

AZEGO TS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

AZEGO TS LIMITED

COMPANY INFORMATION

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

AZEGO TS LIMITED

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AZEGO TS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

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

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

Business review

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

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

During 2021, the global demand for semiconductors increased significantly, linked to the increased demand for smart electric cars, mobile devices and IoT devices. This, along with manufacturing issues in Asia, put pressure on the supply chains and increased prices. The high demand continued in to 2022 and the impact is reflected in the Group's financials.

Principal risks and uncertainties

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

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

Supply chain risks

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

Price Risks

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

Interest Rate Risk

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

Future developments

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

AZEGO TS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial key performance indicators

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

	2022	2021
£'000		
Turnover	104,989	50,052
EBITDA	23,410	10,817

Due to the increased industry demand and pricing, the consolidated sales significantly increased by £55 million, reaching £105 million.

The Group also achieved a substantial improvement in EBITDA due to increased revenues. EBITDA for the 2022 financial year amounted to £23 million, representing a £13 million increase compared to the previous period.

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

Mr R A Arbuckle
Director

Date: 27 September 2023

AZEGO TS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

Mr R A Arbuckle
Mr S J Dopson

Disclosure of information to auditors

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

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

Auditors

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

AZEGO TS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Mr R A Arbuckle
Director

Date: 27 September 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZEGO TS LIMITED

Opinion

We have audited the financial statements of Azego TS Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

AZEGO TS LIMITED

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Comparative position

The financial statements for the year ended 31 December 2021 were not audited and we express no opinion on the comparative figures included in these financial statements.

Use of our report

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

Mahmood Ramji (Senior Statutory Auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants & Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

27 September 2023

AZEGO TS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	Unaudited 2021 £
Turnover	4	104,988,586	50,052,040
Cost of sales		(77,730,671)	(36,831,617)
Gross profit		27,257,915	13,220,423
Administrative expenses		(4,183,646)	(2,630,819)
Other operating income		168,398	87,588
Operating profit	6	23,242,667	10,677,192
Interest payable and similar expenses		(37,510)	(182,555)
Profit before tax		23,205,157	10,494,637
Tax on profit	11	(4,506,232)	(2,272,104)
Profit for the financial year		18,698,925	8,222,533
Profit for the year attributable to:			
Owners of the parent company		(18,698,925)	(8,222,533)
		(18,698,925)	(8,222,533)

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 18 to 32 form part of these financial statements.

AZEGO TS LIMITED
REGISTERED NUMBER: 03220592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	Unaudited 2021 £
Fixed assets			
Tangible assets	13	1,377,056	1,343,688
		1,377,056	1,343,688
Current assets			
Stocks	15	2,945,610	2,732,667
Debtors: amounts falling due within one year	16	15,429,098	14,166,139
Cash at bank and in hand	17	8,153,622	229,083
		26,528,330	17,127,889
Current liabilities			
Creditors: amounts falling due within one year	18	(13,755,342)	(7,416,388)
		12,772,988	9,711,501
Net current assets			
		14,150,044	11,055,189
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	19	-	(386,842)
Provisions for liabilities			
Deferred tax	20	(314,577)	(303,674)
		13,835,467	10,364,673
Net assets			
Capital and reserves			
Called up share capital	21	50,000	50,000
Share premium account	22	15,002	15,002
Foreign exchange reserve	22	14,903	(39)
Other reserves	22	885	840
Profit and loss account	22	13,754,677	10,298,870
		13,835,467	10,364,673

AZEGO TS LIMITED
REGISTERED NUMBER: 03220592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

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

Mr R A Arbuckle

Director

Date: 27 September 2023

The notes on pages 18 to 32 form part of these financial statements.

AZEGO TS LIMITED
REGISTERED NUMBER: 03220592

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	Unaudited 2021 £
Fixed assets			
Tangible assets	13	1,374,568	1,343,563
Investments	14	7,807	7,807
		1,382,375	1,351,370
Current assets			
Stocks	15	2,945,610	2,732,667
Debtors: amounts falling due within one year	16	15,422,316	14,160,555
Cash at bank and in hand	17	8,146,809	224,822
		26,514,735	17,118,044
Current liabilities			
Creditors: amounts falling due within one year	18	(13,867,527)	(7,496,595)
		12,647,208	9,621,449
Net current assets			
		14,029,583	10,972,819
Total assets less current liabilities			
		14,029,583	10,972,819
Creditors: amounts falling due after more than one year	19	-	(386,842)
Provisions for liabilities			
Deferred taxation	20	(314,577)	(303,674)
		13,715,006	10,282,303
Net assets			
		13,715,006	10,282,303
Capital and reserves			
Called up share capital	21	50,000	50,000
Share premium account	22	15,002	15,002
Profit and loss account brought forward		10,217,301	2,235,262
Profit for the year		18,675,821	8,199,039
Dividends		(15,243,118)	(217,000)
		13,650,004	10,217,301
Profit and loss account carried forward		13,650,004	10,217,301
		13,715,006	10,282,303

AZEGO TS LIMITED
REGISTERED NUMBER: 03220592

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

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

Mr R A Arbuckle

Director

Date: 27 September 2023

The notes on pages 18 to 32 form part of these financial statements.

AZEGO TS LIMITED

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

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2022	50,000	15,002	(39)	840	10,298,870	10,364,673	10,364,673
Profit for the year	-	-	-	-	18,698,925	18,698,925	18,698,925
Other movement	-	-	14,942	45	-	14,987	14,987
Dividends: Equity capital	-	-	-	-	(15,243,118)	(15,243,118)	(15,243,118)
At 31 December 2022	<u>50,000</u>	<u>15,002</u>	<u>14,903</u>	<u>885</u>	<u>13,754,677</u>	<u>13,835,467</u>	<u>13,835,467</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2021 (unaudited)	50,000	15,002	-	840	2,293,337	2,359,179	2,359,179
Profit for the year	-	-	-	-	8,222,533	8,222,533	8,222,533
Other movement	-	-	(39)	-	-	(39)	(39)
Dividends: Equity capital	-	-	-	-	(217,000)	(217,000)	(217,000)
At 31 December 2021	<u>50,000</u>	<u>15,002</u>	<u>(39)</u>	<u>840</u>	<u>10,298,870</u>	<u>10,364,673</u>	<u>10,364,673</u>

The notes on pages 18 to 32 form part of these financial statements.

AZEGO TS LIMITED

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

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

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021 (unaudited)	50,000	15,002	2,235,262	2,300,264
Profit for the year	-	-	8,199,039	8,199,039
Dividends: Equity capital	-	-	(217,000)	(217,000)
At 31 December 2021	50,000	15,002	10,217,301	10,282,303

The notes on pages 18 to 32 form part of these financial statements.

AZEGO TS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	18,698,925	8,222,533
Adjustments for:		
Depreciation of tangible assets	167,176	139,886
Loss on disposal of tangible assets	3,690	-
Interest paid	37,510	182,548
Taxation charge	4,495,329	2,021,832
(Increase) in stocks	(212,943)	(2,074,194)
(Increase) in debtors	(1,262,959)	(11,464,874)
Decrease in amounts owed by group undertakings	-	250,272
Increase in creditors	7,581,824	4,678,349
Increase in deferred tax liability	10,903	-
Corporation tax (paid)	(5,700,407)	(276,773)
Foreign exchange	14,987	(5,775)
	23,834,035	1,673,804
Cash flows from investing activities		
Purchase of tangible fixed assets	(204,234)	(163,895)
	(204,234)	(163,895)
Cash flows from financing activities		
Repayment of loans	(424,634)	(113,294)
Dividends paid	(15,243,118)	(217,000)
Interest paid	(37,510)	(182,548)
	(15,705,262)	(512,842)
Net increase in cash and cash equivalents	7,924,539	997,067
Cash and cash equivalents at beginning of year	229,083	(767,984)
	8,153,622	229,083
Cash and cash equivalents at the end of year		
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,153,622	229,083
	8,153,622	229,083

The notes on pages 18 to 32 form part of these financial statements.

AZEGO TS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	At 1 January 2022	Cash flows	At 31 December 2022
	£	£	£
Cash at bank and in hand	229,083	7,924,539	8,153,622
Debt due after 1 year	(386,842)	386,842	-
Debt due within 1 year	(37,792)	37,792	-
	(195,551)	8,349,173	8,153,622

The notes on pages 18 to 32 form part of these financial statements.

AZEGO TS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

This is the first year that consolidated financial statements have been published for the Group.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

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

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

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

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

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.6 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.7 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

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

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

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

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Stocks

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

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

2.10 Debtors

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

2.11 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Creditors

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

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 Financial instruments

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

2.15 Dividends

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

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. **Judgments in applying accounting policies 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 about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Tangible fixed assets

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

Stock provision

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

Bad debt provision

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

4. **Turnover**

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

	2022 £	2021 £
Distribution of electronic equipment	<u>104,988,586</u>	<u>50,052,040</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	39,388,776	50,052,040
Rest of the world	65,599,810	-
	<u>104,988,586</u>	<u>50,052,040</u>

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Other operating income

	2022	2021
	£	£
Other operating income	168,398	75,327
Government grants receivable	-	12,261
	168,398	87,588
	168,398	87,588

6. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Exchange differences	(3,345,686)	(813,711)
Other operating lease rentals	153,822	147,864
	153,822	147,864
	153,822	147,864

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	28,000	-

8. Employees

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

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Wages and salaries	6,238,514	2,795,245	6,020,657	2,662,426
Social security costs	701,048	221,773	608,099	165,455
Cost of defined contribution scheme	215,480	115,956	215,480	115,956
	7,155,042	3,132,974	6,844,236	2,943,837
	7,155,042	3,132,974	6,844,236	2,943,837

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

	2022	2021
	No.	No.
Average No. of Employees	37	21
	37	21

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	16,848	16,848
Group contributions to defined contribution pension schemes	176,051	80,001
	<hr/> 192,899 <hr/>	<hr/> 96,849 <hr/>

The Directors are considered to be the key management personnel.

10. Interest payable and similar expenses

	2022	2021
	£	£
Bank interest payable	10,166	182,099
Other interest payable	27,344	456
	<hr/> 37,510 <hr/>	<hr/> 182,555 <hr/>

11. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	4,495,329	2,021,832
Deferred tax		
Origination and reversal of timing differences	10,903	250,272
	<hr/> 4,506,232 <hr/>	<hr/> 2,272,104 <hr/>
Tax on profit		

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19 %). The differences are explained below:

	2022	2021
	£	£
Profit on ordinary activities before tax	<u>23,205,157</u>	<u>10,494,637</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19 %)	4,408,980	1,993,981
Effects of:		
Expenses not deductible for tax purposes	31,771	27,334
Fixed asset differences	(10,139)	(7,371)
Higher rate taxes on overseas earnings	22,544	3,557
Other differences leading to an increase (decrease) in the tax charge	50,460	5,736
Remeasurement of deferred tax for changes in tax rates	2,616	72,882
Movement in deferred tax not recognised	-	175,985
Total tax charge for the year	<u>4,506,232</u>	<u>2,272,104</u>

Factors that may affect future tax charges

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

12. Dividends

	2022	2021
	£	£
Dividends	<u>15,243,118</u>	<u>217,000</u>

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Tangible fixed assets

Group

	Freehold property	Office equipment	Total
	£	£	£
Cost or valuation			
At 1 January 2022	1,431,746	582,414	2,014,160
Additions	-	204,234	204,234
Disposals	-	(18,975)	(18,975)
	1,431,746	767,673	2,199,419
Depreciation			
At 1 January 2022	264,833	405,639	670,472
Charge for the year on owned assets	76,519	90,657	167,176
Disposals	-	(15,285)	(15,285)
	341,352	481,011	822,363
Net book value			
At 31 December 2022	1,090,394	286,662	1,377,056
At 31 December 2021	1,166,913	176,775	1,343,688

The net book value of land and buildings may be further analysed as follows:

	2022	2021
	£	£
Freehold property	1,090,394	1,166,913

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Tangible fixed assets (continued)

Company

	Freehold property	Office equipment	Total
	£	£	£
Cost or valuation			
At 1 January 2022	1,431,746	581,433	2,013,179
Additions	-	201,903	201,903
Disposals	-	(18,975)	(18,975)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	1,431,746	764,361	2,196,107
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2022	264,833	404,783	669,616
Charge for the year on owned assets	76,519	90,689	167,208
Disposals	-	(15,285)	(15,285)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	341,352	480,187	821,539
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2022	<u>1,090,394</u>	<u>284,174</u>	<u>1,374,568</u>
At 31 December 2021	<u>1,166,913</u>	<u>176,650</u>	<u>1,343,563</u>

The net book value of land and buildings may be further analysed as follows:

	2022	2021
	£	£
Freehold	<u>1,090,394</u>	<u>1,166,913</u>

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	7,807
At 31 December 2022	7,807
Net book value	
At 31 December 2022	7,807
At 31 December 2021	7,807

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Holding
Azego TS Europe Limited	France	100 %

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Azego TS Europe Limited	342,914	237,750

15. Stocks

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Raw materials and consumables	2,945,610	2,732,667	2,945,610	2,732,667

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	14,575,745	12,616,875	14,575,745	12,616,875
Amounts owed by associated undertakings	755,451	849,499	755,451	849,499
Other debtors	6,656	699,642	-	694,181
Prepayments and accrued income	91,246	123	91,120	-
	<u>15,429,098</u>	<u>14,166,139</u>	<u>15,422,316</u>	<u>14,160,555</u>

17. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	<u>8,153,622</u>	<u>229,083</u>	<u>8,146,809</u>	<u>224,822</u>

18. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	-	37,792	-	37,792
Trade creditors	2,288,139	1,873,486	2,283,359	1,872,391
Amounts owed to group undertakings	-	-	454,805	-
Corporation tax	799,783	2,004,861	799,783	2,004,861
Other taxation and social security	1,070,196	1,029,514	947,002	977,926
Proceeds of factored debts	-	1,426,691	-	1,426,691
Other creditors	7,220,120	4,642	7,220,120	4,642
Accruals and deferred income	2,377,104	1,039,402	2,162,458	1,172,292
	<u>13,755,342</u>	<u>7,416,388</u>	<u>13,867,527</u>	<u>7,496,595</u>

The invoice finance facility is secured by fixed and floating charges on all non-vesting debts.

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. Creditors: Amounts falling due after more than one year

	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Bank loans	<u>-</u>	<u>386,842</u>	<u>-</u>	<u>386,842</u>

Bank loans consist of a long term mortgage which is secured by a fixed charge over the property.

20. Deferred taxation

Group

	2022	2021
	£	£
At beginning of year	(303,674)	(53,402)
Charged to profit or loss	(10,903)	(250,272)
At end of year	<u>(314,577)</u>	<u>(303,674)</u>

Company

	2022	2021
	£	£
At beginning of year	(303,674)	(53,402)
Charged to profit or loss	(10,903)	(250,272)
At end of year	<u>(314,577)</u>	<u>(303,674)</u>

	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Accelerated capital allowances	<u>(314,577)</u>	<u>(303,674)</u>	<u>(314,577)</u>	<u>(303,674)</u>

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
10,000 (2021 - 10,000) Ordinary shares of £1.00 each	10,000	10,000
40,000 (2021 - 40,000) Deferred shares of £1.00 each	40,000	40,000
	50,000	50,000
	50,000	50,000

22. Reserves

Share premium account

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

Foreign exchange reserve

The foreign exchange reserve represents the accumulated gains or losses resulting from the translation of the subsidiary's financial statements into the Group's reporting currency.

Profit and loss account

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

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £176,051 (2021: £80,000). Contributions totalling £Nil (2021: £Nil) were payable to the fund at the balance sheet date.

24. Commitments under operating leases

At 31 December 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
Group	£	£
Not later than 1 year	106,815	109,877
Later than 1 year and not later than 5 years	364,000	377,190
Later than 5 years	75,833	166,833
	546,648	653,900
	546,648	653,900

AZEGO TS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Related party transactions

The Group is exempt under FRS 102 section 33.1A from disclosing related party transactions with entities that are part of the Group, where 100% of the voting rights are controlled within the Group. Balances due to members of the Group are disclosed in note 16.

Included within other creditors at the year end is an amount of £7,182,952 (2021: £902,106 included in other debtors) due to the Directors. These loans are interest free and repayable on demand.

26. Controlling party

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

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

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