of the Group. This is achieved through the use of internal risk analysis, which reviews the exposures by probability and magnitude of risks. These risks include market risk (including currency and interest risk), credit risk and liquidity risk.

The Group is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

Credit Risk

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of account receivable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

31. FINANCIAL INSTRUMENTS (continued)

When measuring expected credit losses ("ECLs") under IFRS 9 estimates are utilised which are applied to determine the provision recorded against the gross value of trade receivables (disclosed in Note 18). The Group applies the simplified approach as permitted by IFRS 9 when providing for loss allowances on trade receivables. In measuring ECLs, past experience is considered to be the most significant indicator to determine historic write-off rates for trade receivables that reach different aging categories that fall past due. A provision is then created based on this experience being the estimated likelihood of a debt being written off once it reaches the aging bucket. For higher value receivables which are lower volume, the receivable is reviewed independently for indicators of impairment such as age past due, the geography in which the customer resides, and the knowledge of the customer's situation based on the Group's discussions and dealings with particular customers. In making the above assessments, the Group considers forward looking information such as known changes in the macro-economic environment of customers located in a certain geography or the deterioration in the Group's relationship or discussions with a particular customer. For lower value receivables which are higher volume, the Group applies a percentage to the ageing buckets of these receivables. These percentages are derived by comparing the amounts ultimately written off in each ageing category to the total amount of customer receivables in each ageing category.

The following presents the maximum credit risk exposure both on and off the balance sheet:

	2022	2021 (unaudited)
On balance sheet	**$'000**	$'000
Gross trade accounts receivable	**644,630**	614,355
Less: allowance for bad debts	**(19,416)**	(17,958)
Other receivables	**10,182**	5,162
Bonds	**7,276**	7,276
Other long term assets	**35,379**	2,574
Cash and cash equivalents	**72,761**	109,639
Maximum on balance sheet exposure	**750,812**	721,048
Off balance sheet	**-**	-
Financial guarantees	**-**	-
Maximum off balance sheet exposure	**-**	-

The Group does not consider there to be any significant credit risk which has not been adequately provided for at the balance sheet date. Furthermore, there has been no material change to the Group's exposure to credit risks or the manner in which it manages and measures the risk.

Liquidity Risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

All of the Group's financial liabilities, as in the prior year, mature within a 12-month period with the exception of certain lease liabilities as set out in note 21. The derivative financial instruments disclosed in note 19 all mature within 3 months of the year end.

Westcon Group European Operations has an invoice assignment facility of EUR390.6 million (recently increased from EUR275.0 million) for its European subsidiaries, as well as an extended payables facility of US$65.7 million. In addition, Westcon Group European Operations utilises accounts receivable facilities in the Middle East (US$15.0 million) as well as overdraft facilities in Europe (EUR4.0 million) and Africa (US$1.0 million).

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency, including forward foreign exchange contracts to hedge the exchange rate risk arising on transactions denominated in foreign currency.

Interest rate risk management

Interest rate risk is managed by the Group regularly reviewing the interest rates, related financial instruments and current economic indicators to determine the most appropriate action. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates and defined risk appetite.

31. FINANCIAL INSTRUMENTS (continued)

Interest rate sensitivity analysis

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates and defined risk appetite.

The analyses below sets out the sensitivity of the Group's variable rate financial assets and liabilities to movements in the applicable interest rates based on an average outstanding asset or liability exposed to variable interest rates calculated for the year across the various entities and regions across the Group. The applicable increase or decrease that represents management's assessment of the reasonably possible change in interest rates, is a 10% increase in the applicable variable interest rates. Interest rates in the Group vary due to the large number of geographic locations. Interest rates fluctuate more in certain regions due to economic uncertainty, particularly in emerging markets. Therefore, 10% has therefore been chosen for the sensitivity analyses as it represents a reasonable average expected change in interest rates across the various regions in the Group.

• profit for the year ended 28 February 2022 would decrease by a net amount of US$0.93 million (FY21: US$0.68 million decrease).

Foreign exchange risk

The Group operates in the global business environment and undertakes many transactions denominated in foreign currencies. The Group is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments, which primarily comprises forward exchange contract. Forward exchange contracts require a future purchase or sale of a foreign currency at a specified price. The Group does not trade with forward exchange contracts for speculative purposes.

The carrying amount of the Group's significant foreign currency denominated financial assets and liabilities are shown below, and are covered by FX contracts. In addition, the Group performs hedging for fellow group companies, and the assets and liabilities of these contracts have also been displayed to present the total positions relating to the FX contacts which the Group holds.

Balances and contracts for the Group:

	2022				2021 (unaudited)			
	Asset	**Liability**	**FX Contracts**	**Net Exposure**	Asset	Liability	FX Contracts	Net Exposure
	$'000	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000
Euros	**181,136**	**(35,794)**	**(145,641)**	**(299)**	250,019	(88,748)	(119,475)	41,796
Pounds Sterling	**30,486**	**(16,120)**	**(14,388)**	**(122)**	75,428	(62,783)	(12,726)	(81)
Total	**211,622**	**(51,914)**	**(160,029)**	**(421)**	325,447	(151,531)	(132,201)	41,715

Balances considered from fellow group companies:

Euros	**299**	**-**	**-**	**299**	(20,979)	20,817	-	(163)
Pounds Sterling	**22**	**-**	**-**	**22**	81	(23)	-	58

Total position of contracts:

Euros	**181,435**	**(35,794)**	**(145,641)**	**-**	229,040	(67,931)	(119,475)	41,633
Pounds Sterling	**30,508**	**(16,120)**	**(14,388)**	**-**	75,509	(62,807)	(12,726)	(24)
Total	**211,943**	**(51,914)**	**(160,029)**	**-**	304,549	(130,738)	(132,201)	41,610

31. FINANCIAL INSTRUMENTS (continued)

Foreign Exchange Sensitivity Analysis

The Group hedges its foreign currency financial assets and liabilities; the table below indicates the potential gain or loss if there were a 10% change in the closing exchange rate on the translation of foreign currency denominated financial instruments held by the Group.

The sensitivity rate is 10% and represents management's assessment of the possible change in foreign exchange rates for the functional currencies where there is a significant currency exposure.

The table below shows the potential gain / loss in the income statement, however due to hedging the Group cannot benefit from or have the risk of this fluctuation.

	2022	2022	2021 (unaudited)	2021 (unaudited)
	Net Assets	**Gain/Loss**	Net Assets	Gain/Loss
	$'000	**$'000**	$'000	$'000
Euros	**145,641**	**+/- 1,656**	161,108	+/- 3,339
Pounds Sterling	**14,388**	**+/- 478**	12,703	+/- 499
Total	**160,029**	**+/- 2,134**	**173,811**	**+/- 3,838**

Foreign Exchange Contracts (FEC)

The following presents the USD equivalent of open contracted FEC's to purchase or sell the stated currencies:

	2022	2022	2021 (unaudited)	2021 (unaudited)
	Purchase	**Sell**	Purchase	Sell
	$'000	**$'000**	$'000	$'000
Open FEC Contracts				
US Dollars	**420,757**	**465**	220,429	9,538
Euro	**-**	**303,833**	-	170,349
Pounds Sterling	**-**	**79,860**	2,283	37,517
Other	**461**	**31,434**	7,187	12,301
Total	**421,218**	**415,592**	**229,899**	**229,705**

As at 28 February 2022 there are forward exchange contracts as follows:

Buy currency	Total nominal	Sell currency	Total nominal	Gain/(loss)
USD	$ 6,669,238	DKK	$ 6,617,887	**$ 51,351**
USD	$ 308,379,124	EUR	$ 303,832,940	**$ 4,546,184**
USD	$ 80,312,795	GBP	$ 79,860,464	**$ 452,331**
USD	$ 11,045,563	NOK	$ 10,968,173	**$ 77,389**
USD	$ 251,447	PLN	$ 251,348	**$ 99**
USD	$ 14,099,157	SEK	$ 13,596,411	**$ 502,746**
CHF	$ 336,445	USD	$ 339,747	**($ 3,302)**
CZK	$ 24,845	USD	$ 24,943	**($ 98)**
DKK	$ 47,574	USD	$ 48,470	**($ 896)**
GBP	$ 51,374	USD	$ 51,345	**$ 29**
				$ 5,625,833

32. CASH GENERATED FROM OPERATIONS

	2022 USD'000	2021 (unaudited) USD'000
Profit before taxation	**1,269**	(3,041)
Adjustment for:		
Unrealised foreign exchange (gains) / losses	**(2,975)**	3,097
Share-based payments	**6,442**	1,164
Depreciation	**8,750**	9,635
Net movement in provisions	**50**	6,075
Amortisation	**1,663**	1,458
Interest income	**(382)**	(574)
Finance costs*	**9,305**	9,147
Impairment losses on trade receivables	**2,036**	3,440
Capitalised development expenditure	**13**	15
Interest income	**(84)**	-
Inventory obsolescence reserve movement	**414**	632
Unpaid management fees	**(833)**	-
Non-cash movement for multi-year licence accrued revenue and costs	**(3,569)**	-
Foreign currency translation movements	**213**	485
Operating profit before working capital changes	**22,312**	31,533
Working capital changes		
Increase in inventories	**(9,485)**	(3,422)
Increase in receivables	**(4,269)**	(27,917)
Increase in payables	**12,589**	48,103
Increase in deferred revenue	**1,599**	2,833
Movement in other non-current assets	**197**	2,654
Working capital changes	**631**	22,251
	22,943	53,784

* Includes non-cash accruals.

33. TAXATION PAID

	2022 USD'000	2021 (unaudited) USD'000
Net taxation liability – at the beginning of the year	**(1,206)**	(4,285)
Charge to profit and loss (excluding deferred taxation)	**(5,995)**	(5,191)
Other movements and translation differences	**(20)**	25
Net taxation (asset)/liability – at the end of the year	**(18)**	1,206
	(7,239)	(8,245)
Net taxation		
Current tax assets	**3,757**	2,846
Current tax liability	**(3,738)**	(4,052)
	18	(1,206)

34. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

	2022 USD'000	2021 (unaudited) USD'000
Maintenance of operations		
Office furniture, equipment and motor vehicles	**5**	17
Computer equipment	**193**	934
Leasehold improvements	**152**	267
Land and buildings	**17**	-
	367	1,218

35. CASH FLOW ADDITIONAL NOTES

USD'000	Note	Opening balance as at 1 March 2021	Financing cash inflows	Financing cash outflows	Non-cash changes: New leases	Non-cash changes: Amortisation of finance costs	**Closing balance as at 28 February 2022**
35.1 Reconciliation of liabilities arising from financing activities - 2022							
Long-term interest-bearing liabilities**	21	-	(1,284)	234	-	-	**(1,050)**
Lease liabilities***/~	22	(28,767)	-	9,263	(3,106)	-	**(22,610)**
Bank overdrafts repayable on demand under certain conditions~	27	(3,716)	(64,741)	61,169	-	-	**(7,288)**
Short-term interest-bearing liabilities	24	(170,707)	(2,058,653)	2,075,559	-	(61)	**(153,862)**

** Includes current portion (US$235k - refer to Note 21).
*** Includes current portion (US$5.6 million - refer to Note 53).
~ Cash flows include US$4.9 million interest related to lease liabilities and US$13.5 million interest on bank overdrafts repayable on demand under certain conditions these are included in cash flows from operating activities.

USD'000	Note	Opening balance as at 1 March 2020	Financing cash inflows*	Financing cash outflows*	Non-cash changes: New leases	Non-cash changes: Amortisation of finance costs	Closing balance as at 28 February 2021
35.2 Reconciliation of liabilities arising from financing activities – 2021 (unaudited)							
Lease liabilities**/~	22	(23,234)	-	5,862	(11,39 4)	-	(28,767)
Bank overdrafts repayable on demand under certain conditions~	27	(119,103)	(1,426,204)	1,541,591	-	0	(3,716)
Short-term interest-bearing liabilities	24	-	(1,180,350)	1,009,705	-	(61)	(170,707)

** Includes current portion (US$6.7 million – refer to Note 53).
~ Cash flows include US$1.3 million interest related to lease liabilities and US$6.4 million interest on bank overdrafts repayable on demand under certain conditions. These are included in cash flows from operating activities.

36. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

	2022 USD'000	2021 (unaudited) USD'000
Cash resources	**72,761**	109,639
Bank overdrafts unconditionally repayable on demand	**-**	-
Cash and cash equivalents (per the statement of cash flows)	**72,761**	109,639
Bank overdrafts repayable on demand under certain conditions (refer to Note 27)	**(7,288)**	(3,716)
Net cash resources	**65,473**	105,923
Bank overdrafts unconditionally repayable on demand	**-**	-
Bank overdrafts repayable on demand under certain conditions	**(7,288)**	(3,716)
Total bank overdrafts (Note 27)	**(7,288)**	(3,716)

37. SUBSEQUENT EVENTS

There have been no material post balance sheet events.

WESTCON GROUP EUROPEAN OPERATIONS LTD
COMPANY STATEMENT OF FINANCIAL POSITION
As at 28 February 2022

	Note	2022 $'000	2021 $'000
Fixed assets		**120,808**	**141,718**
Goodwill	42	54,567	54,567
Intangibles	43	-	170
Property, plant and equipment	44	2,912	3,571
Investment in subsidiaries	45	27,953	53,459
Right-of-use assets	46	18,576	21,652
Deferred tax assets	55	16,800	8,299
Current assets		**487,078**	**468,454**
Inventories	47	11,856	12,443
Trade and other receivables	48	373,727	348,492
Amounts owed by group undertakings	48	56,949	40,333
Cash and bank balances		44,546	67,186
Current liabilities		**483,985**	**482,973**
Trade and other payables	49	117,111	138,319
Amounts owed to group undertakings	49	263,966	223,215
Lease liabilities	50	4,216	4,465
Current tax liabilities		-	1,707
Borrowings	51	97,530	112,899
Provisions	52	1,162	2,368
Net current assets / (liabilities)		**3,093**	**(14,519)**
Total assets less current liabilities		**123,901**	**127,199**
Non – current liabilities		**22,423**	**27,678**
Trade and other payables	49	4,905	4,833
Lease liabilities	50	15,229	19,826
Provisions	52	2,289	2,967
Deferred tax liabilities	55	-	52
Net assets		**101,478**	**99,521**
EQUITY			
Share capital	53	-	-
Share premium	54	64,697	44,697
Foreign exchange reserve		(2,118)	(2,118)
Retained earnings		38,899	56,942
Total shareholders' funds		**101,478**	**99,521**

In publishing the Company Financial Statements, the Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of the Company Financial Statements. The Company's profit after tax for the financial year was $17,501k (2021: $3,217k) which can be seen in the Statement of Changes in Equity on page 68.

The financial statements on pages 67 to 82 were approved by the Board of Directors on 30 June 2022 and signed on its behalf by:

C McGregor, Director

DocuSigned by:
Callum McGregor
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WESTCON GROUP EUROPEAN OPERATIONS LTD
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2022

	Share Capital	Share premium	Foreign exchange reserve	(Accumulated losses) / retained earnings	Total Equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1 March 2020	**-**	**114,697**	**(2,118)**	**(5,228)**	**107,351**
Share premium cancellation	-	(70,000)	-	70,000	-
Dividend paid to parent undertaking	-	-	-	(11,047)	(11,047)
Profit and total comprehensive income for the year	-	-	-	3,217	3,217
Balance at 28 February 2021	**-**	**44,697**	**(2,118)**	**56,942**	**99,521**
Share issue	-	20,000	-	-	20,000
Dividend paid to parent undertaking	-	-	-	(35,544)	(35,544)
Profit and total comprehensive income for the year	-	-	-	17,501	17,501
Balance at 28 February 2022	**-**	**64,697**	**(2,118)**	**38,899**	**101,478**

38. GENERAL INFORMATION ABOUT THE PARENT COMPANY

Westcon Group European Operations Limited is a private company limited by shares. The company is incorporated and domiciled in the UK under the Companies Act 2006. The address of its registered office is set out on page 2. The Company is a wholly owned subsidiary of Westcon International Ltd. The ultimate parent is Datatec Limited. The address of the registered office is provided on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' report.

These financial statements are presented in USD because that is the functional currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 2. The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101) issued by the Financial Reporting Council (FRC) incorporating Amendments to FRS101 issued by the FRC in July 2015 and the amendments to Company law made by the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

39. COMPANY ACCOUNTING POLICIES

Basis of accounting

The company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. The financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101.

The previously published financial statements of the Company were prepared in accordance with International Financial Reporting Standards (IFRS). In transitioning to FRS 101, no material amendments to the recognition, measurement and disclosure requirements of adopted IFRS in accordance with paragraph 5(b) of FRS 101 have been identified.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The Company adopts substantially the same accounting policies as the Group. The accounting policies set out below therefore focus on any variations from the Group accounting policies.

Going concern

The Board has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future, based on a review of Board approved forecasts. The forecasts indicate no issues with meeting financial covenants and no breach of financial facility limits. The Company's financial statements have accordingly been prepared on a going concern basis. The Company currently has no need to undertake a capital restructuring and key executive management is in place. The Board is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries are initially measured at cost and are assessed for indicators of impairment at the end of each reporting period. Investments in subsidiaries are derecognised on date of disposal and the difference between the carrying amount and consideration received is recognised in profit and loss.

Investments in associates are accounted for at cost to the Company.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

SUBSIDIARY COMPANY LOANS

Subsidiary company loans are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. The Company assesses on a forward looking basis the expected credit losses, defined as the contractual cashflows and the cashflows that are expected to be received associated with its assets at amortised cost.

Intercompany loans are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for subsidiary loans receivable is calculated based on 12 month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either 12 month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is in arrears for more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

FINANCE COSTS

Finance costs include the borrowing costs on bank overdrafts and interest on inter-company loans which are recognised in profit or loss using the effective interest method.

DIVIDENDS INCOME

Dividends received from subsidiary companies are recognised when the right to receive payment is established.

DIVIDENDS DECLARED

The liability for dividends and related taxation thereon is raised only when the dividend is declared.

FOREIGN EXCHANGE

Monetary assets and liabilities are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into US Dollars at the rate ruling at the date of transaction. Exchange differences are taken into account in arriving at operating profit or loss.

TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws substantially enacted by the Balance Sheet date.

Deferred taxation is provided in full on timing differences that 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 rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

FRS101 EXEMPTIONS

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement, related party transactions with entities that are part of the Datatec Group or investees of the Datatec Group, standards not yet effective and disclosure of financial instruments. No separate reconciliation of opening equity on the transition date under previous UK GAAP to that under FRS101 has been provided, and no comparatives have been restated.

Where relevant, equivalent disclosures have been given in the group accounts of Datatec Limited which are available on its website: www.datatec.com

40. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 39, the directors are required to make judgements, estimates and assumptions which may affect the application of accounting policies and reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Management believes that while actual results may differ from these estimates, such judgements and estimates are reasonable.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key areas of estimation included in the financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Goodwill and other intangible assets

Determination of the carrying value of goodwill (Note 42)
Determining whether goodwill is impaired requires an estimate of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Deferred tax assets

Estimates made in determining the probability of future taxable income are made on the basis of the budgets and forecasts authorised by directors as well as considering the likely movement in subsequent periods based on growth given from known internal and external factors, thereby justifying the recognition of deferred tax assets included in the balance sheet (disclosed in note 56).

Impairment reviews

Estimates made in determining the recoverable amount of inter-company receivables and investments included in the statement of financial position. The Company continually assesses the carrying value of its inter-company receivables and investments recognised as part of historical acquisitions. This requires an estimation of the value in use, based on estimated future cash flows and discount rates relating to the inter-company receivables and payables.

41. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average monthly number of employees (including executive directors) is shown below:

	2022 Number	2021 Number
Distribution	**87**	87
Professional services	**228**	151
Sales and marketing	**732**	726
Administration	**190**	185
	1,237	**1,149**

The result for the year includes the following staff expense:	2022 $'000	2021 $'000
Wages and salaries	**89,079**	78,361
Social security costs	**15,687**	14,458
Other pension costs	**3,500**	3,365
	108,266	**96,184**

Directors' remuneration

UK directors' remuneration comprised:	2022 $'000	2021 $'000
Emoluments	**1,073**	834
Employer's contribution to pension schemes	**72**	59
	1,145	**893**

The disclosure above relates to 1 director (2021: 1). No share options were exercised by the highest paid director during the year (2021: None). The other Directors are paid by the company that employs the Director and no amount is recharged to Westcon Group European Operations.

42. GOODWILL

	$'000
Cost and Carrying amount	
At 28 February 2022 and 28 February 2021	**54,567**

Goodwill is monitored by management at the cash generating unit (CGU) level by region. All of the goodwill is allocated to the CGU "European operations".

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount of goodwill is determined from the value in use.

The key assumptions for the value in use calculations are those regarding discount rates and growth rates. Management estimate discount rates using after tax rate of returns that reflect the current market assessments of the time value of money and the risks specific to the various cash generating units to which goodwill is attributable.

The Company prepares cash flow forecasts derived from the most recent financial budgets approved by the management for the subsequent year and extrapolates cash flows for the following 8 years based on growth rates relevant to the markets relating to the goodwill. 8 years is considered to be a suitable timeframe given the nature of the Company's operations as a value-added distributor.

42. GOODWILL (continued)

The pre-tax discount rate used in the current year impairment reviews for all cash generating units was 11.7% (2021: 11%). The growth rate used in the current year impairment reviews was 2% throughout the model and into perpetuity.

As a result of the impairment analyses, it was concluded that no impairments were required to be recorded in the year. The resulting value-in-use calculations are sensitive to changes in the timing or quantum of future cash flows and weighted average cost of capital. Changes in one or more of these inputs to management's estimations could result in the recognition of an impairment charge.

Sensitivity analysis
A decrease in the normalised EBITDA of the Company by 10% or an increase in the discount rate by 2% (to 13.7%) would result in no impairment.

43. OTHER INTANGIBLE ASSETS

	Software Development	Acquired relationships	Total
	$'000	$'000	$'000
Cost			
At 1 March 2020 and 1 March 2021	**38**	**23,663**	**23,701**
Disposals	(38)	(23,663)	(23,701)
At 28 February 2022	**0**	**0**	**0**
Amortisation			
At 1 March 2020	**(38)**	**(23,155)**	**(23,193)**
Charge for the year	-	(338)	(338)
At 1 March 2021	**(38)**	**(23,493)**	**(23,531)**
Charge for the year	-	(170)	(170)
Disposals	38	23,663	23,701
At 28 February 2022	**-**	**-**	**-**
Carrying amount			
At 28 February 2022	**-**	**-**	**-**
At 28 February 2021	-	170	170
At 29 February 2020	-	508	508

Acquired relationships represent discounted cash flows from estimated recurring revenue streams from customers and vendor contracts held by subsidiaries previously acquired by the Company. The relationships are amortised over their estimated useful economic lives, which is on average ten years. Acquired relationships exist where the acquired subsidiary has been hived into the Company post acquisition.

Software development represents the creation of separately identifiable software projects.

Amortisation is charged to the income statement within operating expenses.

44. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Fixtures & fittings	Office & Computer equipment	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 March 2020	**19,803**	**2,324**	**3,223**	**25,350**
Additions	132	-	65	197
Transfers	376	-	(376)	-
Disposals	-	(5)	-	(5)
At 28 February 2021	**20,311**	**2,319**	**2,912**	**25,542**
Additions	-	-	433	433
Disposals	(4,241)	(476)	(68)	(4,785)
At 28 February 2022	**16,070**	**1,843**	**3,277**	**21,190**
Accumulated depreciation				
At 1 March 2020	**(16,561)**	**(2,142)**	**(1,694)**	**(20,397)**
Charge for the year	(1,058)	(61)	(455)	(1,574)
At 1 March 2021	**(17,619)**	**(2,203)**	**(2,149)**	**(21,971)**
Charge for the year	(619)	(41)	(432)	(1,092)
Disposals	4,241	476	68	4,785
At 28 February 2022	**(13,997)**	**(1,768)**	**(2,513)**	**(18,278)**
Carrying amount				
At 28 February 2022	**2,073**	**75**	**764**	**2,912**
At 28 February 2021	2,692	116	763	3,571
At 29 February 2020	3,242	182	1,529	4,953

Depreciation is charged to the income statement within operating expenses.

45. INVESTMENTS IN SUBSIDIARIES

The Company has investments in the following subsidiary undertakings:

Subsidiary undertaking	Address of the registered office	County of incorporation	Principle Activity	Date of acquisition	Ownership of Ordinary shares
WGEO Switzerland GmbH	Gebaude Balsberg, Balz Zimmerman Strasse 7, Floor No 4, Office No4313, Kloten Zurich	Switzerland	IT Distribution	10/08/2012	100%
Westcon Group Austria GmbH	Brown-Boveri-Strasse, 6 Top 15/16 A-2351 Wiener Neudorf, Austria	Austria	IT Distribution	16/07/2012	100%
Westcon Group Germany GmbH	Franklinstrasse 28-29, D-10587 Berlin, Germany	Germany	IT Distribution	30/06/2014	100%
Westcon Group Italia Srl	Viale Colleoni, 15, Palazzo Orione - Scala 2, 20041 Agrate Brianza, Mila	Italy	IT Distribution	01/11/2016	100%
Westcon Group Portugal Sociedade Unipessoal Limitada	Rua Ivone Silva - Edificio Arcis, 6-6oD, Lisboa, Portugal	Portugal	IT Distribution	01/11/2016	100%
Westcon Group Poland Sp Zoo	ul. Wisniowy Business Park, Budynek E, ul. Iłżecka 26, 02-135 Warszawa	Poland	IT Distribution	01/11/2016	100%
Westcon Group Africa Operations Limited	Merchants House, Wilkinsons Road, Love Lane Industrial Estate, Cirencester, Gloucestershire GL7 1YT	UK	IT Distribution	28/11/2018	100%
Westcon Group Middle East Holdings Limited	Merchants House, Wilkinsons Road, Love Lane Industrial Estate, Cirencester, Gloucestershire GL7 1YT	UK	IT Distribution	30/10/2018	100%
Westcon Denmark ApS	Egegardsvej 39C, stuen, 2610 Rodovre	Denmark	IT Distribution	16/07/2019	100%
Westcon Group Norway AS	Strandvein 15B, 1366 Lysaker, 3024 Baerum, Norway	Norway	IT Distribution	01/10/2019	100%
Westcon Group Netherlands B.V.	Loodsboot 19, 3991 CJ, Houten, The Netherlands	Netherlands	IT Distribution	31/10/2019	100%

The Company has branches located in Belgium, Czech Republic, France, Norway, Netherlands, Spain and Sweden.

45. INVESTMENTS IN SUBSIDIARIES (continued)

	Subsidiary Undertaking s $'000
Cost and Net book value	
At 28 February 2021	53,459
Impairment	(25,549)
Other adjustments	43
At 28 February 2022	**27,953**

During the year an impairment of $25,549k was made to the investment in Westcon Group Middle East Holdings Limited following the receipt of a dividend from that company.

46. RIGHT-OF-USE ASSETS

	Property	Motor Vehicles	Office & Warehouse Equipment	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 March 2020	**20,095**	**3,965**	**95**	**24,155**
Additions	7,208	1,981	240	9,429
Disposals	(1,668)	(1,401)	(94)	(3,163)
At 28 February 2021	**25,635**	**4,545**	**241**	**30,421**
Additions	3,651	1,260	-	4,911
Disposals	(3,758)	(473)	-	(4,231)
At 28 February 2022	**25,528**	**5,332**	**241**	**31,101**
Accumulated depreciation				
At 1 March 2020	**(3,772)**	**(1,541)**	**(50)**	**(5,363)**
Charge for the year	(3,452)	(1,486)	(111)	(5,049)
Impairment charge to restructuring costs	(609)	-	-	(609)
Disposals	1,145	1,046	61	2,252
At 28 February 2021	**(6,688)**	**(1,981)**	**(100)**	**(8,769)**
Charge for the year	(3,231)	(1,418)	(58)	(4,707)
Disposals	531	420	-	951
At 28 February 2022	**(9,388)**	**(2,979)**	**(158)**	**(12,525)**
Carrying amount				
At 28 February 2022	16,140	2,353	83	18,576
At 28 February 2021	18,947	2,564	141	21,652
At 29 February 2020	16,323	2,424	45	18,792

47. INVENTORIES

	2022 $'000	2021 $'000
Goods held for resale	**11,856**	12,443

The Company has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of $271,800,000 (FY21: $240,500,000) which extends payment terms to 60 and 90 days respectively. The agreement may be cancelled at any time with a 60-day notice by either the Company or the vendor. The value outstanding is included in trade payables per note 50. Purchases within 0 to 30 days are described as unfunded and are also included in trade payables.

Included in cost of sales during the year is $143k (2021: $700,000) relating to a write-down of inventories due to the inclusion of an obsolescence provision.

48. TRADE AND OTHER RECEIVABLES

	2022 $'000	2021 $'000
Trade receivables	328,653	334,144
Allowance for doubtful debts	(5,766)	(6,272)
Net accounts receivable	**322,887**	**327,872**
Amounts owed by Group undertakings	56,949	40,333
Other receivables	31,148	1,029
Corporation tax receivable	1,095	2,351
Prepayments	12,684	16,163
Derivative financial instruments	5,913	1,077
	430,676	**388,825**

Trade receivables are measured at amortised cost.

No trade receivables fall due after more than one year (2021: None).

The average credit period taken on sales of goods, calculated by reference to gross sales value, is 70 days (2021: 75 days). Any receivable deemed to be a risk by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position is provided for specifically at management discretion.

Before accepting any new customer, the Company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed at least once a year. There are no customers who represent more than 10 percent of the total balance of trade receivables.

See note 58 for the terms of amounts owed by Group undertakings.

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Company holds collateral in the form of a credit insurance policy against debtors. The credit insurance held covers $275,499k of the total trade receivables value (2021: $296,400k).

The Directors consider that the carrying value of trade receivables approximates their fair value.

49. TRADE AND OTHER PAYABLES

	2022	2021
	$'000	$'000
Creditors: amounts falling due within one year		
Trade payables	47,508	47,660
Amounts owed to group undertakings	263,966	223,215
Other taxation and social security	42,209	41,404
Accruals and deferred income	27,107	48,372
Derivative financial instruments	287	883
	381,077	**361,534**
Creditors: amounts falling due after more than one year		
Accruals and deferred income	**4,905**	**4,833**

The number of days credit taken at year-end for trade purchases for the Company was 5 days (2021: 36 days). The Directors consider that the carrying amount of trade payables approximates to fair value.

The Company has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of $271,800,000 (FY21: $240,500,000) which extends payment terms to 60 and 90 days respectively. The agreement may be cancelled at any time with a 60-day notice by either the Company or the vendor. The value outstanding is included in trade payables. Purchases within 0 to 30 days are described as unfunded and are also included in trade payables.

Amounts owed to group undertakings are undertaken on an arm's length basis with no interest charged and are repayable on demand where credit terms are not otherwise agreed.

Deferred income relates to payments received from customers where there is still a commitment to complete the performance obligation. Revenue is only recognized once the performance obligation has been satisfied. There is none due to be recognized in more than 5 years.

Included within accruals and deferred income is $4,905,000 (2021: $4,833,000) that is expected to be recognized in more than one year and is therefore recognized in non-current liabilities. The amount of deferred income that is expected to be recognized in less than one year and recognized in current liabilities is $7,509,000 (2021: $10,151,000).

50. LEASE LIABILITIES

	2022	2021
	$'000	$'000
Analysed as:		
Non-current	15,229	19,826
Current	4,216	4,465
	19,445	**24,291**

The Company's lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rates as at the inception of a lease. Incremental borrowing rates have been determined based on country-specific factors and vary across the Company. The weighted average incremental borrowing rates applied to the lease liabilities during the financial year was 4.5%.

Generally, these lease contracts are entered into for fixed periods but may have extension options. The Company's finance lease arrangements include immaterial variable lease payments. No residual value guarantees have been provided.

51. BORROWINGS

Amounts due for settlement in less than 12 months	2022 $'000	2021 $'000
Invoice assignment facilities	97,530	112,899
	97,530	**112,899**

The Company has a €375,000,000 invoice assignment with recourse facility (alongside Westcon Group Germany GmbH and Westcon Group Italia SRL) with a European banking syndicate, led by Crédit Agricole Leasing & Factoring ("CALEF"). The committed facility is secured on the Company's trade receivables. This facility is secured by a fixed and floating charge over all the assets in Westcon Group European Operations Limited. The facilities bear interest at 3 month Euribor + 0.9% for receivables denominated in EUR, 3 month 3 month TSRR + 0.9% for receivables denominated in GBP, 3 month Libor USD + 0.9% for receivables denominated in USD and SARON + 0.9% for receivables denominated in CHF.

The facility is a with recourse facility that means the Company remains liable for the credit risk and collection activity of the trade receivables. Accordingly the trade receivables are not derecognized from the Company's balance sheet on assignment to CALEF, and the funds received in advance are recognized as a borrowing that is classified as a short term financial liability in the financial statements.

In the 2022 reporting period, Westcon Group European Operations entered into various arrangements with Levantor Capital Limited of US$65.7 million, bearing interest at 3.25%. The maximum facility is US$65.7 million (FY21: US$nil). These are rolling facilities and at 28 February 2022, US$12.9 million was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US$52.8 million.

52. PROVISIONS

Movements in each class of provision during the financial year are set out below:

	Asset retirement obligations $'000	Restructuring obligations $'000	Total $'000
Carrying amount at start of year	2,967	2,368	5,335
Transferred from accruals	20	1	21
Amounts used in the year	(18)	(1,887)	(1,905)
Carrying amount at end of year	**2,969**	**482**	**3,451**

Asset retirement obligations
The Company is required to restore it's leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the costs of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

The asset retirement obligation is fully due in more than 12 months due to the terms of the leased premises.

Restructuring obligations
A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity. The remaining provision is expected to be fully utilised over the next 12 months.

53. SHARE CAPITAL

	2022 $	2021 $
Issued and fully-paid		
113 (2021:112) ordinary shares of $1.60 each	181	179

On 31 January 2022 one additional ordinary share was issued for $20M. The difference between the consideration and the nominal value of the share issued has been credited to the share premium account.

54. SHARE PREMIUM

	2022 $'000	2021 $'000
Balance at 1 March	44,697	114,697
Share premium cancellation	-	(70,000)
Share issue	20,000	-
Balance at 28 February	**64,697**	**44,697**

During the prior year the Company applied for the reduction of the Share premium account by $70,000,000. The impact of the application is to reduce Share Premium and increase distributable reserves.

55. DEFERRED TAXATION

The movement on deferred tax assets is shown below:	**2022 $'000**	**2021 $'000**
At 1 March	8,299	4,139
Tax losses - credit to the income statement	8,500	4,000
Other timing differences – credit/(debit) to the income statement	1	(109)
At 28 February	**16,800**	**8,299**

Deferred tax is provided as follows:		**2021 $'000**
Tax losses	16,500	8,000
Other timing differences	300	299
Deferred tax asset	**16,800**	**8,299**

The Company has recognised a deferred tax asset on the basis that sufficient future taxable profits are forecasted to enable utilisation of this asset.

In addition to the above recognised deferred tax asset, there are further tax losses equivalent to an unrecognized asset of $10,936k (2021: $14,300k). The deferred tax asset is expected to be recovered or settled more than twelve months after the reporting period.

The movement on deferred tax liabilities is shown below:	**2022 $'000**	**2021 $'000**
At 1 March	52	153
Goodwill and intangibles - credit to the income statement	(52)	(101)
At 28 February	-	52

Deferred tax is provided as follows:	**2022 $'000**	**2021 $'000**
Goodwill and intangibles	-	52
Deferred tax liabilities	-	52

56. POST BALANCE SHEET EVENTS

There have been no material post balance sheet events.

57. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company and controlling party is Datatec Limited, a company registered in South Africa listed on the Johannesburg stock exchange. The financial statements of Datatec Limited may be obtained from the website www.datatec.co.za or alternatively may be obtained via mail from Ground Floor, Sandown Chambers, Sandown Village, 16 Maude Street, Sandown, South Africa.

The immediate parent company is Westcon International Limited, a company incorporated in the United Kingdom.

The largest and smallest Group of undertakings for which Group accounts have been drawn up is that headed by Datatec Limited, a company registered in South Africa.