Azlan Logistics Limited

Reports and Financial Statements

For the year ended 31 January 2020

Registered number 4625566

Contents

Strategic report

The directors present their Strategic Report, their Directors' Report and the financial statements for the year ended 31 January 2020.

Principal activities and review of the business

The principal activity of the Company is the distribution of network computing products.

The entity is effectively a supply chain management company to other European subsidiaries of Tech Data Corporation, the ultimate parent company, and as a result it recharges its costs plus a mark up to other group entities. In the prior year the Company entered into a significant ongoing contract with an external party. This contract has given rise to an increase in profits which have been retained by the company. This is a fulfilment contract and therefore the sales are not recorded as turnover.

During the year the company established a permanent establishment in Spain where most of the operations are now based. The impact of this is reflected in note 9.

At the end of June 2020, the Apollo Global Management, Inc. acquisition of the Company's ultimate parent (Tech Data Corporation) was finalised resulting in a change from public ownership to private as mentioned in the Directors' report.

The Company's key financial indicators during the year can be summarised as follows:

	2020	2019	Change
	\$000	\$000	%
Turnover	**1,716,706**	1,702,736	1%
Operating profit	**15,586**	8,546	82%
Profit after tax	**10,451**	6,587	59%
Shareholders' funds	**50,832**	40,381	26%

Principal risks and uncertainties

The Company's operations expose it to a variety of financial and non-financial risks that include liquidity risk, interest rate risk, currency risk, credit risk, competitive risk and pricing risk. Given the size of the Company, the directors have not delegated the responsibility of monitoring risk management to a sub-committee of the board. The financial and non-financial risks are monitored at a corporate level. The policies set by the board of directors are implemented by the Company's finance department. Principal risks and uncertainties are further explained below:

Brexit

The potential risks arising as a result of the United Kingdom leaving the European Union at a future date cannot currently be quantified due to the level of uncertainty inherent in the process. The Company has already taken appropriate action to ensure that it will be able to move products in as frictionless a way as possible when the United Kingdom does leave.

COVID-19

Towards the end of 2019, there was an outbreak of the COVID-19 virus which subsequently became a global pandemic. The pandemic has had a significant negative impact on the global trade, economies and markets. The effect on the Company is that initially some supply chains were affected in particular when China went into to lockdown during the first quarter of FY21. The Company mitigated these challenges by working with vendors unaffected by the lockdowns in that period and also making use of its large stock holding. Demand was exceptionally high in the first quarter of FY21 and through appropriate preparations made by the Company we were able to deliver to our customers and enable business across the UK move to a home office environment through technology.

While demand has eventually normalised and in some cases dropped the technology sector is one area of the economy that has remained robust during the economic downturn and the Company's forecasts indicate that it remains profitable with positive cashflows forecast.

Strategic report (continued)

COVID-19 (continued)
The Company's long term relationships with its vendors have also encouraged a strong performance in Endpoint Solutions and Datech business units even though some products and sectors have been significantly affected by the lockdown measures. The government identified technology distribution as an essential service and therefore with careful safety measures put in place our warehouses and distribution networks have remained and remain open which has helped with the delivery to customers..

The Company was quick to react and prepare for the UK's lockdown measures and transitioned 100% of office-based employees to a home working environment while still maintaining productivity through technology and sound leadership.

As the pandemic continues to be of concern in some places, the directors continue to monitor its impact and apply appropriate measures including staff health and safety, restricted local and international business travel and maintaining close contacts with customers, vendors, suppliers and partners to mitigate any risks associated with the pandemic. For these reasons the Directors believe the pandemic has not affected the Company's going concern basis.

Cash flow and liquidity risk
The Company has access to the cash required for normal operations by being part of the global cash-pooling arrangement. The Company uses its cash flows to settle amounts due to suppliers within agreed terms in order to secure rebates and discounts available to it and also to ensure that it maintains an appropriate inventory holding to meet demand. The Directors consider that the cash flow risk is at an acceptable level, and risks are mitigated through use of the group cash pool balances.

Foreign currency risk
The Company has transactional currency exposures which arise from sales and purchases in currencies other than its functional currency. Potential exposures to foreign currency exchange rate movements are monitored on a regular basis and are hedged accordingly.

Credit risk
There is a risk of financial loss to the Company arising from the failure of the Company's non-group customers to meet their financial obligations for the products and services provided by the Company.

The Company manages this situation through an appropriate insurance policy and credit control procedures; management are of the view that the credit risk is at an acceptable level.

Competitive and pricing risk
The IT distribution industry continues to be an area of significant competition. Working closely with our suppliers and customers is critical to maintain growth and profitability, by managing inventory levels and offering value added service to our customers both within and outside the group.

Legislative risk
Compliance with trade, anti-corruption and anti–bribery legislation affecting the Company such as import and export regulations and the UK Bribery Act, are of paramount importance to the Company and its wider group. To ensure that changes in legislation are understood and implemented efficiently the Company and its wider group employ a number of experts internally to ensure full compliance.

Section 172 (1) Statement
Businesses operate in an environment where there are various parties involved, without a good understanding of who the stakeholders are and what their needs are, businesses may fail to deliver sustainable value to shareholders and other stakeholders. The Directors the Company engage their UK stakeholders mainly through Tech Data Limited, a fellow subsidiary within the group.

Strategic report (continued)

Section 172 (1) Statement (continued)
The Directors of the Company and also those of its fellow subsidiaries ("the Entities") understand and comply with their duties to promote the success of the Entities in accordance with section 172 of the Companies Act 2006. In doing so the Directors recognise that the success of the Entities depends on strong and positive relationships with key stakeholders including employees, customers, suppliers, the government, and shareholders as well as the long-term impacts of any decision and the impact of the entities on the community and the environment

In order to engage with key stakeholders the Directors regularly attend meetings and events with customers, suppliers, employees and the Company shareholder. Tech Data Limited's (a fellow subsidiary) customer event "TD Live" provided an opportunity for Directors to understand the concerns, operations and opportunities of the Entities customers and the "Vendor Summit" enabled the Directors to present the plans for the entities to their suppliers as well as engage with many of them on a one-to-one basis to understand their needs from a key distributor. Stakeholder information and company performance data is also evaluated through regular Senior Leadership Team meetings which all the Directors attend alongside the key senior leaders of the entities to evaluate any issues that may impact these stakeholders and performance data.

The Entities place considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Entities. This is achieved through formal and informal meetings as well as employee satisfaction surveys. Employee representatives are consulted on a wide range of matters affecting their current and future interests.

The Entities support local communities both directly and through its employees. During the year Tech Data Limited sponsored the Half Marathon in Basingstoke, where its headquarters is based, supporting the community and its employees to raise thousands of pounds for charity. Tech Data Limited also has a Charity Committee who select a charity of the year nominated by employees. It then matches money raised through various activities for the nominated charity. In addition, monthly fund raising activities for both local and national charities nominated by employees are held. Again, the Tech Data Limited matches money raised by employees. Employees are also offered an annual opportunity to participate in a community volunteering day.

The Entities are committed to protecting our environment and the impact of our business operations on the environment. The Entities regularly monitors energy and water usage to see if there are improvements that can be made across our sites to reduce our usage of such resources. In addition, the Entities operate recycling schemes at all sites and splits its recycling from its general waste. The Entities require that any waste that cannot be recycled does not go to landfill. Packaging of the products which the Entities distributes is kept to minimum to avoid unnecessary waste and weight and the Entities is part of the required Battery and WEEE compliance schemes.

Although the Entities do not operate in a heavily regulated industry, from time to time they still liaises actively with all relevant regulators such as Companies House, HMRC, the Information Commissioner's Office and the Environment Agency. The Entities approach is always to fully engage and work with such regulators to ensure it operates in a compliant manner in accordance with Company's Code of Conduct.

The Directors remained committed to their duties even during the COVID-19 pandemic with initiatives such Tech Data Volunteers where staff are encouraged to volunteer within their communities. These actions assist the Directors in understanding the impact of their decisions on key stakeholders and in performing their duties under section 172 of the Companies Act.

Future prospects
Trading conditions to date remain challenging, however, we believe that our robust business model, strong vendor relationships and the support of Tech Data Corporation, place the Company in a relatively strong position within its market.
By order of the Board

Howard Tuffnail
Howard Tuffnail (Jan 26, 2021 20:06 GMT)

H Tuffnail
Director
Date 26-Jan-2021

Directors' report

Directors

The Directors who held office during the year and up to the date of signing these financial statements are listed below:

M Preda
H Tuffnail
A Gass

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. When making this assessment, the Directors have considered the results and future forecasts of the Group given the high level of intercompany transactions with the Company. The Company's results for the year show the business has a profit of $10.5m a net current asset and net asset position of $51m. Post year end operations saw the Company perform well in the first quarter of the year with a return to normal and in some cases drop in demand due to the pandemic in quarters two and three. However the Company's forecasts indicate profitability and positive cashflows. Refer to COVID-19 disclosure for steps the Company is taking to mitigate the impact of the pandemic.

With regards to liquidity, the Directors believe that the Company has sufficient resources to continue as a going concern due to cash optimisation procedures (as documented in the Strategic report under Cash flow and liquidity risk) which include intra-group financing. Furthermore, Tech Data Corporation which was the ultimate parent company up to 30 June 2020 (prior to the Apollo Global Management, Inc acquisition finalisation, see note 18 and 19) confirmed that it will provide financial support before and after the Apollo acquisition for a period up until at least 31 January 2022.

The Directors therefore consider that it is appropriate adopt the going concern basis in preparing the financial statements.

Dividend

No dividend was paid during the year (*2019: Nil*).

Events since the Statement of financial position date

During the year there was a COVID-19 virus outbreak which subsequent to year end became a global pandemic as mentioned in the principal risks and uncertainties above. Refer to note 19 for the effect of the pandemic on the Company's financial statements.

At the end of June 2020, funds managed by affiliates of Apollo Global Management, Inc. finalised the acquisition of the Company's ultimate parent (Tech Data Corporation) resulting in a change from public ownership to private. Refer to note 19.

Employees

The Company's employees are a major asset and their skills, commitment and motivation are highly valued by the Company. The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through formal and informal written communications and notices.

It is the Company's policy not to discriminate against disabled persons either in recruitment, career development or matters affecting their promotion. All efforts are made to accommodate employees who become disabled whilst in the Company's employment.

Disclosure of information to auditors

At the date this report is approved, as far as each Director is aware, there is no relevant information of which the Company's auditors are unaware and they have taken all the steps they ought to take as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report (continued)

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the Company is to be put to the Board of Directors.

By order of the board

Howard Tuffnail
Howard Tuffnail (Jan 26, 2021 20:06 GMT)

H Tuffnail
Director
Date 26-Jan-2021

Registered office:
Redwood 2
Crockford Lane
Chineham
Basingstoke
United Kingdom
RG24 8WQ

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) FRS 101 reduced disclosure framework. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

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

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

Independent auditor's report to the members of Azlan Logistics Limited

Opinion

We have audited the financial statements of Azlan Logistics Limited for the year ended 31 January 2020 which comprise income statement, the statement of comprehensive income, the statement of changes in equity, the statement of financial position and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 20, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst + Young LLP

James Harris (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton
Date: 28 January 2021

Income statement

	Note	**2020**	2019
		$000	$000
			Restated
Turnover	*4*	**1,716,706**	1,702,736
Cost of sales		**(1,688,674)**	(1,684,633)
Gross profit		**28,032**	18,103
Administrative expenses		**(12,446)**	(9,557)
Operating profit	*5*	**15,586**	8,546
Net interest payable and similar charges	*6*	**(2,040)**	(257)
Profit before taxation		**13,546**	8,289
Taxation	*9*	**(3,095)**	(1,702)
Profit for the financial year		**10,451**	6,587

All of the results above are from continuing operations.

Statement of comprehensive income

There was no other comprehensive income (*2019: $Nil*) in the current year.

The notes on pages 13 to 22 form an integral part of these financial statements.

Statement of changes in equity

	Share capital	Profit and loss account	Total equity
	$000	$000	$000
At 1 February 2018	**19,827**	**13,967**	**33,794**
Profit and total comprehensive income for the year	-	6,587	6,587
At 31 January 2019	**19,827**	**20,554**	**40,381**
Profit and total comprehensive income for the year	-	10,451	10,451
At 31 January 2020	**19,827**	**31,005**	**50,832**

Registered number 4625566

Statement of financial position

	Note	2020	2019
		$000	$000
Fixed assets			
Property, plant and equipment	*10*	**6**	10
		6	10
Current assets			
Inventory	*11*	**283,641**	340,328
Debtors - falling due within one year	*12*	**282,306**	322,692
Other financial assets	*13*	**781**	700
		566,728	663,720
Creditors: amounts falling due within one year			
Trade and other payables	*14*	**(515,656)**	(622,369)
Other financial liabilities	*15*	**(246)**	(980)
		(515,902)	(623,349)
Net current assets		**50,826**	40,371
Net assets		**50,832**	40,381
Capital and reserves			
Called up share capital	*16*	**19,827**	19,827
Profit and loss account		**31,005**	20,554
Total equity		**50,832**	40,381

The notes on pages 13 to 22 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26 January 2021 and were signed on its behalf by:

Howard Tuffnail
Howard Tuffnail (Jan 26, 2021 20:06 GMT)

H Tuffnail
Director

Notes to the financial statements

1. General information

Azlan Logistics Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom, with its registered office at the same address as the principal place of business, in Redwood 2, Crockford Lane, Chineham, Basingstoke, RG24 8WQ.

2. Accounting policies

2.1 Basis of preparation:

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements for the year ended 31st January 2020 were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

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

- The preparation of a cash flow statement and related notes.
- Listing new or revised standards that have not been adopted, and information of their likely impact.
- The requirement to disclose comparative tables for tangible and intangible fixed assets.
- Paragraph 134 and 135 of IAS 36 which requires extensive disclosures for each cash generating unit which contains goodwill or an intangible asset with an indefinite life.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.
- The disclosure requirements of IFRS 7 financial instruments.
- The requirement to disclose transactions with other wholly-owned group undertakings on the grounds that it is a wholly-owned subsidiary undertaking of Tech Data Corporation, the group financial statements of which are publicly available (note 17).

The financial statements present the information about the entity as an individual and not as a group.

The Company's financial statements are presented in US dollars which is also its functional currency and are rounded to the nearest thousand ($000) except where otherwise indicated.

The Company is a wholly-owned subsidiary of Tech Data Corporation, incorporated in the USA, whose consolidated accounts are publicly available and are prepared on an equivalent basis (see note 17).

New standards, amendments and IFRIC interpretations
IFRS 16 is a new accounting standard that is effective for the year ended 31 January 2020 which however has had no material impact on the Company's financial statements. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 January 2020 that have had a material impact on the Company's financial statements.

Going Concern
As mentioned in the Strategic report under the principal risks and uncertainties, COVID-19 has not had a significant negative impact on the Company in order to affect it's going concern. The Company's results for the year show the business has a profit of $10.5m and a net current asset and net asset position of $51m. Post year end operations saw the Company perform well in the first quarter of the year with a return to normal and in some cases drop in demand due to the pandemic in quarters two and three. However the Company's forecasts remain optimistic. Refer to COVID-19 disclosure for steps the Company is taking to mitigate the impact of the pandemic.

Furthermore, Tech Data Corporation which was the ultimate parent company up to 30 June 2020 (prior to the Apollo Global Management, Inc acquisition finalisation, see note 18 and 19) confirmed that it will provide financial support before and after the Apollo acquisition for a period up until at least 31 January 2022.

The Directors therefore consider that it is appropriate to draw up these accounts on a going concern basis.

2.2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determining the lease term of contracts with renewal and termination options – Company as lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

2.3 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Foreign currencies
Assets and liabilities expressed in foreign currencies are translated into US dollars at the rates ruling at the Statement of financial position date. Transactions expressed in foreign currencies are translated into US dollars at the rates ruling at the transaction date. Exchange gains and losses arising are recognised in the Income statement.

Taxation
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, based on the tax rates and laws that are enacted or substantively enacted by the Statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the exception of when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each period end date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to Other comprehensive income if it relates to items that are charged or credited to Other comprehensive income. Similarly, income tax is charged or credited directly to equity. Otherwise income tax is recognised in the Income statement.

Property, plant and equipment
Plant and equipment is stated at costs less accumulated depreciation and accumulated impairment losses. Costs comprise the aggregate amount paid.

Depreciation is provided on all property, plant and equipment, on a straight line basis over its expected useful life as follows:

Computer equipment	-	20%-33% per annum
Leasehold improvements	-	over the period of the lease
Plant, fixtures and fittings	-	20% per annum

Functional currency
The US Dollar has been determined to be the functional currency due to a significant proportion of the costs being denominated and paid in US Dollars and though the revenue is primarily billed to customers in Euros the price is determined by reference to dollar purchases. Due to these reasons, the functional currency is US Dollar.

2.3 Significant accounting policies (continued)

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the goods or services have transferred to the customer and the customer has control of these.

Revenues comprise all proceeds from the sale of goods and services. Products sold by the Company are delivered either via shipment from the Company's facilities or through drop shipment directly from the vendor.

Warranty revenue
Warranty revenue earned is recognised on a net basis so that only the gross margin element is recognised in the financial statements.

Inventory
Inventory represent goods held for resale and are stated at the lower of cost and net realisable value. Cost comprises purchase cost determined on a weighted average basis and includes all costs incurred in bringing each product to its present location and condition.

Contributions to pension funds
The pension costs charged against profits represent the contributions payable by the company to employees' personal pension plans in respect of the accounting period.

Derivative instruments
The Company uses forward foreign exchange contracts to reduce exposure to foreign exchange rates. Such derivative financial instruments are initially recognised at fair value at the date on which the derivative contract is entered into and are subsequently remeasured at fair value at each Statement of financial position date. The Company does not apply hedge accounting.

Financial instruments

Financial assets
The Company's financial assets include cash and cash equivalents, trade and other receivables, and intercompany loans and receivables. All financial assets are recognised in the Company's Statement of financial position when the Company becomes a party to the contractual provision of the instrument. The Company's assets are held within a business model where the objective is to collect the contractual cash flows and the contractual terms include a specified date of cash flow which are solely payments of the principal and interest. Therefore, the Company's assets are held at amortised cost using the effective interest method.

Trade receivables
Trade receivables are recognised and carried at original invoice amount less provision for impairment.
A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows and is recognised in profit and loss in administrative expenses. The Company has recognised the impairment of its trade receivables financial assets in the amount of expected credit losses (ECL's). Through an analysis of the lifetime expected credit losses the Company has analysed its receivables by industry and in particular its retail sector. Due to Company's collection policy and market leading coverage supplied by its insurance policy the projected analysis of our credit risk does not indicate a need to adjust provisions at period end. This is further proven by the lack of post period credit losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and deposits held at call with banks.

2.3 Significant accounting policies (continued)

Intercompany receivables
Intercompany receivables are made up of loan receivables and trade receivables. For loan receivables ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company's financial liabilities comprise trade and other payables. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables
Trade payables are non-interest bearing and are stated at amortised cost.

Intercompany payables
Intercompany payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. Prior period adjustments

During the year, a misstatement was identified in the accounts for the year ended 31 January 2019. This relates to a manual error in the compilation of the accounts, resulting in overstatement of Revenue and Cost of Sales by $391,771,000 with no impact on Gross Profit, Profit for the year or the Statement of financial position.

The error has been corrected by restating the comparatives for the impacted financial statement items. The following table summarises the impact on the financial statements:

	As previously reported	**Adjustment**	**As restated**
	$000	**$000**	**$000**
Revenue	2,094,507	(391,771)	1,702,736
Cost of sales	(2,076,404)	391,771	(1,684,633)

4. Analysis of turnover

	2020	2019
	$000	$000
		Restated
Turnover by geographical market		
United Kingdom	**441,077**	448,166
Europe	**1,274,607**	1,252,972
United States of America	**1,022**	1,598
	1,716,706	1,702,736
Turnover by destination - intra-group and external		
External	**26,851**	19,287
Intra-group	**1,689,855**	1,683,449
	1,716,706	1,702,736

5. Operating profit

The operating profit is stated after charging/(crediting):

	2020	2019
	$000	$000
Foreign exchange gain	**(2,334)**	(1,855)
Auditors remuneration - audit	**140**	151
Depreciation - owned assets	**4**	14
Operating lease rentals - land and buildings	**85**	80

6. Net interest (payable)/receivable and similar (charges)/income

	2020	2019
	$000	$000
Interest receivable and similar income – group undertakings	**168**	462
Interest payable and similar charges – group undertakings	**(2,208)**	(719)
	(2,040)	(257)

7. Staff numbers and costs

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

	Number of employees	
	2020	2019
Sales and technical	**58**	42
Administration	**21**	4
	79	46

The aggregate payroll costs of these persons were as follows:

	2020	2019
	$000	$000
Wages and salaries	**9,254**	6,571
Social security costs	**263**	242
Other pension costs	**93**	76
	9,610	6,889

The Company makes contributions to employees' personal pension plans. The assets of these plans are administered by insurance companies independent of the Company. Pension costs amounting to $93,000 *(2019: $76,000)* were charged in the financial statements and paid during the year.

8. Directors' remuneration

The Company had no employees in the current and prior year other than directors. The Directors received remuneration for the year as directors of this Company and of its subsidiaries, all of which was borne by fellow group companies with no recharge to this Company. The director's emoluments are as per below:

8. Directors' remuneration (continued)

	2020 $000
Aggregate remuneration in respect of qualifying services	1,590
Company contributions to money purchase pension schemes	14

The directors' emoluments above are aggregate as it is not practical to apportion. The aggregate of remuneration of the highest paid Director was $732,078 and Company pension contributions of £nil were made to a money purchase scheme on his behalf. Further, he has also received Company's shares in respect of qualifying services under long term incentive plan.

	2020 No.
Money purchase pension schemes – group personal pension	2
Number of directors who received shares in respect of qualifying services	3

In 2019, the Company had two directors and an apportionment was made in respect to their remuneration. The directors estimated that the value of their remuneration in relation to qualifying services to the Company in 2019 is $5,000 (each).

9. Taxation

a) Tax on profit on ordinary activities

	2020 $000	2019 $000
Current tax:		
Group relief payable	-	1,751
Overseas tax payable	3,080	
Prior year adjustment	-	(15)
Total current tax	3,080	1,736
Deferred tax:		
Current period (note (c))	15	(34)
Tax on profit on ordinary activities (note 9(b))	3,095	1,702

As at 31 January 2020 there were no unprovided amounts in respect of deferred timing differences.

9. Taxation (continued)

b) Reconciliation of total tax (credit)/charge

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax is as follows:

	2020	2019
	$000	$000
Profit before taxation	**13,546**	8,289
Tax on profit at standard UK corporation tax rate at 19% (2019: 19%)	**2,574**	1,575
Overseas tax	**527**	-
Non-deductible and non-taxable items	**(6)**	142
Prior year adjustment	**-**	(15)
	3,095	1,702

c) Deferred tax

A deferred tax asset is recognised at 17% *(2019: 17%)* in the financial statements as follows:

	2020	2019
	$000	$000
Capital allowances	**22**	23
Other	**29**	42
	51	65

d) Factors affecting future tax charges

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. The 2016 Finance Act introduced a UK corporation tax rate of 17% from 1 April 2020. Accordingly, these rates are applicable in the measurement of deferred tax assets and liabilities at 31 January 2020. Deferred tax has been provided at 17% being the rate at which temporary differences are expected to reverse.

However, the Budget which took place on 11 March 2020 confirmed the rate of corporation tax will remain at 19% from 1 April 2020, cancelling the enacted rate reduction to 17%. The rate reduction reversal was substantively enacted on 17 March 2020 by way of a special resolution. Had the 19% rate been substantively enacted at the balance sheet date, the impact on the closing deferred tax balances at 31 January 2020 would be $5,000.

10. Property, plant and equipment

	Computer equipment	Leasehold improvements plant, fixtures and fittings	Total
	$000	**$000**	**$000**
Cost			
At 1 February 2019	366	10	376
At 31 January 2020	**366**	**10**	**376**
Depreciation			
At 1 February 2019	361	5	366
Charge for the year	3	1	4
At 31 January 2020	**364**	**6**	**370**
Net book value			
At 1 February 2019	5	5	10
At 31 January 2020	**2**	**4**	**6**

11. Inventory

	2020	2019
	$000	$000
Goods for resale	**283,641**	340,328

During the year ended 31 January 2020, $1,660,000 *(2019: $1,842,000)* was recognised as an expense for inventories held at a weighted average cost. This is recognised in cost of sales.

12. Debtors

	2020	2019
	$000	$000
Trade debtors	**86,773**	118,165
Other debtors	**904**	645
Prepayments and accrued income	**178**	131
Amounts due from group undertakings	**194,400**	203,686
Deferred tax	**51**	65
	282,306	322,692

The amounts due from group undertakings are primarily in respect of in house bank accounts repayable at forty five days' notice and trading balances with fellow subsidiaries repayable on net thirty day terms. Interest receivable in respect of the in house bank accounts is at LIBOR rates. Management consider the amounts due from group undertakings to be fully recoverable and thus have not raised a provision on these.

13. Other financial assets

	2020	2019
	$000	$000
Forward foreign exchange contracts	**781**	700

14. Trade and other payables

	2020	2019
	$000	$000
Trade creditors	**494,439**	597,966
Other taxes and social security	**14,999**	23,229
Accruals and deferred income	**3,137**	1,169
Other creditors	**1**	5
Overseas tax	**3,080**	
	515,656	622,369

15. Other financial liabilities

	2020	2019
	$000	$000
Forward foreign exchange contracts	**246**	980

16. Called up share capital

	2020	2019
	$	$
Authorised		
93,327,976 ordinary shares of $0.212450 each	**19,827,529**	19,827,529
Allotted, called up and fully paid		
93,327,976 ordinary shares of $0.212450 each	**19,827,529**	19,827,529

17. Total commitments

Annual operating lease commitments of the Company amount to $Nil *(2019: $40,000)*. The total commitments in respect of these leases will fall due as follows.

	2020	2019
	Land and buildings	Land and buildings
	$000	$000
Operating leases which expire		
Within one year	**-**	40

18. Ultimate group undertaking

The Company's immediate parent undertaking is Azlan Limited, which is a subsidiary of ManeBoard Limited, which is a subsidiary of Azlan Group Limited, which is a subsidiary of TD United Kingdom Acquisition Limited, which is a subsidiary of Tech Data UK Finance Limited, incorporated in the United Kingdom.

The company's ultimate parent undertaking and controlling party is Tech Data Corporation, which is incorporated in the USA. Copies of its group financial statements, which include the Company, are available from Tech Data Corporation, 5350 Tech Data Drive, Clearwater, FL33760, USA.

The Company's ultimate parent undertaking as at 30 June 2020 is now Apollo Global Management, Inc.

19. Events after the reporting period

Subsequent to year end 31 January 2020, the COVID-19 virus outbreak became a pandemic which affected most businesses across the globe. As the most significant effects of the pandemic occurred after year end with an insignificant impact on the amounts presented in the financial statements for the year, this is considered a non-adjusting event. Furthermore as mentioned in the Strategic report and as part of going concern, the pandemic has not affected the Company or Group's ability to continue as a going concern and therefore no adjustments are deemed necessary in this regard.

As the pandemic continues to be of concern in some places, the Directors continue to monitor its impact and apply appropriate measures including staff health and safety, restricted local and international business travel and maintaining close contacts with customers, vendors, suppliers and partners to mitigate any risks associated with the pandemic. The Company's forecasts remain optimistic.

At the end of June 2020, funds managed by affiliates of Apollo Global Management, Inc. finalised the acquisition of the Company's ultimate parent (Tech Data Corporation) resulting in a change from public ownership to private as mentioned in the Directors' report. The acquisition does not have an impact on the amounts presented in these financial statements.

Subsequent to the year end, the Tech Data Group entered into an Asset Backed Loan which involved pledging the accounts receivable of the Company (and other companies within the Tech Data Group) as security for that loan. As a result, charges have been registered in the name of the Company with Companies House. As the accounts receivable balances are constantly changing, an estimate of the financial effect is not disclosed. This pledging has been done as part of a group wide re-organisation initiative to centralise group finance rather than have multiple sources of group finance.