

AZEGO TS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

AZEGO TS LIMITED

COMPANY INFORMATION

Directors	Mr R A Arbuckle Mr S J Dopson
Company secretary	Mr R A Arbuckle
Registered number	03220592
Registered office	7 Ely Road Theale Reading England RG7 4BQ
Independent auditors	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

AZEGO TS LIMITED

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AZEGO TS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

Azego TS Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 7, Ely Road, Theale, Reading, Berkshire, RG7 4BQ.

The principal activity of the Company is that of distribution of electronic equipments.

Business review

The objective of the Company is to be a leading independent distributor of electronic components.

During the reporting period, the Company was successful in meeting the demand for electronic components to its existing customers by sourcing supply using its global network.

During 2021 and 2022, the global demand for semiconductors increased significantly, linked to the increased demand for smart electric cars, mobile devices and IoT devices. This, along with manufacturing issues in Asia, put pressure on the supply chains and increased prices. 2023 has seen demand reduce down to a level more commonly seen within the industry.

Principal risks and uncertainties

The Company monitors risk with a range of processes, including monthly operation and finance reviews.

The directors have identified the following risks as those significant to the prospects of the business:

Supply chain risks

The Company has developed an agile approach to procurement and good relationships with suppliers to enable it to react to supply chain disruptions arising from demand fluctuations, natural disasters and COVID shutdowns. The Company has a sophisticated stock management system that supports the business in managing and monitoring supply.

Price Risks

In 2022, the industry faced supply chain issues which increased the prices of components and products. Transport and overhead expenses were impacted by the energy price increase resulting from Russia's invasion of Ukraine and the gas shortage. To mitigate the price risk, the Company has stock level controls in place and does not hold stock for long periods of time. As above, prices have started to return to normal levels.

Interest Rate Risk

Inflationary pressures have started to ease in 2023, but interest rates are expected to remain high for the foreseeable future. The Company has significantly reduced its debt and has invested cash into interest bearing accounts to mitigate the risk of moderate interest rate increases.

Future developments

The Directors are not aware of any future developments that would impact their business, although uncertainty within the the global socio-economic environment will impact their results.

AZEGO TS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Financial key performance indicators

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

	2023	2022
£'000		
Turnover	27,536	104,989
EBITDA*	3,666	23,410

See commentary above regarding the results for the year.

*Earnings before interest, tax, depreciation and amortisation.

This report was approved by the board and signed on its behalf.

Mr S J Dopson
Director

Date: 22 July 2024

AZEGO TS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Directors

The directors who served during the year were:

Mr R A Arbuckle
Mr S J Dopson

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Blick Rothenberg Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

AZEGO TS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

This report was approved by the board and signed on its behalf.

Mr S J Dopson
Director

Date: 22 July 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZEGO TS LIMITED

Opinion

We have audited the financial statements of Azego TS Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZEGO TS LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AZEGO TS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZEGO TS LIMITED (CONTINUED)

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 Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HM Revenue and Customs.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZEGO TS LIMITED (CONTINUED)

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

Use of our report

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

Mahmood Ramji (Senior Statutory Auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants & Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

22 July 2024

AZEGO TS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023	2022
		£	£
Turnover	4	27,535,887	104,988,586
Cost of sales		(19,952,395)	(77,653,543)
Gross profit		7,583,492	27,335,043
Administrative expenses		(4,266,008)	(4,379,033)
Other operating income	5	115,308	168,000
Operating profit	6	3,432,792	23,124,010
Income from fixed assets investments	10	51,013	-
Interest receivable and similar income	11	132,470	-
Interest payable and similar expenses	12	(26,654)	(37,504)
Profit before tax		3,589,621	23,086,506
Tax on profit	13	(685,910)	(4,410,685)
Profit for the financial year		2,903,711	18,675,821

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 12 to 23 form part of these financial statements.

AZEGO TS LIMITED
REGISTERED NUMBER: 03220592

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	15	621,372	1,374,568
Investments	16	390	7,807
		621,762	1,382,375
Current assets			
Stocks	17	1,254,563	2,945,610
Debtors: amounts falling due within one year	18	3,044,874	15,422,316
Cash at bank and in hand	19	6,150,353	8,146,809
		10,449,790	26,514,735
Current liabilities			
Creditors: amounts falling due within one year	20	(8,379,699)	(13,867,527)
		2,070,091	12,647,208
Net current assets			
		2,691,853	14,029,583
Total assets less current liabilities			
Provisions for liabilities			
Deferred tax	21	(128,935)	(314,577)
		2,562,918	13,715,006
Net assets			
Capital and reserves			
Called up share capital	22	50,000	50,000
Share premium account	23	15,002	15,002
Profit and loss account	23	2,497,916	13,650,004
		2,562,918	13,715,006

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr S J Dopson
Director

Date: 22 July 2024

The notes on pages 12 to 23 form part of these financial statements.

AZEGO TS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2023	50,000	15,002	13,650,004	13,715,006
Profit for the year	-	-	2,903,711	2,903,711
Dividends: Equity capital	-	-	(14,055,799)	(14,055,799)
At 31 December 2023	50,000	15,002	2,497,916	2,562,918

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2022	50,000	15,002	10,217,301	10,282,303
Profit for the year	-	-	18,675,821	18,675,821
Dividends: Equity capital	-	-	(15,243,118)	(15,243,118)
At 31 December 2022	50,000	15,002	13,650,004	13,715,006

The notes on pages 12 to 23 form part of these financial statements.

AZEGO TS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

Azego TS Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 7, Ely Road, Theale, Reading, Berkshire, RG74BQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Azego Group Holdings Limited for the period ended 31 December 2023 and these financial statements may be obtained from their registered office.

2.3 Going concern

The Directors have considered the ability of the Group and Company to continue trading for the foreseeable future. This review has included cash flow forecasts and projections for at least twelve months from the date of signing the financial statements. Based on this review and taken together with existing financing facilities and cash position the Directors believe that the financial statements have been prepared appropriately on the going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.4 Foreign currency translation (continued)

qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Turnover represents amounts recoverable for the distribution of electronic components net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the risks and rewards or ownership of the goods have passed to the buyer.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	- 2% per annum
Land	- Not depreciated
Leasehold property	- 10% per annum
Plant and machinery	- 25% per annum
Motor vehicles	- 25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount 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 that are considered to be relevant. Actual results may differ from these estimates.

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

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Stock provision

The Company establishes provisions based on reasonable estimates. Factors considered in the determination of net realisable value are the ageing, category and condition of inventories, recent inventory utilisation and forecasts of projected inventory utilisation. Reviews of provisions held against damaged, obsolete and slow-moving inventory are carried out at least quarterly by management and these reviews require the application of judgment and estimates. Changes to these estimates could result in changes to the net valuation of inventory.

Bad debt provision

The Company establishes provisions based on reasonable estimates. The Company makes specific provisions when it is probable that complete recovery of amounts due from trade debtors will not be made. Reviews of provisions held against customer accounts are carried out at least quarterly by management who consider cash inflows, historic recoveries and market information.

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. Turnover

An analysis of turnover by class of business is as follows:

	2023	2022
	£	£
Distribution of electronic equipment	<u>27,535,887</u>	<u>104,988,586</u>

Analysis of turnover by country of destination:

	2023	2022
	£	£
United Kingdom	14,985,052	39,388,776
Rest of the World	12,550,835	65,599,810
	<u>27,535,887</u>	<u>104,988,586</u>

5. Other operating income

	2023	2022
	£	£
Management recharges	<u>115,308</u>	<u>168,000</u>

6. Operating profit

The operating profit is stated after charging:

	2023	2022
	£	£
Depreciation	182,336	167,176
Exchange differences	(299,114)	(3,345,686)
Other operating lease rentals	<u>173,889</u>	<u>153,822</u>

7. Auditors' remuneration

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2023	2022
	£	£
Wages and salaries	2,532,660	6,020,657
Social security costs	357,593	608,099
Cost of defined contribution scheme	40,000	215,480
	<u>2,930,253</u>	<u>6,844,236</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023	2022
	No.	No.
Average No. of Employees	<u>34</u>	<u>37</u>

9. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	16,848	16,848
Company contributions to defined contribution pension schemes	40,000	176,051
	<u>56,848</u>	<u>192,899</u>

The Directors are considered to be the key management personnel.

10. Income from investments

	2023	2022
	£	£
Dividends received from unlisted investments	<u>51,013</u>	<u>-</u>

11. Interest receivable and similar income

	2023	2022
	£	£
Bank interest receivable	<u>132,470</u>	<u>-</u>

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12. Interest payable and similar expenses

	2023	2022
	£	£
Bank interest payable	8,038	10,160
Other interest payable	18,616	27,344
	26,654	37,504

13. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	871,552	4,399,782
Deferred tax		
Origination and reversal of timing differences	(185,642)	10,903
	685,910	4,410,685

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

	2023	2022
	£	£
Profit on ordinary activities before tax	3,589,621	23,086,506
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	844,299	4,386,436
Effects of:		
Expenses not deductible for tax purposes	45,934	(41,232)
Fixed asset differences	(193,337)	(10,139)
Higher rate taxes on overseas earnings	-	22,544
Other differences leading to an increase (decrease) in the tax charge	-	50,460
Remeasurement of deferred tax for changes in tax rates	(10,986)	2,616
	685,910	4,410,685

Factors that may affect future tax charges

The main rate of corporation tax will rise from 19% to 25% from 1 April 2023. On this basis deferred tax is provided at the future rate of 25%.

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

14. Dividends

	2023 £	2022 £
Dividends	<u>14,055,799</u>	<u>15,243,118</u>

15. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Office equipment £	Total £
Cost or valuation				
At 1 January 2023	833,195	598,551	764,361	2,196,107
Additions	-	7,475	144,408	151,883
Disposals	(833,195)	-	-	(833,195)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	-	606,026	908,769	1,514,795
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2023	110,452	230,900	480,187	821,539
Charge for the year on owned assets	-	59,980	122,356	182,336
Disposals	(110,452)	-	-	(110,452)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	-	290,880	602,543	893,423
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2023	<u>-</u>	<u>315,146</u>	<u>306,226</u>	<u>621,372</u>
At 31 December 2022	<u>722,743</u>	<u>367,651</u>	<u>284,174</u>	<u>1,374,568</u>

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

16. Fixed asset investments

	Fixed asset investments £
Cost or valuation	
At 1 January 2023	7,807
Disposals	(7,417)
	390
At 31 December 2023	390

At 1 January 2023, the company had a 100% holding in Azego TS Europe Limited. During 2023, the company disposed of part of its investment and at the year end holds 5%.

17. Stocks

	2023 £	2022 £
Raw materials and consumables	1,254,563	2,945,610

18. Debtors

	2023 £	2022 £
Trade debtors	2,325,851	14,575,745
Amounts owed by group undertakings	627,522	755,451
Prepayments and accrued income	91,501	91,120
	3,044,874	15,422,316

The amounts owed by group undertakings are interest free and repayable on demand.

19. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	6,150,353	8,146,809

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

20. Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	371,716	2,283,359
Amounts owed to associated undertakings	661,395	454,805
Corporation tax	89,951	799,783
Other taxation and social security	185,822	947,002
Other creditors	5,908,258	7,220,120
Accruals and deferred income	1,162,557	2,162,458
	8,379,699	13,867,527
	8,379,699	13,867,527

The amounts owed to associated undertakings are interest free and repayable on demand.

21. Deferred taxation

	2023	2022
	£	£
At beginning of year	(314,577)	(303,674)
Charged to profit or loss	185,642	(10,903)
	(128,935)	(314,577)
At end of year	(128,935)	(314,577)

The provision for deferred taxation is made up as follows:

	2023	2022
	£	£
Accelerated capital allowances	(128,935)	(314,577)
	(128,935)	(314,577)

22. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
10,000 (2022 - 10,000) Ordinary shares of £1.00 each	10,000	10,000
40,000 (2022 - 40,000) Deferred shares of £1.00 each	40,000	40,000
	50,000	50,000
	50,000	50,000

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

23. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Profit and loss account

The profit and loss account represents all accumulated profits available for distribution to members, less profits distributed as dividends.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £40,000 (2022: £176,051). Contributions totalling £Nil (2022: £Nil) were payable to the fund at the balance sheet date.

25. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	99,860	106,815
Later than 1 year and not later than 5 years	344,203	364,000
Later than 5 years	-	75,833
	<u>444,063</u>	<u>546,648</u>

26. Related party transactions

The Company is exempt under FRS 102 section 33.1A from disclosing related party transactions with entities that are part of the Group, where 100% of the voting rights are controlled within the Group.

At the year end, the Company owed Azego TS Europe, a company which they hold 5% of the shares in, £661,395 (2022: £454,805). The amount owed is interest free and repayable on demand.

Included within other creditors at the year end is an amount of £5,861,746 (2022: £7,182,952) due to the Directors. These loans are interest free and repayable on demand.

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

27. Controlling party

The ultimate parent undertaking is Azego Group Holdings Limited which was incorporated on 4 October 2022 and will prepare consolidated accounts for the period ended 31 December 2023.

The ultimate controlling parties are the directors by virtue of their shareholding in Azego Group Holdings Limited. There is no single individual controlling party.

The largest and smallest group of undertakings for which group accounts for the period ending 31 December 2023 have been drawn up, is that headed by Azego Group Holdings Limited. Copies of the group accounts are available from Unit 7 Ely Road, Theale, Reading, RG7 4BQ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.