

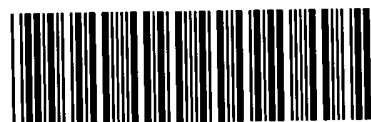
# WestconGroup™

**Westcon Emerging Markets Limited**

Annual Report and Financial Statements  
For the year ended 28 February 2017

Registered number: 07319103

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## **Officers and Professional Advisors**

For the year ended 28 February 2017

### **Director**

J K Toohey

### **Registered Office**

Chandler's House  
Wilkinson Road  
Cirencester  
Gloucestershire  
GL7 1YT

### **Auditor**

Deloitte LLP  
Reading, United Kingdom

## **Director's report**

For the year ended 28 February 2017

The director presents his annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 28 February 2017. The company has taken advantage of the small company exemption by not preparing a Strategic report.

### **Principal activity**

The principal activity of the Company is that of a non-trading holding company. The company's subsidiaries, Westcon Emerging Markets (Cyprus) Ltd., Westcon Middle East Ltd., Comstor Middle East Ltd., Westcon Africa UK Ltd. and AfinaSys, SARL (Morocco) are value added distributors of category leading security, unified communications, network infrastructure and data centre solutions.

### **Business review and future prospects**

During the period the Company continued to act as a holding company and did not trade. There are no intended changes to this situation in the foreseeable future.

On 2 November 2016 the company resolved that the share premium account be reduced to nil and thereby cancelled, in order to create sufficient distributable reserves for the payment of a dividend. The directors ensured that the cancellation would have no detrimental impact on other creditors.

### **Financial risk management objectives and policies**

The director has undertaken his duties to carefully consider the financial risks of the Company and has taken steps to minimise the liquidity risk and cash flow risk. The business is funded through intragroup loans and shareholders' funds. The director has ensured that liquidity is adequate as the Company will continue to be supported from its fellow subsidiary, Westcon Group European Operations Limited.

The Company follows the parent group's accounting policies to actively hedge foreign exchange exposure, which is one of the largest risks to the Company's activities. This applies to monetary elements of working capital which are not directly part of this holding company but applies to its subsidiaries when the ability to do so is available in the local financial markets. The Company does not use derivative financial instruments for speculative purposes.

### **Going concern**

The director has a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future as formal representations have been provided by the Director, by the parent company to confirm on-going financial support for the foreseeable future, being no less than 12 months from approval of these financial statements. Thus, he continues to adopt the going concern basis in preparing the annual report and financial statements.

### **Directors**

R E Hodgetts was a director during the year and resigned on 12 January 2017. J K Toohey was appointed as a director on 12 January 2017.

### **Employees**

The Company had no employees at any point during the period.

**Directors' report (continued)**  
For the year ended 28 February 2017

**Director's indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its director which were made during the period and to the date of this report.

**Auditor**

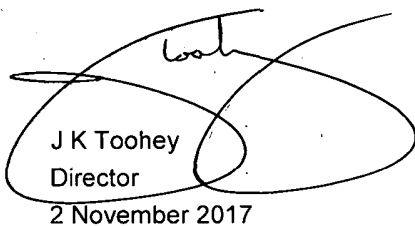
The director confirms that at the date of approval of this report:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the 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. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



J K Toohey  
Director  
2 November 2017

## Statement of director's responsibilities

For the year ended 28 February 2017

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

Company law requires the director to prepare such financial statements for each financial year. Under that law the director has elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director must not approve the accounts unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The director is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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 WESTCON EMERGING MARKETS LIMITED**

We have audited the financial statements of Westcon Emerging Markets Limited for the year ended 28 February 2017 which comprises the Income Statement, the Statement of Comprehensive Income, Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

### **Respective responsibilities of the director and auditor**

As explained more fully in the Statement of Director's Responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

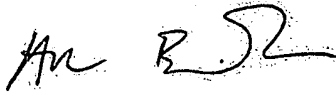
In our opinion the information given in the Director's Report for the period for which the financial statements are prepared is consistent with the financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTCON EMERGING MARKETS LIMITED

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take the advantage of the small companies exemption from preparing a strategic report



Alexander Butterworth ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom  
2 November 2017

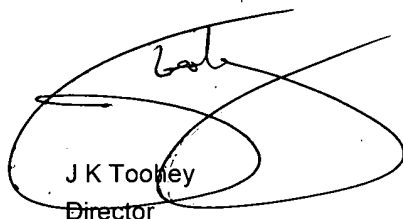
**Income Statement and Statement of Comprehensive Income**  
**For the year ended 28 February 2017**

	<b>Notes</b>	<b>2017 \$'000</b>	<b>2016 \$'000</b>
Impairment of investment		-	(14,667)
Other operating income	10	500	-
<b>Profit/(Loss) before tax</b>		<b>500</b>	<b>(14,667)</b>
Tax	9	-	-
<b>Profit/(Loss) for the financial year</b>		<b>500</b>	<b>(14,667)</b>
<b>Consolidated statement of comprehensive income</b>			
		<b>2017 \$'000</b>	<b>2016 \$'000</b>
Profit/(Loss) for the year		500	(14,667)
Cancellation of share premium		62,283	-
<b>Total comprehensive Income for the year</b>		<b>62,783</b>	<b>(14,667)</b>
<b>Attributable to:</b>			
Equity holders of the parent		<b>62,783</b>	<b>(14,667)</b>

**Balance Sheet**  
As at 28 February 2017

	Notes	2017 \$'000	2016 \$'000
<b>Non-current assets</b>			
Investments	5	47,050	47,050
<b>Total assets</b>		<u>47,050</u>	<u>47,050</u>
<b>Current liabilities</b>			
Amounts owed to group companies	6	7,714	3,214
<b>Net current liabilities</b>		<u>7,714</u>	<u>3,214</u>
<b>Net assets</b>		<u>39,336</u>	<u>43,836</u>
Share capital	7	-	-
Share premium account	8	-	62,283
Retained earnings		39,336	(18,447)
<b>Total equity</b>		<u>39,336</u>	<u>43,836</u>

The financial statements were approved by the board of directors and authorised for issue on 2 November 2017.  
They were signed on its behalf by:

  
J K Tooley  
Director

**Statement of Changes in Equity**  
For the year ended 28 February 2017

	<b>Share Capital \$'000</b>	<b>Share Premium \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total Equity \$'000</b>
<b>At 28 February 2015</b>	-	62,283	(3,780)	58,503
Loss for the year	-	-	(14,667)	(14,667)
<b>At 28 February 2016</b>	-	62,283	(18,447)	43,836
Profit for the year	-	-	500	500
Cancellation of share premium	-	(62,283)	62,283	-
Total Comprehensive Income	-	-	44,336	44,336
Dividends paid out on equity shares	-	-	(5,000)	(5,000)
<b>At 28 February 2017</b>	-	-	39,336	39,336

## Notes to the financial statements

For the year ended 28 February 2017

### 1. General information

Westcon Emerging Markets Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is provided on page 1. It is a non-trading, holding company.

The ultimate parent company and controlling party is Datatec Limited.

The Company uses the United States dollar as its reporting currency because this is its functional currency.

### 2. Accounting policies and basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The company holds no cash or bank account and therefore no cash flow statement has been included in these financial statements.

The financial statements have been prepared under the historical cost convention and a summary of the principal accounting policies are set out below.

#### Adoption of new and revised standards

The IFRS standards are being continually amended with new interpretations and standards being implemented. The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the company.

The full IFRS standards and developments can be found on the IFRS website: <http://www.ifrs.org>

No new standards and interpretations have been adopted in the current year that have impacted the reported results or the financial position of the company.

#### Going concern

The director has a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future as formal representations have been provided to the Director, by the parent company to confirm on-going financial support for the foreseeable future being no less than 12 months from the approval of these financial statements. Thus, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### Consolidation

The Company has chosen not to prepare consolidated financial statements in accordance with the exemption afforded by s401 of the Companies Act 2006 and IAS 27 Consolidated and Separate Financial Statements paragraph 10, because it is a wholly owned subsidiary of a group headed by Datatec Ltd, registered in South Africa, which prepares consolidated financial statements that are publicly available (Note 11).

## Notes to the financial statements

For the year ended 28 February 2017

### 2. Accounting policies and basis of preparation (continued)

#### Investments

Fixed asset investments are shown at cost less provision for impairment. Determining whether investments are impaired requires an estimate of the value in use of the cash generating units to which the investment 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.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### Foreign currency translation

##### *Transactions and balances*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Foreign exchange differences are recognised in the income statement.

#### Functional currency

These financial statements are presented in US Dollar, which is the Company's functional currency, as it is the currency for its primary economic environment. All financial information presented in US Dollar has been rounded to the nearest thousand unless stated otherwise.

## Notes to the financial statements

For the year ended 28 February 2017

### 2. Accounting policies and basis of preparation (continued)

#### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the directors are required to make judgments, 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 judgments and estimates are reasonable.

The estimates and underlying assumptions are reviewed on an on-going 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.

#### *Determination of the carrying value of Investments (Note 5)*

Determining whether the investments are impaired requires an estimate of the value in use of the investments.

The value in use calculation requires the entity to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate present value.

### 3. Auditor remuneration

Auditors' remuneration of \$8k (2016: \$8k) for the statutory audit of this Company has been borne by another group company. There were no non audit fees paid to the Company's auditors.

### 4. Director's remuneration

The director is not remunerated by the Company and no recharge has been received in respect of his services. The Director is remunerated for his services to the company by a fellow group subsidiary, Westcon Group European Operations Limited.

## Notes to the financial statements

For the year ended 28 February 2017

### 5. Fixed asset investments

The principal subsidiary undertakings at 28 February 2017 are shown below.

Subsidiary undertaking	Country of incorporation	Country of operation	Activity	Date of acquisition	Ownership
Westcon Emerging Markets (Cyprus) Ltd.	Cyprus	Cyprus	Dormant Holding company	1 Oct 2010	100%
Westcon Middle East Ltd.	British Virgin Isles	United Arab Emirates	Distribution of networking products	1 Oct 2010	100%
Comstor Middle East Ltd.	British Virgin Isles	United Arab Emirates	Distribution of networking products	1 Oct 2010	100%
Westcon Africa UK Ltd.	United Kingdom	United Kingdom	Distribution of networking products	10 Sep 2014	91.27%
AfinaSys, SARL	Morocco	Morocco	Distribution of networking products	2 Feb 2016	100%

#### Cost

At 1 March 2016 and 28 February 2017

Subsidiary undertakings  
\$'000

47,050

### 6. Amounts owed to group companies

	2017 \$'000	2016 \$'000
Amounts owed to subsidiaries	7,714	3,214

Amounts owed to subsidiaries are repayable on demand. Interest is calculated quarterly at LIBOR + 2%. Details of the amounts shown above are set out in note 10.

### 7. Share capital

	2017 \$	2016 \$
<i>Allotted, called-up and fully-paid</i>		
3 ordinary shares of \$1 each	3	3

The Company was created under the Companies Act 2006. The Company has one class of ordinary share which carry no right to fixed income.

**Notes to the financial statements**  
For the year ended 28 February 2017

**8. Share premium account**

	<b>2017</b>
	<b>\$'000</b>
At 1 March 2016	62,283
Cancellation of share premium account	<u>(62,283)</u>
At 28 February 2017	<u>-</u>

On 2 November 2016 the company resolved that the share premium account be reduced to nil and thereby cancelled. The amount of the share premium account of \$62,282,962 was therefore cancelled and the value credited to the retained earnings.

**9. Taxation**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(Loss) before tax on continuing operations	<u>500</u>	<u>(14,667)</u>
Tax at the UK corporation tax rate of 20.0% (2016: 21.2%)	100	(2,948)
Effects of:		
Non-deductible charge/ Non-taxable income	<u>(100)</u>	<u>2,948</u>
<b>Tax charge / (credit) for the year</b>	<u>-</u>	<u>-</u>

There are no tax losses carried forward.

**Statement of Changes in Equity**  
For the year ended 28 February 2017

**10. Related party transactions**

During the year, the Company entered into related party transactions with members of the Group. The transactions during the year were the receipt of a dividend of \$0.5m from Westcon Middle East Ltd. and the payment of a dividend to Westcon Group European Holdings Limited of \$5m.

	2017 \$'000	2016 \$'000
<b>Amounts due from related parties</b>		
Westcon Africa UK Limited	-	11,600
<b>Amounts due to related parties</b>		
Westcon Group European Operations Limited	147	147
Westcon Group Pty Limited	3,000	-
Westcon International Limited	1,500	-
Westcon Africa FZCO	3,067	3,067
	<u>7,714</u>	<u>3,214</u>

The above amounts due to Westcon Group Pty Limited, Westcon International Limited and Westcon Africa FZCO each represent interest bearing loans that are repayable on demand. Interest is chargeable at a rate of 3 months LIBOR +2% and is due quarterly.

**11. Controlling party**

The ultimate parent company and controlling party is Datatec Limited, a company registered in South Africa listed on both the Johannesburg and London (AIM) stock exchanges. The financial statements of Datatec Limited may be obtained from the website [www.datatec.co.za](http://www.datatec.co.za) or alternatively may be obtained via mail from PO Box 76226, Wendywood 2144, South Africa.

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