



Westcon Group European Operations Limited

Consolidated Annual Report and Financial Statements

28 February 2023



Registered number 04411285

WESTCON GROUP EUROPEAN OPERATIONS LIMITED CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 28 February 2023

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OPERATIONS LIMITED

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 28 February 2023

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

C G McGregor

D Grant

COMPANY SECRETARY

D O M Jones

REGISTERED OFFICE

Merchants House

Love Lane

Cirencester

Gloucestershire

England

GL7 1YG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

3 Forbury Place

23 Forbury Road

Reading

RG1 3JH

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STRATEGIC REPORT

For the year ended 28 February 2023

The directors present their strategic report on the Group for the year ended 28 February 2023 and on the position of the Group at the end of the financial year.

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:

OPERATIONS LIMITED

- Revenue growth across the Westcon International Limited group (the Group achieved 17.8% growth in FY23)
- Increased value of recurring revenues to 65% of gross sales (across the international group 53% was recurring in FY23). Recurring revenues are considered to be all revenues from cloud/SaaS, maintenance contracts, managed services, embedded support, helpdesk support and software under a term licence.
- Improve EBITDA as a proportion of reported gross margin to 35% (for the Group, normalised EBITDA was 9.5% of gross margin in FY23)
- Increase digital enablement of our transactions (in FY23 we improved automation through our digital investments in systems such as IView, Partner Central and continued API integration with our partners and vendors).
- Achieve 100% of our responsible business targets which include ESG measures (we continue to define the specific goals for each category of responsible business, and our overarching goal is to achieve 100% of these targets).

OPERATIONS LIMITED

GROUP STRATEGIC REPORT (continued)

For the year ended 28 February 2023

MARKETS OVERVIEW

The move to increased hybrid and home working following the 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 Group's hardware and software backlog remain elevated because of the semiconductor shortage and supply chain constraints.

BUSINESS & PERFORMANCE REVIEW

Despite significant supply chain disruptions, the Group's revenues for the year ended 28 February 2023 ("FY23") increased by \$379.3m due to strong demand for network infrastructure, remote access solutions with enhanced cyber security and unified collaboration for flexible working and virtual office environments.

The Group recorded a gross profit margin of 8.6%, a reduction from 9.8% in FY22. The significant strengthening of the US Dollar compared to the Pound Sterling and Euro during much of FY23 had a significant negative impact on gross margins in the Group, largely offset by realised and unrealised foreign exchange gains on hedging contracts. This was less pronounced in the second half of the financial year.

The Group's operating profit declined from \$10.1m to \$5.1m during the year. The fall was driven by a significant increase in sharebased payment expenses of \$23.0m (FY22: \$6.4m). The share-based payment charge was more than triple the equivalent charge in FY22 which reflects the increasing valuations of the Group's cash-settled share-based payment plans as results improve. The share-based payment charge in FY23 was exceptionally high following the strong growth in the valuation of the wider group and as the existing scheme neared maturity. The charge will be substantially lower in future years with a new scheme being introduced.

Normalised EBITDA, as defined on page 5, improved from \$39.6m to \$43.6m.

The Group continued to access working capital facilities during the year with an invoice assignment facility with a European banking syndicate, led by Crédit Agricole Leasing & Factoring ("CALEF") of 390.6m, as well as an Invoice Financing facility with Levantor Capital Limited. Finance costs increased from \$9.3m to \$15.1m in FY23 as underlying base rates increased the cost of borrowing for the Group. In March 2023 the Group reached agreement with CALEF to extend the terms of the existing facility out to September 2026.

Withholding taxes

As at 28 February 2022, the Group had a contingent liability in respect of a possible withholding tax obligation at its subsidiary in the Kingdom of Saudi Arabia, Westcon Saudi Company LLC ("Westcon KSA"). This relates to payments Westcon KSA has made in relation to the purchase of vendor software and maintenance services which have been resold to customers during the six years ended 31 December 2020. Westcon KSA strongly disagrees with the tax authority's assessments issued on 22 June 2021 and has submitted the necessary appeals. Following an unsuccessful attempt to utilise the alternative dispute resolution procedures the matter is now proceeding to court. The ongoing litigation with the KSA tax authorities is likely to continue beyond the next financial year end. A liability has been recognised for this matter.

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	2023	2022
Revenues (USD' 000)	2,517,441	2,138,147
Gross profit percentage	8.6%	9.8%
Operating profit (USD'000)	5,056	10,114
Operating profit %	0.2%	0.5%
Average number of employees	1,946	1,872

OPERATIONS LIMITED

GROUP STRATEGIC REPORT (continued)

For the year ended 28 February 2023

Operating profit per	(USD'000) employee	3	
	(USD'000)	5	
EBITDA (normalised)		43,576	39,582
Reconciliation of operating profit to normalised EBITDA			
		2023	2022
	USD'000		USD'000
Operating profit		5,056	10,114
Depreciation and impairments of property, plant and equipment and right of use assets		8,461	8,750
Amortisation		6	1,676
EBITDA		13,523	20,540
Share based payments		23,047	6,442
Indirect taxes, sales taxes and withholding tax (see page 4)		7,006	12,600
EBITDA (normalised)		43,576	39,582

FUTURE OUTLOOK

We continue to see good momentum in demand for our technology solutions and services across the world. With the semiconductor shortage now easing, our operations remain well-positioned to service customers in their respective markets as we continue to actively manage supply chain headwinds.

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 will continue to prioritise financial and operating performance while investing in advanced systems and business automation which are accelerating its transformation into the world's leading, data driven technology provider and specialist distributor of cyber security and networking solutions.

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, cybersecurity risks, employee retention, business transformation, systems implementation, and macro-economic changes.

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 balances. 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, 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 AND POLICIES

OPERATIONS LIMITED

GROUP STRATEGIC REPORT (continued)

For the year ended 28 February 2023

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 continued available of core facilities. In March 2023 the Group reached agreement with CALEF to extend the terms of the existing facility out to September 2026.

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.

OPERATIONS LIMITED

GROUP STRATEGIC REPORT (continued)

For the year ended 28 February 2023

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

Recruiting the best talent

The Groups strategy clearly articulates that the core strength of its business is its people. Attracting, developing and retaining the best employees across its international business will enable The Group to deliver its business priorities and goals. With the effects of the global pandemic, we are committed to establishing and maintaining a hybrid working environment with remote/home working flexibility as a part of our talent retention approach in a changing world of "work is what you do...not where you do it".

Supportive environment

The Group believes in creating an inclusive, supportive and forward-thinking working environment which helps people succeed and excel in a highly competitive marketplace. This is underpinned by its values which are the heart of everything it does – partnership, excellence, innovation, empowerment and integrity. Employee recognition gifts are sent to employees at key personal landmark moments. We provide the support and tools for staff to develop their professional skills, further their career and enhance their leadership capabilities.

Employee wellbeing is a priority, encompassing physical, mental & emotional, community & social, as well as financial well being. We are committed to the wellbeing vision that will enable the business to support all of our employee's health and talent outcomes to maintain long-term performance and achieve our strategic business objectives.

Mental health awareness is now a year-round focus with regular communications and events, including mindfulness, yoga sessions, support and advice, hints, and tips. We are 'Lively', our health and fitness app, encouraging individual fitness and competition.

Employee engagement is a key focus; as part of this, we conduct our annual employee survey to understand better employee morale, satisfaction, and engagement at Westcon-Comstor. We encourage open and honest feedback, which is fundamental to shaping the way we develop our company. Survey responses have been instrumental in setting direction for future key focus areas and ultimately making Westcon-Comstor more successful and an even better place to work.

Diversity and inclusion

The Groups internal culture is built on a foundation of inclusion. The core values of excellence, innovation, partnership, integrity and empowerment make up its DNA and are the anchor tenets of our organisation, diversity and broad cultural spectrum.

The ONE Westcon programme raises awareness internally and supports in areas relating to diversify, inclusion and empowerment. Through the development of our Employee Resource Groups (ERGs), we provide a safe space where our stories can be heard, mentorship and education can be provided, and policy can be built upon, empowering us to reach our full potential and reflecting a true sense of community within our workforce.

The global ONE Westcon programme enables Westcon's people to celebrate our diversity globally and help ensure employees feel included and respected regardless of their age, gender, race, religion, sexual orientation, physical conditions, cultural background or country of origin.

As a global business, the Group believes that by providing an inclusive culture, its employees will be motivated to make outstanding contributions and that the best environment comes from a workforce that reflects the world around us. Different ideas and perspectives help the company innovate, learn, thrive and grow sustainably. That is why the executive team and the entire organisation are fully committed to creating a diverse and inclusive workplace.

The Company is committed to ensuring equal pay and continues to monitor potential differences in gender pay in adherence to government guidelines. Gender pay is broadly in line with the industry. However, a focus remains on encouraging more women

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GROUP STRATEGIC REPORT (continued)

For the year ended 28 February 2023

into technical support roles. Monitoring other personal characteristics can be challenging in different regions according to local data protection laws and is an area we continue to work on.

Diversity and disability practice

The employees of the Group are a significant asset, and their skills, commitment and motivations are highly valued. The Group places considerable value on the involvement of its employees. It keeps them informed on matters affecting them as employees and the various factors affecting the performance of the Company. 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 matters affecting their current and future interests. The Group has an equal opportunities policy, which applies to recruiting new employees and managing personnel. The Group offers all their staff training relevant to their roles. It is the Groups 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.

The Group creates value for its employees through engagement programmes, education, training and development, rewards and recognition and long-term and short-term incentive. This, in turn, ensures that the Groups employees are motivated and engaged and contribute positively to its 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.

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.

OPERATIONS LIMITED

GROUP STRATEGIC REPORT (continued)

For the year ended 28 February 2023

SOLVENCY

The Board has determined that the Group is solvent with net assets at 28 February 2023 of US\$89,372k and cash and cash equivalents of \$200,336k. The Group is expected to remain solvent over the next 12 months.

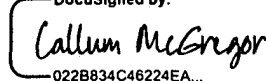
LIQUIDITY

The Group has an invoice assignment facility of EUR390.6 million for its European subsidiaries, as well as an extended payables facility of US\$105.0 million. In March 2023 the Group reached agreement with CALEF to extend the terms of the existing facility out to September 2026.

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:



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C G McGregor

Director

13 July 2023

OPERATIONS LIMITED

GROUP DIRECTORS' REPORT

For the year ended 28 February 2023

The directors present their report and the audited consolidated financial statements for the year ended 28 February 2023.

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:

- how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard on the principal decisions taken by the company during the financial year;
- 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 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 Europe 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 did not declare any dividend to Westcon International Limited, the parent company (2022: \$35,544k).

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.

POST BALANCE SHEET EVENTS

On 3 April 2023, the Company purchased the entire share capital of WestconGroup SA Proprietary Limited and Westcon Emerging Markets Group Proprietary Limited from Datatec Limited for a total consideration of ZAR 139,500,000 (approximately \$7.7m). These two businesses represent the South African business of Westcon that was previously held directly by Datatec Limited due to regulatory restrictions on the ownership of a South African business.

There are no other 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.

The Group made no political donations during the year.

Independent auditors' report to the members of Westcon Group European

GROUP DIRECTORS' REPORT (continued)

For the year ended 28 February 2023

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Consolidated Annual Report and Financial Statements 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:

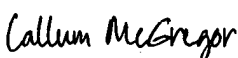
- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that 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:



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C G McGregor

Director

13 July 2023

OPERATIONS LIMITED

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 2023 and of the group's loss 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 as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 statement of financial position as at 28 February 2023; 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, 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 individually 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

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

Independent auditors' report to the members of Westcon Group European

Operations Limited (continued)

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 2023 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.. 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 any instances of fraud;

Independent auditors' report to the members of Westcon Group European

Operations Limited (continued)

- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- evaluation of management's controls designed to prevent and detect irregularities; auditing the risk of management override of controls,
- including through testing journal entries and other adjustments for appropriateness, testing estimates (because of the risk of
- management bias), and evaluating the business rationale of significant transactions outside the normal course of business; • reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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.

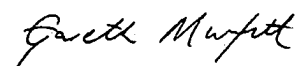
Other required reporting

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.



Gareth Murfitt (Senior Statutory Auditor) for and on
behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

14 July 2023

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2023

	Note	2023 US\$'000	2022 US\$'000
Revenue	2	2,517,441	2,138,147
Cost of sales		(2,300,580)	(1,928,040)
Gross profit		216,861	210,107
Operating costs	3	(179,673)	(181,089)
Net impairment of financial assets		(618)	(2,036)
Share-based payments	30	(23,047)	(6,442)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	3	13,523	20,540
Depreciation and amortisation	3	(8,467)	(10,426)
Operating profit	3 4	5,056	10,114
Interest income	4	235	86
Finance costs	5	(15,120)	(9,305)
Other income		804	374
(Loss) / profit before taxation		(9,025)	1,269
Taxation	6	(2,589)	2,301
(Loss) / profit for the year		(11,614)	3,570
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation to presentation currency		162	306
Total comprehensive (expense) / income for the year		(11,452)	3,876
Profit attributable to:			
Owners of the parent		(11,636)	3,529
Non-controlling interests		22	41
		(11,614)	3,570
Total comprehensive income/(expense) attributable to:			
Owners of the parent		(11,474)	3,835
Non-controlling interests		22	41
		(11,452)	3,876

Independent auditors' report to the members of Westcon Group European

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

As at 28 February 2023

	Note	2023 US\$'000	2022 Restated* US\$'000	2021 Restated* (Unaudited) US\$000
ASSETS				
Non-current assets		178,068	154,296	117,492
Goodwill	7	57,276	57,276	57,276
Property, plant and equipment	8	2,214	3,140	4,163
Right-of-use assets	9	20,855	21,695	25,801
Intangible assets	10	927	245	1,683
Investments	12	-	7,276	7,276
Deferred tax assets	13	-	18,985	10,825
Prepaid Expenses	18	23,188	10,300	7,894
Trade Receivables	17	12,859	33,002	-
Other non-current assets		59,474		
Current assets Inventories		1,275	2,377	2,574
Short-term intercompany loans and receivables	14	1,257,666	893,740	884,365
Investments	15	198,934	148,906	139,834
Trade receivables	16	20,725	12,963	10,121
Prepaid expenses	12	4,677	-	-
Other receivables	17	800,984	625,214	595,348
Current tax assets	18	22,368	19,957	21,415
Cash resources	19	6,699	10,182	5,162
	36	2,943	3,757	2,846
		200,336	72,761	109,639
Total assets		1,435,734	1,048,036	1,001,857
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent		95,036	106,510	118,220
Share Capital	20	-	-	-
Share premium		64,697	64,697	44,697
Non-distributable reserves		17,220	17,058	16,752
Distributable reserves		13,119	24,755	56,771
Non-controlling interests		(5,664)	(5,686)	(5,727)
Total equity		89,372	100,824	112,493
Non-current liabilities		91,134	64,991	35,753
Long-term interest-bearing liabilities	21	467	815	-
Lease liabilities	22	15,194	16,961	22,112
Deferred tax liabilities	13	374	312	448
Deferred revenue	26	15,130	12,891	9,858
Trade and other payables	23	56,987	31,230	3,335
Provisions	25	2,982	2,782	-
Current liabilities		1,255,228	882,221	853,611
Trade and other payables	23	932,032	678,003	629,716
Short-term interest-bearing liabilities	24	269,053	153,862	170,707
Lease liabilities	22	5,443	5,649	6,655
Deferred revenue	26	36,789	30,377	34,561
Provisions	25	2,493	3,304	4,204
Current tax liabilities		4,030	3,738	4,052
Bank overdrafts		5,388	7,288	3,716
	27			

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

Total equity and liabilities	1,435,734	1,048,036	1,001,857

* See note 38 for details regarding the restatement as a result of an error.

The loss attributable to the parent is \$11,636k (FY22: profit \$3,529k). The consolidated financial statements of Westcon Group European Operations Limited, registration number 04411285, on pages 15 to 69, were approved by the Board of Directors on 13 July 2023 and signed on its behalf:

DocuSigned by:

Callum McGregor
Callum McGregor, Director

Share Capital	Share premium	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Totalequity
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
-	44,697	16,752	56,771	118,220	(5,727)	112,493
-	20,000	-	-	20,000	-	20,000
-	-	-	(35,545)	(35,545)	-	(35,545)
-	-	-	3,529	3,529	41	3,570
-	-	306	-	306	-	306
-	64,697	17,058	24,755	106,510	(5,686)	100,824
-	-	-	(11,636)	(11,636)	22	(11,614)
-	-	162	-	162	-	162
-	64,697	2	1119	95,036	(5,664)	89,372

WESTCONGROUPEUROPEANOPERATIONSLIMITED
GROUPSTATEMENTOFCHANGESINEQUITY
Fortheyearended28February2023

Balanceat1March2021
Shareissue
Dividendpaidtoparentundertaking-
Profitandtotalcomprehensiveincomefortheyear
Differencesarisingontranslation
Balanceat28February2022
Loss)andtotalcomprehensiveincomefortheyear
Differencesarisingontranslation
Balanceat28February2023

WESTCON GROUP EUROPEAN OPERATIONS LIMITED

GROUP STATEMENT OF CASH FLOWS

For the year ended 28 February 2023

	Note	2023 USD'000	2022 USD'000
Operating activities			
Cash generated from operations	32	40,172	22,943
Interest income		1,013	465
Finance costs		(13,816)	(9,305)
Taxation paid	33	(5,704)	(7,239)
Settlement of share-based payment liabilities		-	(23)
Net cash generated from operating activities		21,665	6,841
Investing activities			
Purchases of property, plant and equipment	34	(407)	(367)
Additions to capitalised development expenditure		(688)	(239)
Inflow from investments (Angola government bonds)		2,598	-
Net cash outflow on related party loans		(1,893)	(5,668)
Net cash (used in)/generated from investing activities		(390)	(6,274)
Financing activities			
(Repayment)/proceeds from interest bearing liabilities		(245)	1,050
Repayment of lease liabilities - principal		(10,145)	(9,262)
Bank overdrafts repayable on demand under certain conditions ~		(1,900)	3,572
Net proceeds from shares issued to parent company		-	19,645
Dividends paid to shareholders		-	(35,545)
Net proceeds/ (repayment) of borrowings		119,150	(16,906)
Net cash (used in) / generated from financing activities		106,860	(37,445)
Net (decrease) / increase in cash and cash equivalents		128,135	(36,878)
Cash and cash equivalents at beginning of year		72,761	109,639
Translational differences on cash and cash equivalents		(560)	-
Cash and cash equivalents at end of year	36	200,336	72,761

+ Finance costs includes US\$1.3m (2022: US\$1.2m) of finance costs related to finance leases that are included in cash flows from operating activities. Refer to Note 4.

~ Finance costs include US\$11.0m (2022: US\$6.4m) interest on bank overdrafts repayable on demand under certain conditions. These finance costs are included in cash flows from operating activities.

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

I. 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 2023, with net assets of US\$89.4m (2022: US\$100.8m). 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 2026 and comprise a €390.6m customer invoice assignment facility and a \$105.0m supplier invoice facility. These financing facilities, as well as the strong operating cash flow generated during FY23, 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. Macro-economic factors have not been taken into account in the Group's annual forecasts and banking covenants.

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

Applicable standard or note	Amendment	Amendment application	Effective reporting period

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 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.	
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.	

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 years 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:

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

Applicable standard or note	Amendment	Amendment application	Effective reporting period
IAS 1 Presentation of Financial Statement	Classification of Liabilities as Current or Noncurrent	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 2024.	1 January 2024
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
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
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.

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 2023, are being evaluated for the impact of these pronouncements. Other than IAS 12 Income Taxes

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

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.

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

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 of 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 or the 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.
- Estimates made in determining the underlying forecasts used to determine the valuation of Westcon International for use in the Equity Appreciation Plan (EAP). The Group is required to make significant estimates in assessing the valuation of Westcon International to be able to compute the IFRS 2 charge thereof. An income approach is used with discounted cashflows for a five-year period. This involves obtaining a discount rate externally and determining long-term growth rates of revenue and EBITDA in the various countries where Westcon operates. Refer to Note 2 Share-based payments.

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

• 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 writeoff 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.

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

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.

Given these contracts are non-cancellable, 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.

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 noncurrent 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.

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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 FY23	Closing US\$ exchange rates FY23	Average US\$ exchange rates FY22	Closing US\$ exchange rates FY22
British Pound/US\$	1.21	1.21	1.37	1.33
Euro/US\$	1.05	1.06	1.17	1.11

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

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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.

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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.

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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.

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 difference 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.

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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

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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.

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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 Limited 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 Limited. In particular, Westcon Group European Operations Limited 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 Limited 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

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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.

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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.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

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 Limited's vendor maintenance revenue. A customer purchases a maintenance or service package from Westcon International Limited that is delivered over time directly by the vendor. Westcon International Limited 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 Limited 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

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software licence(s), whether perpetual or term licences (both on premise), 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. As detailed below, SaaS revenues are recognised net as agent.

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.

Anti-virus software is recognised net upfront given the ongoing updates and performance required from the vendor.

REVENUE FROM ANNUITY SERVICES

Revenue from software services

The Group sells cloud computing solutions which include IaaS and SaaS mainly sold by WGEO. 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.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

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.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

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2. REVENUE

The Group is operational in geographic locations including the United Kingdom, Europe (excluding UK) and Rest of the World. During the year the Group only had one principal activity. The revenue by geographic destination can be analysed as follows:

	2023	2022
	USD'000	USD'000
Europe	2,152,080	1,842,354
Middle East	290,486	235,158
Africa	74,875	60,635
	2,517,441	2,138,147

	2023	2022
	USD'000	USD'000
REVENUE		
Revenue from product sales	2,458,123	2,077,542
Revenue from sales of hardware	1,520,278	
Revenue from sales of software	883,062	1,256,192
Revenue from vendor resold services and product maintenance services	54,783	770,981
Timing of revenue from product sales		50,369
At a point in time		
Nature of revenue from product sales		
Principal	2,458,123	2,077,542
Agent		
Revenue from services		
Revenue from professional services	2,403,666	2,027,173
Timing of revenue from services	54,782	50,369
Over time		
Nature of revenue from services		
Principal	51,688	55,437
Revenue from annuity services		
Revenue from software services*		
Timing of revenue from annuity services	51,688	55,437
Point in time		
Nature of revenue from annuity services		
Agent	51,688	55,437
	7,630	5,168
	7,630	5,168
	7,630	5,168
	2,517,441	2,138,147

* Includes software as a service revenue.

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Registered number: 04411285

3. OPERATING PROFIT

	2023 USD'000	2022 USD'000
Operating profit is arrived at after taking into account the following items:		
Operating costs		
Auditors' remuneration		1,524
For the audit of the Company's annual financial statements	1,570	
Fees for additional statutory entities	1,489	1,456
Other services	81	48
Taxation services		20
Foreign exchange (gains)/losses (+)	(12,555)	(6,588)
Unrealised	5,731	(2,975)
Realised	(18,286)	(3,613)
Staff costs (^)		
Wages and salaries	123,999	128,37
Other pension costs	93,334 ¹	96,524
Social security costs	3,507	3,925
Other benefits	16,412	17,089
	10,746	10,833
Directors' emoluments (*)		1,145
Emoluments	1,301	1,073
Employer's contribution to pension schemes	1,238	72
	63	
Short-term lease payments		796
Management fees (-)	1,017	34,719
Other expenses	39,620	21,122
	24,830	
Total operating costs	179,673	181,089

^ 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 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

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overdrafts as disclosed on the statement of financial position) that have a different currency than 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)

	2023 USD'000	2022 USD'000
Staff costs		
Staff costs included in cost of sales		
Staff costs included in operating costs	22,038	21,88
	125,300	4
		128,4
		43
Total staff costs	147,338	150,327
Only one Director received remuneration from Westcon Group European Operations Limited. The other Director was remunerated by other group companies.		
Depreciation and amortisation		1,390
Depreciation: Property, plant and equipment	1,334	162
Office furniture, equipment and motor vehicles	132	430
Computer equipment	456	797
Leasehold improvements	740	1
Land and buildings	6	7,360
Depreciation: Right-of-use assets	7,127	2,056
Office furniture, equipment and motor vehicles	2,102	64
Computer equipment	48	5,240
Land and buildings	4,977	1,676
Amortisation	6	14
Amortisation of capitalised development expenditure	6	1,662
Amortisation of acquired intangible assets	6	
Total depreciation and amortisation	8,467	10,426

Average number of employees:

	2023 Number	2022 Number
Distribution	103	

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

Professional Services	325	105
Sales and marketing	1,233	270
Administration	285	1,228
		269
Total employees	1,946	1,872

4. NET FINANCE COSTS

	2023 USD'000	2022 USD'000
Finance costs		
Interest on short term interest-bearing liabilities and other trade finance		
Interest on lease liabilities	(12,564)	(6,870)
Amortisation of debt issuance costs	(1,252)	(1,233)
	(1,304)	(1,202)
	(15,120)	(9,305)
Interest income Other*		
	235	86
	235	86
Net finance costs	(14,885)	(9,219)

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

5. OTHER INCOME

	2023 USD'000	2022 USD'000
Interest income	778	

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NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

Other items	26	382
		(8)
	804	374

6. TAXATION

	2023 USD'000	2022 USD'000
6.1 Taxation (credit)/charge		
Current taxation Current year		
Prior year	5,435	4,594
Deferred taxation Current year	1,296	1,401
Prior year	(4,529)	(8,122)
	387	(174)
Total taxation (credit)/charge	2,589	(2,301)

6. TAXATION (continued)

	2023 %	2022 %	2023 USD'000	2022 USD'000
6.2 Reconciliation of taxation rate to profit / (loss) before taxation				
Profit / (loss) before tax			(9,025)	8,769
Weighted average statutory tax rate				2,760
Reconciling items expected to reoccur: Other non-deductible expenses and permanent differences (1)	(11.3)	31.5	1,016	1,064
Share-based payments (2)				
Non-recoverable withholding taxes (3)	(5.3)		474	(121)
Tax loss utilised/recognised (4)		12.1		599
Foreign taxation rate differential (5)	-		-	(5,154)
Tax losses and other deferred tax assets not recognised (6)	-	(1.4)	-	(17)
Rate adjustment (7)	6.7	6.8	(602)	855
Prior year adjustments (8)	0.5	(58.8)	(41)	(3,514)
	(15.5)	(0.2)	1,394	1,227
	14.8	9.8		
	(18.6)	(40.1)	(1,335)	
		14.1	1,683	
Effective taxation rate	(28.7)	(26.2)	2,589	(2,301)

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.

- (1): Includes entertaining expenses, donations, gifts, disallowed interest, legal expenses, disallowed customs duty costs, and the impact of foreign exchange movements.
- (2): 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.
- (3): Represents tax deducted on cross-border commercial payments that cannot be recovered directly from a tax authority or offset against other income tax liabilities.
- (4): Relates to the utilisation or recognition of tax losses and other timing differences that have not previously been recognised as a deferred tax asset.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

- (5): Related to tax arising on profits at a tax rate that differs from the local statutory rate of taxation.
- (6): 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.
- (7): 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.
- (8): 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.

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

6. TAXATION (continued)

	2023 USD'000	2022 USD'000
6.3 Taxation (credit)/charge by region:		
Europe		(3,102)
Middle East and Africa	1,318	801
	1,271	
Total taxation charge	2,589	(2,301)
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:		
	133,624	121,468
Future tax relief at a blended tax rate of 25.2% (FY22: 24.6%) is US\$33.6m (FY22: US\$29.9m). Deferred tax assets of US\$22.6m (FY22: US\$18.3 m) have been recognised in respect of a portion of these losses as set out in Note 13.	33,568	29,881

7. GOODWILL

	2023 USD'000	2022 USD'000
Net book value		
At the beginning of the year		57,276
Translation and other movements	57,276	-
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 cashgenerating unit ("CGU") level. Goodwill has been allocated for impairment testing purposes to the CGUs.

External valuations are obtained for the CGUs and compared to the corresponding net asset value, including goodwill. 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 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.

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.

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For the year ended 28 February 2023

Growth rates: Growth rates are based on budgeted figures and management estimates/assumptions in respect of the three- to five-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:

	Europe
2023	
Weighted average cost of capital (post-tax rate)	
EBITDA growth rate in discrete period	12.9%
Terminal growth rate	2.0%
	1.7%
2022	
Weighted average cost of capital (post-tax rate)	11.7%
EBITDA growth rate in discrete period	2.0%
Terminal growth rate	2.0%

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

	2023			2022	Net book
	Accumulated	Net book		Accumulated	Value
	Cost	Depreciation	Value	Cost	Depreciation
	USD'000	USD'000	USD'000	USD'000	USD'000
Office furniture, equipment and motor vehicles				4,436	(4,250)
Computer equipment	3,505	(3,443)	62	1,886	(1,365)
Leasehold improvements	2,078	(1,753)	325	17,058	17 (14,641)
Land and buildings	15,044	(13,227)	1,817		(1)
	16	(6)	10		
	20,643	(18,429)	2,214	23,397	(20,257)
					3,140

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.

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For the year ended 28 February 2023

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Movement of property, plant and motor equipment	Office furniture, equipment		Leasehold		Land and
	vehicles	improvements	buildings	Total and equipment	
	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 March 2021		343	758	3,062	-
Additions		5	193	152	17
Depreciation		(162)	(430)	(797)	(1)
Balance at 28 February 2022		186	521	2,417	16
Additions		7	261	140	-
Depreciation		(131)	(457)	(740)	(6)
Balance at 28 February 2023		62	325	1,817	10

9. RIGHT-OF-USE ASSETS

	2023			2022		
	Cost	Accumulated depreciation and impairment	Net book value	Cost	Accumulated depreciation and impairment	Net book value
Office furniture, equipment and motor vehicles	9,426	(5,830)	3,596	7,681	(4,431)	3,250
Computer equipment	250	(212)	38	265	(174)	91
Land and buildings	33,661	(16,440)	17,221	32,289	(13,935)	18,354
	43,337	(22,482)	20,855	40,235	(18,540)	21,695

Movement of right-of-use assets	Office			
	Computer equipment	Land and buildings	Total	
USD'000				
Balance at 1 March 2021	3,766	21,889	25,801	
Additions	1,540	1,555	3,106	
Translation and other movements	(1)	441	440	
Impairment	-	(291)	(291)	
Depreciation	(2,056)	(5,240)	(7,361)	
Balance at 28 February 2022	3,249	18,354	21,695	
Additions	2,540	4,054	6,594	
	(90)	(316)	(412)	

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For the year ended 28 February 2023

Disposals	(1)	-	106	105
Translation and other movements				
Depreciation	(2,102)	(48)	(4,977)	(7,127)
Balance at 28 February 2023	3,596	38	17,221	20,855

10. INTANGIBLE ASSETS

	2023 USD'000	2022 USD'000
10.1 Capitalised development expenditure		
Net book value	927	245
At the beginning of the year	245	20
Amount capitalised	688	239
Transfers (see note 8)	-	-
Amortisation	(6)	(14)
Balance at the end of the year	927	245
Capitalised development expenditure at cost	969	284
Accumulated amortisation and impairment	(42)	(39)
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		
At the beginning of the year	-	-
Amortisation	-	1,663
		(1,663)
Balance at the end of the year	-	-
Acquired intangible assets at cost	-	-
Accumulated amortisation and impairment	-	-
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	927	245

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NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

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

11. CAPITAL COMMITMENTS

	2023 USD'000	2022 USD'000
Property, plant and equipment	449	773
Total capital commitments	449	773

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

12. INVESTMENTS

	2023 USD'000	2023 USD'000
12.1 Bonds (Angola government bonds) ISIN: AOTNX0519L18	4,677	7,276
Long-term portion		7,276
Short-term portion	4,677	
	4,677	7,276

The Angolan government bonds are indexed to the US Dollar. The amount of US\$4.7m 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\$4.677m 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 (2022: none).

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)

	Nature of Business	Country of incorporation	As at 28 February 2023	As at 28 February 2022
12.2 Subsidiary Companies				
WGEO Switzerland GmbH		Switzerland	100	100

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Westcon Group Austria GmbH	IT Distribution IT Austria	100	100
Westcon Group Germany GmbH	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
Westcon Middle East Co. Limited	IT Distribution IT Oman	100	-
	Distribution	100	
		100	

During the current year, the Company acquired Westcon Middle East Co. Limited, acquiring 99.9% of the shares. The remaining 0.1% of the shares are held by the subsidiary Westcon Group Middle East Holdings Limited.

13. DEFERRED TAX

	2023 USD'000	2022 USD'000
13.1 Movement of deferred tax assets		
At the beginning of the year		10,825
Credit to the income statement	18,985	8,160
	4,203	
	23,188	18,985
Analysis of deferred tax assets		
Capital allowances		175
Expense accruals and similar items	156	329
Effect of tax losses	179	18,316
Other temporary differences	22,613	165
	240	
	23,188	18,985
13.2 Movement of deferred tax liabilities		
At the beginning of the year		(448)
(Charge)/Credit to the income statement	(312)	136
	(62)	
	(374)	(312)
Analysis of deferred tax liabilities		
Capital allowances		(2)
Other temporary differences	(28)	(310)
	(346)	
	(374)	(312)

Potential deferred tax assets of US\$11.0m on assessed/estimated tax losses have not been recognised at 28 February 2023.

Deferred tax assets includes an amount of US\$21.5M which relates to carried forward tax losses of Westcon Group European

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

Operations Limited. The Company was loss making in the current year but profitable in the prior year. But for the one-off IFRS 2 charges and large fluctuation in FX which were expensed this year, the business would be profitable in line with approved budgets. The UK deferred tax assets recognised are based on the future taxable profits derived from the approved budgets of the relevant entities. The Company is expected to generate taxable profit from 2024 onwards. The UK tax losses can be carried forward indefinitely against their own future profits and no expiry date.

On 20th June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group does not account for deferred tax on top-up taxes and therefore, if these rules had been substantively enacted on the balance sheet date, there would have been no impact.

14. OTHER NON-CURRENT ASSETS

	2023 USD'000	2022* USD'000
Notes receivable	32	32
Security deposits	1,236	2,328
Other receivables	8	18
	1,275	2,377

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.

*The amounts disclosed are after the restatement for the correction of the error disclosed in note 38.1.

15. INVENTORIES

	2023 USD'000	2022 USD'000
Goods held for resale	203,598	150,742
Inventory obsolescence provision	(4,664)	(1,836)
	198,934	148,906

\$212k of inventory (2022: \$533k) was written off during the year and is recorded in cost of sales.

Westcon Group European Operations Limited 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 vendors purchases for a maximum availability of US\$600.0m (2022: US\$271.8m) which extends payment terms to 60 days.

The agreement may be cancelled at any time with a 90-day notice by either Westcon Group European Operations Limited or the vendor. As at 28 February 2023, US\$431.1m (2022: US\$192.7m) 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 \$600.0m is treated as a group limit which is transferable for usage by the subsidiaries.

16. SHORT TERM INTERCOMPANY LOANS AND RECEIVABLES

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For the year ended 28 February 2023

	2023 USD'000	2022 USD'000
16.1 Intercompany short term loans Datatec Financial Services Holdings Limited	7,595	5,702
	7,595	5,702
16.2 Intercompany trade receivables	13,130	7,261
	20,725	12,963

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

The intercompany short term loans are interest bearing and repayable on demand.

17. TRADE RECEIVABLES

	2023 USD'000	2022* USD'000
*Trade receivables	880,142	677,632
Expected credit loss allowance	(19,684)	(19,416)
	860,458	658,216

* The amounts disclosed are after the restatement for the correction of the error disclosed in note 38.1. 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.

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\$501,053k of credit insurance is held over trade receivables (2022: US\$428,964k).

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For the year ended 28 February 2023

US\$608,487k of trade receivables have been assigned against short-term interest-bearing liabilities. Refer to Note 21.1 and Note 24 (2022: US\$595,594k).

US\$59,474k of non-current trade receivables is in relation to multi-year contracts (2022: US\$33,002). US\$58,890k of current trade receivables is in relation to multi-year contracts.

The weighted average write-off rate over recent years across all classes of trade receivables is 0.14% (2022: 0.33%). 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
2023				
Current				
1 30 days past due	626,223	65,483	12,702	704,408
31 60 days past due	29,764	15,063	3,000	47,827
61 90 days past due	15,968	1,724	1,658	19,350
91 120 days past due	10,695	783	1,559	13,037
Over 120 days past due	1,909	2,065	373	4,347
	74,540	8,382	8,251	91,173
Gross trade receivables	759,099	93,500	27,543	880,142
Expected credit loss allowance	(7,269)	(5,219)	(7,196)	(19,684)
Net trade receivables	751,830	88,281	20,347	860,458
2022				
Current				
1 30 days past due	491,277	74,289	11,856	577,422
31 60 days past due	28,453	8,156	(277)	36,333
61 90 days past due	6,890	608	(245)	7,254
91 120 days past due	2,485	155	417	3,057
Over 120 days past due	1,322	(349)	(351)	622
	40,475	5,218	7,253	52,946
Gross trade receivables	570,902	88,077	18,653	677,632
Expected credit loss allowance	(6,836)	(5,275)	(7,305)	(19,416)
Net trade receivables	564,066	82,802	11,348	658,216

The past due receivables ageing categories above are shown gross, before taking into account expected credit loss allowances. US\$19,684k expected credit losses have been allocated to the US\$36,214k over 90 days past due receivables, resulting in a net over 90 days past due receivables balance of US\$16,530k. 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	Middle East			
Europe			Africa	Total

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NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

Balance on 1 March 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)
Impairment losses recognised on trade receivables	(330)	(257)	(31)	(618)
Bad debt reversal	(128)	-	-	(128)
Bad debt write-offs	-	270	-	270
Net exchange gains and losses	25	43	139	208
Balance at 28 February 2023	(7,269)	(5,219)	(7,196)	(19,684)

18. PREPAID EXPENSES

	2023 USD'000	2022 USD'000
Deferred cost of sales on services contracts	27,106	24,206
Prepaid insurance	1,123	1,009
Prepaid vendor maintenance	88	73
Prepaid taxes	97	51
Advances	579	238
Other prepayments	6,234	4,680
	35,227	30,257

Deferred cost of sales on service contracts includes \$12,859k (2022: \$10,300k) of non-current prepaid expenses.

19. OTHER RECEIVABLES

	2023 USD'000	2022 USD'000
Derivative Contracts	2,905	5,913
Rebates due from vendors	3,533	3,503
Notes and deposits held	52	703
Sundry receivables	209	63
	6,699	10,182

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

20. SHARE CAPITAL

	2023 USD	2022 USD
Issued share capital		
113 (2022: 113) fully paid ordinary shares of \$1.60 each	181	181

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For the year ended 28 February 2023

	181	181
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On 31 January 2022, 1 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.

21. LONG-TERM INTEREST-BEARING LIABILITIES

	2023 USD'000	2022 USD'000
Other long-term liabilities unsecured	702	1,050
	702	1,050
Less: current portion included in short-term interest-bearing liabilities (Note 24)	(235)	(235)
Long term portion	467	815
Repayable between one and two years	261	235
Repayable between two and three years	206	235
Repayable between three and four years Repayable between four and five years		235 110
	467	815

22. LEASE LIABILITIES

	2023 USD'000	2022 USD'000
Non-current	15,194	16,961
Current	5,443	5,649
	20,637	22,610
Current portion repayable within one year	5,443	5,649
Repayable between one and two years	4,816	4,372
Repayable between two and three years	3,260	3,590
Repayable between three and four years Repayable between four and five years	2,419 1,836	2,665 2,133
Repayable between five and ten years	2,863	4,201
	20,637	22,610

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.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

23. TRADE AND OTHER PAYABLES

	2023 USD'000	2022* USD'000
Trade payables	872,972	624,769
VAT/sales tax liabilities	8,822	16,860
Accruals	8,333	9,507
Sundry payables	65,316	48,645
Short-term portion of share-based payments	31,424	8,378
Current portion of long-term liabilities	235	234
Amounts due to Datatec Group companies short-term	1,917	840
	989,019	709,233

* The amounts disclosed are after the restatement for the correction of the error disclosed in note 38.

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 \$56,333k of accruals for vendor invoices on committed multi-year contracts where the invoices will be received in the future. A further \$56,230k 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 Limited's inventory purchase financing arrangements can be found in Note 15. Amounts outstanding under these arrangements are included in trade payables.

Sundry payables of \$65,316k (2022: \$48,645k) includes \$19,606k (2022: \$12,600k) of provisions against potential indirect taxes, sales taxes and withholding tax where the Group is in discussion with tax authorities, \$11,467k (2022: \$11,636k) relating to commission/salary based accruals, \$12,361k (2022: \$11,349k) relating to accrued customer rebates and \$1,507k (2022: \$1,208k) relating to accrued audit fees.

24. SHORT-TERM INTEREST-BEARING LIABILITIES

	2023 USD'000	2022 USD'000
Secured short-term funding Crédit Agricole Leasing & Factoring	269,053	140,938
Secured short-term funding Levantor Capital Limited		12,924
	269,053	153,862

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 Limited and some of its subsidiaries have entered into various arrangements with Crédit Agricole Leasing & Factoring up to a maximum of US\$414.4m (EUR390.6m) (FY22: US\$435.0m (EUR390.6m)), bearing interest at three-month EUIBOR + 0.9%, three-month US LIBOR + 0.9%, CHF SARON + 0.9% and three-month GBP TSRR + 0.9%. As at 28 February 2023, there were restrictions of US\$nilm (FY22: US\$23.9m). These are rolling facilities and at 28 February 2023, US\$269.1m (FY22: US\$140.9m) was outstanding. The net availability on this facility is US\$145.3m (FY22: US\$270.2m).

Westcon Group European Operations Limited and some of its subsidiaries have entered into various arrangements Levantor Capital Limited of US\$105.0m (FY22: \$65.7m), bearing interest at 3.25%. The maximum facility is US\$105.0m. These are

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For the year ended 28 February 2023

rolling facilities and at 28 February 2023, US\$nil (FY22:US\$12.9m) was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US\$105.0m (FY22: US\$52.8m).

25. PROVISIONS

	Restructuring USD'000	Legal claims VAT/ sales and costs USD'000	tax USD'000	Asset retirement obligations USD'000	Onerous contracts USD'000	Other USD'000	Total USD'000
Balance at 1 March 2022	645	81	1,178	3,571	300	100	5,086
Amounts added	810	84	-	-	81	-	1,276
Utilised	(289)	(10)	-	(486)	(159)	-	(944)
Amounts reversed	-	(75)	(700)	-	-	-	(775)
Translation and other	(3)	-	-	(164)	-	-	(167)
Balance at 28 February 2023	1,163	80	478	3,221	22	511	5,475
Expected maturity							
Within one year	1,163	80	478	239	22	511	2,493
Between two and five years	-	-	-	627	-	-	627
More than five years	-	-	-	2,355	-	-	2,355
	1,163	80	478	3,221	22	511	5,475
						2023 USD'000	2022 USD'000
Long-term portion						2,982	2,782
Short-term portion						2,493	3,304
						5,475	6,086

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.

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For the year ended 28 February 2023

26. DEFERRED REVENUE

	2023 USD'000	2022* USD'000
Non-current	15,130	12,891
Current	36,789	30,377
	51,919	43,268
Changes during the period		
At the beginning of the year		44,419
Arising from new contracts in the current year	43,268	49,036
	46,246	
Amounts recognised as revenue (released to the P&L) during the year	(20,514)	(33,069)
Revenue recognised as revenue (released to the P&L) during the year that was included in the contract liability balance at the beginning of the year Other	(17,145)	(18,276)
	64	1,158
	51,919	43,268

* The amounts disclosed are after the restatement for the correction of the error disclosed in note 38.1.

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

	2023 USD'000	2022 USD'000
BANK OVERDRAFTS		
Total bank overdrafts at the end of the year	5,388	7,288
Bank overdrafts unconditionally repayable on demand		
Bank overdrafts repayable on demand under certain conditions (refer to Note 36)	-	-
	5,388	7,288
	5,388	7,288

Region	Facility Provider	Facility limit currency	Facility limit USD'000	Interest rate	2023 Overdraft USD'000
Westcon Middle East					5,388
Bank overdrafts repayable on demand under certain conditions					5,388
UAE	HSBC	US\$	15 000	London or Emirates Interbank offered ("EIBOR") + 2.25% (0.489738% as at 28 February 2023)	5,388

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Only facilities that have been drawn at 28 February 2023 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\$20,243k (2022: US\$20,455k). US\$5,388k (2022: US\$7,288k) was drawn at year-end. No restrictions apply to the facilities. The net availability of the facilities is US\$14,855k (2022: US\$13,167k). The net availability does not include any cash sources in Westcon Group European Operations Limited. US\$nil (2022: US\$nil) of trade receivables are pledged as collateral against bank overdrafts.

27. BANK OVERDRAFTS (continued)

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

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.

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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 2023, the inter-group sales of goods and provision of services amounted to US\$3,517M (2022: US\$2,967M), 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.

	Sales of goods and services		Purchases of goods and services		Management fees (paid)/received	
	2023	2022	2023	2022	2023	2022
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Trading Transactions - Group Companies						
Westcon South Africa	9,673	9,910	3,151	1,554	-	-
Comstek Namibia	55	312	-	-	-	-
Westcon Group Pty Limited (AU)	1,460	848	-	33	-	-
Datastor New Zealand	-	36	12	12	-	-
Westcon Solutions Malaysia	-	28	-	-	-	-
Westcon Solutions Malaysia	-	47	-	16	-	-
Westcon Group Pte Limited (SG)	25	345	-	17	-	-
Westcon Solutions Singapore	34	22	351	-	-	-
Philippines	-	242	-	-	-	-
Westcon Solutions Philippines	-	15	-	-	-	-
Westcon Solutions Philippines	-	34	2	-	-	-
Comstor Thailand	11	69	1	-	-	-
Korea	6	-	-	-	-	-
Westcon Solutions Taiwan	27	40	-	-	-	-
Vietnam	6	43	-	-	-	-
Hong Kong	55	223	9	-	-	-
Westcon Solutions Shanghai	122	822	-	-	-	-
Japan	67	19,013	-	-	-	-
Westcon International India	3	-	-	-	-	(32,355)
Logicalis Group Limited	23,195	-	-	-	-	(2,364)
Westcon Group Services Inc.	-	-	-	-	(38,513)	-
Westcon Group Shared Services.	-	-	-	-	(1,107)	-
	34,739	32,049	3,526	1,632	(39,620)	(34,719)

During the year the Group received interest of \$235k (2022: \$84k) from Datatec Financial Services Limited.

At 28 February 2023 the Group was due \$7,376k (2022: \$5,702k) 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 2023 was \$23,047k (2022: \$6,442k). Of which, \$3,796k (2022: \$1,469k) relates to the Westcon International Limited Equity Appreciation Plan and \$19,251k (2022: \$4,953k) relates to Westcon International Limited SARs scheme.

Westcon International Limited Equity Appreciation Plan (EAP)

Westcon International Limited is the immediate parent company of the Group. The Westcon International Limited EAP was implemented in FY19 for senior management in order to incentivise value generation. Participants have been awarded a onceoff grant of "Units", whose value will be linked to the value of Westcon International Limited; this is a notional base value which

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was estimated to be US\$125m (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 Limited above the Hurdle will be paid to the EAP Pool on a sale of Westcon International Limited. Each Unit will receive a pro rata share of the EAP Pool when Westcon International is sold.

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

If Westcon International was not sold within five years of the start of the scheme on 1 March 2018, the business was to be valued by an independent valuer with the EAP set to pay out to participants on the basis of that valuation. A valuation of the business was undertaken to determine its value at 28 February 2023. The external valuation was calculated by an independent third party using the discounted cash flow approach. A sum-of-the-parts methodology was applied where the equity value of each of the operating regions within Westcon International was calculated and combined to arrive at the valuation to be used for the purpose of the scheme. The following consolidated weighted key assumptions were applied:

- Compounded annual growth rate through the forecast period: 5.52%
- Weighted average cost of capital: 13.89%
- Terminal growth rate: 2.21%
- Risk-free rate: 4.19%
- Inflation rate: 2.19%
- Country risk premium: 1.29%
- Tax rate: 24.08%

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

At 28 February 2023 there were 148,000 shares in issue (2022: 148,000) with a weighted average grant price of \$125 (2022: \$125). At 28 February 2023, the EAP awards had a remaining contractual life of 0.3 years (2022: 1.3 years). Of the 148,000 shares in issue at 28 February 2023, 54,000 (2022: 54,000) were issued to participants of the Group, including the Directors of the Company.

	2023		2022	
	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	148	125	143	125
Granted during the year	-	-	8	125
Forfeited/lapsed during the year	-	-	(3)	(125)
Outstanding at the end of the year	148	125	148	125

30. SHARE BASED PAYMENTS (continued) Westcon International Limited SARs Scheme

Westcon International Limited 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

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International Limited of 100m 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 Limited 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 2023, the SAR awards had a remaining contractual life of 0.3 years (2022: 1.3 years). Of the 2,350,000 shares in issue at 28 February 2023, 1,439,000 (2022: 1,439,000) were issued to participants of the Group, including the Directors of the Company.

	2023		2022	
	Number of shares ('000)	Weighted Average grant price	Number of shares ('000)	Weighted Average grant price
Outstanding at the beginning of the year		US\$	2,595	US\$ 1.25
Granted during the year	2,384	1.25	-	-
Exercised during the year	-	-	(144)	-
Forfeited/lapsed during the year	-	-	(67)	-
	(34)	-		-
Outstanding at the end of the year	2,350	1.25	2,384	1.25

Subsequent to 28 February 2023, the Remuneration Committee approved the Westcon International Limited Equity Appreciation Plan and Share Appreciation Rights Scheme settlement as accounted for and disclosed in the FY23 consolidated annual financial statements. These amounts will be settled accordingly.

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.

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

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 17). 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	2023	
			\$'000
On balance sheet			\$'000
Gross trade accounts receivable	677,631	880,142	
Less: allowance for bad debts	(19,416)	(19,684)	
Other receivables	10,182	6,699	
Bonds	7,276	4,677	
Other long term assets	2,377	1,275	
Cash and cash equivalents	72,761		
Maximum on balance sheet exposure	750,811	200,336	
Off balance sheet		1,074,445	
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 manner in which the Group 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 22. The derivative financial instruments disclosed in note 19 all mature within 3 months of the year end.

Westcon Group European Operations Limited has an invoice assignment facility of EUR390.6m for its European subsidiaries, as well as an extended payables facility of US\$120.0m. In addition, Westcon Group European Operations Limited utilises accounts receivable facilities in the Middle East (US\$15.0m) as well as overdraft facilities in Europe (EUR4.0m) and Africa (US\$1.0m).

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.

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

31. FINANCIAL INSTRUMENTS (continued)

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. 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 2023 would decrease by a net amount of US\$1.50m (FY22: US\$0.93m 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 contracts which the Group holds.

Balances and contracts for the Group:

2023	2023	2023	2023
Asset	Liability	FX Contracts	Net Exposure
\$'000	\$'000	\$'000	\$'000
293,101 (176,297)		(119,309)	(2,505)
			(299)
	(56,362)		(2,804)
	(232,659)	(154,155)	

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

31. FINANCIAL INSTRUMENTS (continued)

				2022	2022	2022	2022
				Asset	Liability	FX Contracts	Net Exposure
	\$'000			211,622	(51,914)	(160,029)	(321)
	\$'000						
	\$'000		\$'000				
Euros							
	2023	2023	2023	2022	2022	2022	2022
	Asset	Liability	FX Contracts	Asset	Liability	FX Contracts	Net Exposure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2,504	-	(2,504)	299	-	-	299
	299	-	(299)	22	-	-	22
	2,803	-	(2,803)	321	-	-	321
	2023	2023	2023	2022	2022	2022	2022
	Asset	Liability	FX Contracts	Asset	Liability	FX Contracts	Net Exposure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	295,605	(176,297)	(121,812)	181,435	(35,794)	(145,641)	-
			(299)	30,508	(16,120)	(14,388)	-
	(56,362)	(35,145)		211,943	(51,914)	(160,029)	-
	(232,659)	(156,957)	(2,803)	181,136	(35,794)	(145,641)	(299)
Pounds Sterling				30,486	(16,120)	(14,388)	(22)
Total							

Balances considered from fellow group companies:

Euros
Pounds Sterling
Total

Total position of contracts:

Euros
Pounds Sterling

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

31. FINANCIAL INSTRUMENTS (continued)

Total

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 10.0% change in the closing exchange rate on the translation of foreign currency denominated financial instruments held by the Group.

The sensitivity rate is 10.0

% 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.

	2023	2023	2022	2022
	Net Assets	Gain/Loss	Net Assets	Gain/Loss
	\$'000	\$'000	\$'000	\$'000
Euros	119,308	+/- 726	145,641	+/- 1,656
Pounds Sterling	34,846	+/- 718	14,388	+/- 478
Total	154,154	+/- 1,444	160,029	+/- 2,134

Foreign Exchange Contracts (FEC)

Open FEC Contracts

US Dollars

Euro

Pounds Sterling

Other

	2023	2023	
	Purchase	Sell	
	\$'000	\$'000	
465	318,046	38,202	420,757
303,833	27,689	228,499	-
79,860	12,034	79,433	-
	-	18,229	
	357,769	364,363	461

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

	2022	2022
	Purchase	Sell
	\$'000	\$'000
	31,434	
Total	421,218	415,592

As at 28 February 2023 there are forward exchange contracts as follows:

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

31. FINANCIAL INSTRUMENTS (continued)

Buy currency	Total nominal	Sell currency	Total nominal	Gain/(loss)
USD	\$203,799	CHF	\$203,907	\$(108)
USD	\$133,819	CZK	\$131,217	\$2,602
USD	\$2,508,605	DKK	\$2,552,884	\$(44,279)
USD \$222,979,303	EUR \$228,499,006	USD \$76,805,154	GBP \$79,433,194	USD \$(5,519,703)
\$8,772,778	NOK \$8,656,839			\$(2,628,040)
USD	\$413,831	PLN	\$414,164	\$115,939
USD	\$6,226,307	SEK	\$6,267,248	\$(333)
EUR	\$27,689,306	USD	\$26,549,113	\$(40,941)
GBP	\$12,033,078	USD	\$11,653,050	\$1,140,193
USD	\$2,452	ZAR	\$2,448	\$380,028
				\$4
				\$(6,594,638)

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

32. CASH GENERATED FROM OPERATIONS

	2023 USD'000	2022 USD'000
Profit before taxation	(9,025)	1,269
Adjustment for:		
Unrealised foreign exchange (gains) / losses	5,732	(2,975)
Share-based payments	23,047	6,442
Depreciation	8,461	8,750
Profit on disposal of right of use assets	411	-
Net movement in provisions	500	50
Amortisation	-	1,663
Interest income	(778)	(382)
Finance costs*	15,120	9,305
Impairment losses on trade receivables	618	2,036
Capitalised development expenditure	6	13
Interest income	(235)	(84)
Inventory obsolescence reserve movement	3,140	414
Unpaid management fees	(1,611)	(833)
Non-cash movement for multi-year licence accrued revenue and costs	(1,474)	(3,569)
Foreign currency translation movements	(7)	213
Operating profit before working capital changes	43,905	22,312
Working capital changes	(53,167)	(9,485)
Increase in inventories	(150,824)	(4,269)
Increase in receivables	198,286	12,589
Increase in payables	-	-
Decrease in other non-current liabilities	2,377	1,599
Increase in deferred revenue	(405)	197
Movement in other non-current assets		
Working capital changes	(3,733)	631
	40,172	22,943

* Includes non-cash accruals.

33. TAXATION PAID

	2023 USD'000	2022 USD'000
Net taxation liability at the beginning of the year	18	(1,206)
Charge to profit and loss (excluding deferred taxation)	(6,731)	(5,995)
Other movements and translation differences	(78)	(20)

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

Net taxation (asset)/liability at the end of the year	1,087	(18)
	(5,704)	(7,239)
Net taxation		
Current tax assets		3,757
Current tax liability	2,943	(3,738)
	(4,030)	
	(1,087)	18

34. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	USD'000	USD'000
Maintenance of operations		
Office furniture, equipment and motor vehicles		5
Computer equipment	7	193
Leasehold improvements	261	152
Land and buildings	140	17
	-	
	408	367

35. CASH FLOW ADDITIONAL NOTES

Non-cash changes

USD'000	Note	Opening balance as at 1 March 2022	Net financing cash (inflows)/ outflows	New leases	Amortis -ation of finance costs	Closing balance as at 28 February 2023
35.1 Reconciliation of liabilities arising from financing activities - 2023						
Long-term interest-bearing liabilities**	21	(1,050)	245	-	104	(701)
Lease liabilities***/~	22	(22,610)	8,567	(6,594)	-	(20,637)
Bank overdrafts repayable on demand under (7,288) certain conditions~	27		1,900	-	-	(5,388)
Short-term interest-bearing liabilities	24	(153,862)	(119,932)	-	4,741	(269,053)

** Includes current portion (US\$235k - refer to Note 21).

*** Includes current portion (US\$5.4m - refer to Note 22).

~ Cash flows include US\$1.3m interest related to lease liabilities and US\$1.4m interest on bank overdrafts repayable on demand under certain conditions these are included in cash flows from operating activities.

Non-cash changes

USD'000	Note	Opening balance as at 1 March	Net financing cash (inflows)/ outflows	New leases	Amortis -ation of finance costs	Closing balance as at 28 February 2022
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OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

	2021				
35.2 Reconciliation of liabilities arising from financing activities - 2022					
Long-term interest-bearing liabilities**	21	-	(1,050)	-	(1,050)
Lease liabilities***/~	22				
Bank overdrafts repayable on demand under certain conditions~ Short-term interest-bearing liabilities	27	(28,767)	9,263	(3,106)	(22,610)
			(3,572)	-	(7,288)
	24	(3,716)	16,906	-	(153,862)
		(170,707)		(61)	

** Includes current portion (US\$235k - refer to Note 21).

*** Includes current portion (US\$5.6m - refer to Note 22).

~ Cash flows include US\$4.9m interest related to lease liabilities and US\$13.5m 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

	2023 USD'000	2022 USD'000
Cash resources	200,336	72,761
Bank overdrafts unconditionally repayable on demand	-	-
Cash and cash equivalents (per the statement of cash flows)	200,336	72,761
Bank overdrafts repayable on demand under certain conditions (refer to Note 27)	(5,388)	(7,288)
Net cash resources	194,948	65,473
Bank overdrafts unconditionally repayable on demand	-	-
Bank overdrafts repayable on demand under certain conditions	(5,388)	(7,288)
Total bank overdrafts (Note 27)	(5,388)	(7,288)

37. SUBSEQUENT EVENTS

On 3 April 2023, the Company purchased the entire share capital of WestconGroup SA Proprietary Limited and Westcon Emerging Markets Group Proprietary Limited from Datatec Limited for a total consideration of ZAR 139,500,000 (approximately \$7.7m). These two businesses represent the South African business of Westcon that was previously held directly by Datatec Limited due to regulatory restrictions on the ownership of a South African business.

There have been no other material post balance sheet event.

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

38. CORRECTION OF MATERIAL PRIOR YEAR ERRORS

38.1 Multi-year contract classification

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 assessment of when revenue should be recognised in these arrangements requires considerable judgement of the individual factors.

In the years prior to FY22, 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 contract revenue at a time was recognised.

In the year ended 28 February 2022, based on management's experience and decision to no longer allow cancellation, management determined that sufficient evidence was available that these contracts will not be cancelled. Revenue was 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 was accounted for as a contract modification and so no adjustment to the prior year ended 28 February 2021 was required.

Multi-year contracts were incorrectly classified as other non-current assets and liabilities in the prior year rather than trade receivables and trade and other payables. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet (Extract) USD'000	28 February 2022	Increase/ (Decrease)	28 February 2022 (Restated)
Non-current assets			
Other non-current assets	35,379	(33,002)	2,377
Trade receivables	-	33,002	33,002
Net impact	35,379	-	35,379

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

Non-current liabilities			
Other non-current	31,230	(31,230)	-
liabilities	-	31,230	31,230
Trade and other payables			
Net impact	31,230	-	31,230

38.2 Deferred revenue classification

An element of deferred revenue related to the Group's assessment of revenue recognition criteria for hardware which is dispatched and billed to customers close to the year end was incorrectly classified as Trade and other payables in the prior year rather than Deferred revenue. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet (Extract) USD'000	28 February 2022	Increase/ (Decrease)	28 February 2022 (Restated)	28 February 2021	Increase/ (Decrease)	28 February 2021 (Restated)
Current Liabilities						
Deferred Revenue	17,207	13,170	30,377	18,640	15,921	34,561
Trade and other payables	691,173	(13,170)	678,003	645,637	(15,921)	629,716
Net impact	708,380	-	708,380	664,277	-	664,277

38.3 Prepaid expenses classification

Prepaid expenses relating to multi-year support contracts were incorrectly classified as current assets in the prior year, whilst an element of those expenses related to a period due in more than one year. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet (Extract) USD'000	28 February 2022	Increase/ (Decrease)	28 February 2022 (Restated)	28 February 2021	Increase/ (Decrease)	28 February 2021 (Restated)
Non-current Assets						
Prepaid Expenses	-	10,300	10,300	-	7,894	7,894
Current Assets						
Prepaid Expenses	30,257	(10,300)	19,957	29,309	(7,894)	21,415
Net impact	30,257	-	30,257	29,309	-	29,309

38.4 Summary of correction of all material errors

Balance Sheet (Extract) USD'000	28 February 2022	Increase/ (Decrease)	28 February 2022 (Restated)	28 February 2021	Increase/ (Decrease)	28 February 2021 (Restated)
Non-current Assets						
Prepaid Expenses	-	10,300	10,300	-	7,894	7,894
Other non-current assets	35,379	(33,002)	2,377	-	-	-

OPERATIONS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 28 February 2023

Trade receivables	-	33,002	33,002	-	-	-
Current Assets						
Prepaid Expenses	30,257	(10,300)	19,957	29,309	(7,894)	21,415
Current Liabilities						
Deferred Revenue	17,207	13,170	30,377	18,640	15,921	34,561
Trade and other payables	691,173	(13,170)	678,003	645,637	(15,921)	629,716
Non-current Liabilities						
Other non-current liabilities	31,230	(31,230)	-			
Trade and other payables	-	31,230	31,230			
Net impact	805,246	0	805,246	693,586	0	693,586

LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

As at 28 February 2023

	Note	2023	2022 Restated*	2021 Restated*
		\$'000	\$'000	\$'000
Non-current assets Goodwill		160,810	138,566	145,478
Intangible Assets	43	54,567	54,567	54,567
Property, plant and equipment	44	-	-	-
Investment in subsidiaries	45	2,895	-	170
Right-of-use assets	46	32,953	2,912	3,571
Deferred tax assets	47	17,479	27,953	53,459
Trade and other receivables	56	21,650	18,576	21,652
Current assets	49	31,266	16,800	8,299
Inventories			17,758	3,760
Trade and other receivables				
Amounts owed by group undertakings	48 49	604,769	469,320	464,694
Cash and cash equivalents	49	12,888	11,856	12,443
Current tax assets		438,078	355,969	344,732
Current liabilities		44,051	56,949	40,333
Trade and other payables	50 50	108,000	44,546	67,186
Amounts owed to group undertakings	51	1,752	-	-
Lease liabilities				
Current tax liabilities	52	628,701	470,701	482,973
Borrowings	53	147,546	103,827	138,319
Provisions		307,293	263,966	223,215
Net current assets		3,957	4,216	4,465
Total assets less current liabilities		-	-	1,707
Non current liabilities		168,811	97,530	112,899
Trade and other payables	50	1,094	1,162	2,368
Lease liabilities	51			
Provisions	53	(23,932)	(1,381)	(18,279)
Deferred tax liabilities	56	136,878	137,185	127,199
		47,113	35,707	27,678
		31,201	18,189	4,833
		13,423	15,229	19,826
		2,489	2,289	2,967
		-	-	52

LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

89,765

101,478

99,521

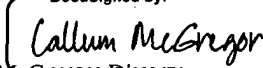
EQUITY

Share capital
54

	-	-	-	-
Share premium	55	64,697	64,697	44,697
Foreign exchange reserve		(2,118)	(2,118)	(2,118)
Retained earnings		27,186	38,899	56,942
Total shareholders' funds		89,765	101,478	99,521

* See note 58 for details regarding the restatement as a result of an error.

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 net profit after tax for the financial year was \$11,713k (2022: profit of \$17,501k) which can be seen in the Statement of Changes in Equity on page 68. The financial statements on pages 70 to 87 were approved by the Board of Directors on 13 July 2023 and signed on its behalf by:

DocuSigned by:

 Callum McGregor, Director

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2023

	Share Capital	Share premium	Foreign exchange reserve	(Accumulated losses) / retained earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 March 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
Loss and total comprehensive income for the year	-	-	-	(11,713)	(11,713)
Balance at 28 February 2023	-	64,697	(2,118)	27,186	89,765

LIMITED

39. 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 Limited. 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.

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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 1. 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.

40. 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 below accounting policies have been applied consistently, other than where new policies have been adopted.

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

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':
 - o 10(d) (statement of cash flows);
 - o 16 (statement of compliance with all IFRS); o 38A (requirement for minimum of two primary statements, including cash flow statements); o 38B-D (additional comparative information);

LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

- 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.

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

ADOPTION OF AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

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

Applicable standard or note	Amendment	Amendment application	Effective reporting period
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.	
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.	

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

The application of the amendments to the existing standards and the interpretation had no material impact on the disclosures or amounts recognised in the Companies' financial statements. The amendments listed above did not have any impact on the amounts recognised in prior years 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 Company 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 Noncurrent	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 2024.	1 January 2024
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
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
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

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 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.
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The Company 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 2023, 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.

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.

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

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 financial statements of Datatec Limited which are available on its website: www.datatec.com

41. 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)

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

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 55).

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.

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

42. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

	2023	2022
	Number	Number
Distribution	85	
Professional services	251	87
Sales and marketing	723	228
Administration	195	732
	1,254	1,237

	2023	2022
	\$'000	\$'000
The result for the year includes the expense:		following staff
	98,269	89,079
Wages and salaries	15,447	15,687
Social security costs	3,059	3,500
Other pension costs	116,775	108,266

Directors' remuneration

	2023	2022
	\$'000	\$'000
UK		
directors' remuneration comprised:		
Emoluments	1,238	1,073
Employer's contribution to pension schemes	63	72
	1,301	1,145

The disclosure above relates to 1 director (2022: 1). No share options were exercised by the highest paid director during the year (2022: None). The other Directors are paid by the company that employs the Director and no amount is recharged to Westcon Group European Operations Limited.

43. GOODWILL

Cost and Carrying amount
At 1 March 2022 and 28 February 2023

\$'000
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.

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

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.

43. GOODWILL (continued)

The post-tax discount rate used in the current year impairment reviews for all cash generating units was 12.9% (2022: 11.7%). The EBITDA growth rate used in the current year impairment reviews was 14.2% throughout the model and 1.7% perpetuity rate.

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 14.9%) would result in no impairment.

44. INTANGIBLE ASSETS

	Software Development	Acquired relationships	Total
	\$'000	\$'000	\$'000
Cost			
At 1 March 2021	38	23,663	23,701
Disposals	(38)	(23,663)	(23,701)
At 28 February 2022 & 28 February 2023	-	-	-
Amortisation			
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 & 28 February 2023	-	-	-
Carrying amount			
At 28 February 2023	-	-	-
At 28 February 2022	-	-	-
At 28 February 2021	-	170	170

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

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.

45. PROPERTY, PLANT AND EQUIPMENT

	16,070	1,843	3,277	21,190
	121	5	949	1,075
	(2,154)	(775)	(129)	(3,058)
	14,037	1,073	4,097	19,207
	Leasehold improvements	Fixtures & fittings	Office & Computer equipment	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 March 2021	20,311	2,319	2,912	25,542
Additions	-	-	433	433
Disposals	(4,241)	(476)	(68)	(4,785)
At 28 February 2022				
Additions				
Disposals				
Accumulated depreciation				
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 2023				

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

At 1 March 2022	(13,997)	(1,768)	(2,513)	(18,278)
Charge for the year	(598)	(34)	(460)	(1,092)
Disposals	2,154	775	129	3,058
At 28 February 2023	(12,441)	(1,027)	(2,844)	(16,312)

Carrying amount

1,596	46	1,253	2,895
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At 28 February 2023

At 28 February 2022	2,073	75	764	2,912
	2,692	116	763	3,571

At 28 February 2021

Depreciation is charged to the income statement within operating expenses.

46. 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. Hżeczka 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%

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

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%
Westcon Middle East Co. Limited	Knowledge Oasis Muscat / Al-Seeb / Muscat Governorate	Oman	IT Distribution	05/11/2019	1%

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

46. INVESTMENTS IN SUBSIDIARIES (continued)

	Subsidiary Undertakings
	\$'000
Cost and Net book value	
At 1 March 2023	27,953
Further investment in Westcon Group Middle East Holdings Limited	5,000
At 28 February 2023	32,953

During the current year the Company made a further investment in Westcon Group Middle East Holdings Limited for \$5,000k. The issuance of shares was settled via transfer/sale of an intercompany receivable of £5.0M due to the Company from Westcon Middles East FZE.

During the prior 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.

47. RIGHT-OF-USE ASSETS

	Property	Motor Vehicles	Office & Warehouse Equipment	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 March 2021	25,635	4,545	241	30,421
Additions	3,651	1,260	-	4,911
Disposals	(3,758)	(473)	-	(4,231)

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

At 28 February 2022	25,528	5,332	241	31,101
Additions	2,036	1,925	-	3,959
Disposals	(2,037)	(576)	(16)	(2,628)
At 28 February 2023	25,527	6,681	225	32,433

(9,388)	(2,979)	(158)	(12,525)
(3,222)	(1,494)	(44)	(4,760)
1,831	489	11	2,332
(10,779)	(3,984)	(191)	(14,953)

Accumulated depreciation

At 1 March 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

Charge for the year

Disposals

At 28 February 2023

Carrying amount

14,748	2,697	34	17,479
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At 28 February 2023

At 28 February 2022

16,140	2,353	83	18,576
18,947	2,564	141	21,652

At 29 February 2021

48. INVENTORIES

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

	2022	2023	
		\$'000	\$'000
Goods held for resale		12,888	<u>11,856</u>

The Company has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of \$600.0m (2022: \$271.8m) which extends payment terms to 60 days. 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 51. 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 \$721k (2022: \$143k) relating to a write-down of inventories due to the inclusion of an obsolescence provision.

49. TRADE AND OTHER RECEIVABLES

	2022	2023	
		\$'000	(Restated)
		428,843	\$'000
		(5,950)	
Trade receivables	328,653	422,893	
Allowance for doubtful debts	(5,766)	44,051	
Net accounts receivable	322,887	26,722	
Amounts owed by Group undertakings	56,949	-	
Other receivables	31,148	16,824	
		2,905	<u>5,913</u>
Corporation tax receivable	1,095	513,395	<u>430,676</u>
Prepayments	12,684		
Derivative financial instruments			

Trade receivables are measured at amortised cost.

No trade receivables fall due after more than one year (2022: None).

In other receivables is \$26,365k (2022: \$13,871) of multi-year contract receivables which are due in more than one year. US\$28,721k of current trade receivables is in relation to multi-year contracts. This represents unbilled receivables for multiyear SaaS, on premise software licences and maintenance contracts.

In prepayments is \$4,900k (2022: \$3,887k) which is due in more than one year.

The average credit period taken on sales of goods, calculated by reference to gross sales value, is 103 days (2022: 70 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.

OPERATIONS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2023

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 \$316,267k of the total trade receivables value (2022: \$275,499k).

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

50. TRADE AND OTHER PAYABLES

	2022	2023	(Restated)
		\$'000	\$'000
Creditors: amounts falling due within one year			
Trade payables	34,224	47,201	
Amounts owed to group undertakings	263,966	307,293	
Other taxation and social security	42,209	62,310	
Accruals and deferred income	27,107	28,533	
Derivative financial instruments	287	9,502	
		454,839	367,793
Creditors: amounts falling due after more than one year			
Accruals and deferred income			18,189
		31,201	

The number of days credit taken at year-end for trade purchases for the Company was 40 days (2022: 5 days). The Directors consider that the carrying amount of trade payables approximates to fair value.

Included in trade payables are \$27,565k of accruals for vendor invoices on committed multi-year contracts where the invoices will be received in the future. A further \$25,285k relates to invoices that will be received in more than one year and have been included as non-current accruals and deferred income.

The Company has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of \$600,000k (2022: \$271,800k) 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 and are repayable on demand where credit terms are not otherwise agreed. Interest is not charged on group balances unless formal loan arrangements are put in place.

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 \$5,916k (2022: \$4,905k) 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 \$7,583k (2022: \$7,509k).

51. LEASE LIABILITIES

OPERATIONS LIMITED
NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2023

Analysed as:
Non-current
Current 4,216

2022	2023	
	\$'000	\$'000
15,229	13,423	
	3,957	
	17,380	

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.

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For the year ended 28 February 2023

52. BORROWINGS

Amounts due for settlement in less than 12 months

2022	2023	
	\$'000	\$'000
	168,811	
	168,811	
Invoice assignment facilities		97,530
		97,530

The Company has a €391m 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 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.

Westcon Group European Operations Limited and some of its subsidiaries have entered into various arrangements Levantor Capital Limited of US\$105.0m (FY22: \$65.7m), bearing interest at 3.25%. The maximum facility is US\$105.0m. These are rolling facilities and at 28 February 2023, US\$nil (FY22: US\$12.9m) was outstanding. The net availability of this facility, after taking into account restrictions and the amount outstanding, was US\$105.0m (FY22: US\$52.8m).

53. PROVISIONS

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

	Asset retirement obligations	Restructuring obligations	Total
	\$'000	\$'000	\$'000
Carrying amount at start of year	2,969	482	3,451
Transferred from accruals	(164)	-	(164)
Additional provisions recognised	200	810	1,010
Amounts used in the year	(486)	(228)	(714)
Carrying amount at end of year	2,519	1,064	3,583

Asset retirement obligations

The Company is required to restore its 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

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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.

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54. SHARE CAPITAL

Issued and fully-paid

113 (2022:113) ordinary shares of \$1.60 each

2022	2023	
\$	\$	
	181	
		181

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.

55. SHARE PREMIUM

Balance at 1 March 2022 and 1 March 2021

Share issue

Balance at 28 February 2023 and 28 February 2022

	\$'000	\$'000
44,697	64,697	
20,000	-	
64,697	64,697	

56. DEFERRED TAXATION

At 1 March 2022 and 1 March 2021

Tax losses - credit to the income statement

Other timing differences credit/(debit) to the income statement

At 28 February 2023 and 28 February 2022

	\$'000	\$'000
8,299	16,800	
8,610	4,700	
(109)	150	
16,800	21,650	
	21,500	
16,500	150	
300	21,650	
16,800		

Deferred tax is provided as follows:

Tax losses

Other timing differences

Deferred tax asset

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 \$10,480k (2022: \$10,936k). The deferred tax asset is expected to be recovered or settled more than twelve months after the reporting period.

\$'000

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At 1 March 2022 and 1 March 2021

Goodwill and intangibles - credit to the income statement

At 28 February 2023 and 28 February 2022

	\$'000	
52	-	
(52)	-	
	-	-
	2023	2022
	\$'000	\$'000
	-	-
	-	-

Deferred tax is provided as follows:

Goodwill and intangibles

Deferred tax liabilities

57. POST BALANCE SHEET EVENTS

On 3 April 2023, the Company purchased the entire share capital of WestconGroup SA Proprietary Limited and Westcon Emerging Markets Group Proprietary Limited from Datatec Limited for a total consideration of ZAR 139,500,000 (approximately \$7.7m). These two businesses represent the South African business of Westcon that was previously held directly by Datatec Limited due to regulatory restrictions on the ownership of a South African business.

There have been no other material post balance sheet events.

58. 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 financial statements have been drawn up is that headed by Datatec Limited, a company registered in South Africa.

59. CORRECTION OF MATERIAL PRIOR YEAR ERRORS

59.1 Multi-year contract classification

Multi-year contract assets were all classified as current assets in the prior year, despite \$13,871k being due in more than one year. Multi-year contract liabilities were all classified as current liabilities in the prior year, despite \$13,284k being payable in more than one year.

In the years prior to FY22, despite the contractual non-cancellable clause, the Company 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 Company'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 contract revenue at a time was recognised.

In the year ended 28 February 2022, based on management's experience and decision to no longer allow cancellation, management determined that sufficient evidence was available that these contracts will not be cancelled. Revenue was therefore recognised at the time of initial delivery which has been determined is when the Company's performance obligation under the terms of the arrangement is met. This change was accounted for as a contract modification and so no adjustment to the prior year ended 28 February 2021 was required.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet (Extract) USD'000	28 February 2022	Increase / (decrease)	28 February 2022 (restated)
Non-current assets			

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Trade and other receivables	-	13,871	13,871
Current assets			
Trade and other receivables	373,727	(13,871)	359,856
Net impact	373,727	-	373,727

Balance Sheet (Extract) USD'000	28 February 2022	Increase / (decrease)	28 February 2022 (restated)
Non-current liabilities			
Trade and other payables	4,905	13,284	18,189
Current liabilities			
Trade and other payables	117,111	(13,284)	103,827
Net impact	122,016	-	122,016

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59.2 Prepaid expenses classification

Prepaid expenses relating to multi-year support contracts were incorrectly classified as current assets in the prior year, whilst an element of those expenses related to a period due in more than one year. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet (Extract) USD'000	28 February 2022	Increase/ (decrease)	28 February 2022 (restated)	28 February 2021	Increase/ (decrease)	28 February 2021 (restated)
Non-current assets Trade and other receivables	-	3,887	3,887	-	3,760	3,760
Current assets Trade and other receivables	373,727	(3,887)	369,840	348,492	(3,760)	344,732
Net impact	373,727	-	373,727	348,492	-	348,492

59.3 Summary of correction of all material errors

Balance Sheet (Extract) USD'000	28-Feb-22	Increase/ (decrease)	28 February 2022 (restated)	28-Feb-21	Increase/ (decrease)	28 February 2021 (restated)
Non-current assets						
Trade and other receivables	-	17,758	17,758	-	3,760	3,760
Current assets						
Trade and other receivables	373,727	(17,758)	355,969	348,492	(3,760)	344,732
Net impact	373,727	-	373,727	348,492	-	348,492

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Balance Sheet (Extract) USD'000	28-Feb-22	Increase/ (decrease)	28 February 2022 (restated)
Non-current liabilities			
Trade and other payables	4,905	13,284	18,189
Current liabilities			
Trade and other payables	117,111	(13,284)	103,827
Net impact	122,016	-	122,016