Registered number: 10219781

Lenovo Global Technology UK Limited

Annual report and financial statements

for the year ended 31 March 2022

Lenovo Global Technology UK Limited

Company Information

Directors	Colm Gleeson Christophe Laurent
Company number	10219781
Registered office	Redwood 3 Chineham Business Park Crockford Lane Chineham Basingstoke RG24 8WQ
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 141 Bothwell Street Glasgow G2 7EQ

Lenovo Global Technology UK Limited

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Lenovo Global Technology UK Limited

Strategic report for the year ended 31 March 2022

The directors present the strategic report and the audited financial statements of the company for the year ended 31 March 2022.

Review of business

Lenovo Global Technology UK Limited is a wholly owned subsidiary of Lenovo Group Limited, a company incorporated in Hong Kong. Lenovo Global Technology UK Limited is registered in United Kingdom and limited by shares. The company is also included in the consolidated financial statements of Lenovo Group Limited, which are publicly available.

The company's revenue decreased influenced by the macro-economy, but still benefit from Cloud Service Provider (CSP) sales and the recovery of Enterprise & Small-and-medium Business (ESMB). Lenovo Global Technology UK Limited expanded its client base through broadened product offerings, which particularly appeal to Next Wave customers in the CSP business in need of strong supplier support to expand their own cloud services. ESMB expanded high-growth, higher margin products across servers, storage, Software-Defined Infrastructure (SDI), software, and services.

The company achieved a profit for the year of £1,326,253 (2021: £2,002,986). The operating profit for the year was £1,899,765 (2021: £1,981,640). The company's revenue in the year was £99,871,146 (2021: £107,439,259) which was from the sale of servers and server maintenance. The company's net assets as 31 March 2022 were £30,471,715 (31 March 2021: £28,700,666).

Key performance indicators (KPIs)

In the assessment of the performance of this region, management focus on the following key performance indicators.

- Sales volumes
- Revenues
- Gross profit margins (Base manufacturing costs with other allocated group costs)
- Pre-tax profit (Base manufacturing costs with other allocated group costs)

On the basis of the indicators used for the management of the business, management are satisfied with the contribution of the company.

The transfer pricing model for the company as limited risk distributor for the Lenovo Global Technology HK Limited is set on the Pre-Tax Income level.

Financial income in the overall PTI aligns the company performance to the PTI target determined by limited risk distributor agreements.

	For the year ended 31 March 2022	**For the year ended 31 March 2021**
Revenues	£99,871,146	£107,439,259
Gross profit margins	9.0%	5.4%
Pre-tax profit	£1,899,765	£1,981,640

The development, performance and position of Lenovo Group Limited which includes the company, is discussed in the 'Management's Discussion and Analysis' (pages 16 to 59) of Lenovo Group Limited annual report 2022, which does not form part of this report.

Principal risks and uncertainties

There are various risks facing the company. The list below is not exhaustive but is intended to focus on the specific risks that the directors believe could have a significant impact on the company's performance.

Economic conditions
The level of activity in the markets in which the company operates is dependent on a number of factors such as economic cycles, business confidence and growth in the economy. A downturn in one or more of these indicators could affect the level of spending on the company's products.

Competition
The company operates in highly competitive markets. The competitive landscape is changing, with new entrants coming from non-traditional areas, and other competitors are reviewing their position within the marketplace. This presents both opportunities and threats that need to be addressed to continue to grow our business.

Parent company
The company is a subsidiary of Lenovo Global Technologies International Limited and is dependent on this and other Lenovo Group companies for the supply of products, brand strength and funding.

Technology
The company is required to continually offer new products and services to keep in line with technological developments which it does through its global research and development capabilities based in China, the United States and Japan. The company will continue to bring market leading, innovative and high quality products to the market.

COVID-19

COVID-19 was categorised as a pandemic by the World Health Organization in March 2020. Lenovo Global Technology UK Limited logistics and many other aspects of operations had been disrupted by COVID-19. This included mandatory closure of facilities and extended shutdown of business operations. The supply constraints cause the revenue of the data center, Edge computing and hybrid cloud segments slightly decrease in Lenovo Global Technology UK limited.

Lenovo Global Technology UK Limited work closely with customers, employees and suppliers to address the impact of the COVID-19 outbreak in order to navigate this crisis period. It actively anticipates and prepares contingency plans to minimize any disruptions. Lenovo Global Technology UK Limited reviews the terms of existing contracts and assesses the likelihood and consequences of potential non-performance of contractual obligations. Strategies are formulated to resolve potential issues.

Corporate responsibility

The company recognises that, as part of a wider community of employees, shareholders, customers, suppliers and others, it has a responsibility to act in a way that respects the environment and minimises any adverse impacts caused by its operations.

Through its Corporate Responsibility policy the company aims to:

- meet all relevant legislative requirements on environment issues;
- promote environmental awareness among staff and seek their active participation in minimising the environmental impact of the company's operations;
- ensure the safe disposal of manufacturing waste; and
- seek to conserve energy and natural resources by minimising waste, recycling where possible and by maximising its use of renewable resources.

The company remains committed to continuing to improve its impact on the environment.

Lenovo Global Technology UK Limited

Strategic report for the year ended 31 March 2022

Section 172 statement

The Board of Lenovo Global Technology UK Limited consider that they have complied with the requirement of section 172 of the Companies Act 2006 to ensures all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standard of conduct.

The Board working with management and listening to the feedback from Company's stakeholders acknowledge that business can only grow and prosper over the long-term if it understands and respect the views and needs of the company's investors, customers, employees, suppliers and other stakeholders to whom we are accountable, as well as the environment we operate.

The Board seeks to understand the respective interest of these stakeholder groups so that they may be properly considered while making decisions. Lenovo actively manages its relationship with customers, employees, suppliers, investors, regulators, members of the communities in which it operates, and other stakeholders whose actions can affect the Company's performance and value.

Lenovo Global Technology UK Limited is controlled through the Board who is responsible for steering the success of the company by overseeing the overall strategy, directing and supervising its affairs in a responsible and effective manner. The Board also set the company core values and adopts proper standards to ensure that the company operates with integrity and complies with the relevant rules and regulations.

The Board recognises that such delegation needs to be part of a robust governance structure, which covers our values, how we engage with our stakeholders, and how the Board assures itself that the governance structure and systems of control continue to be robust.

The table below sets out our key stakeholders and provide samples of how Lenovo Global Technology UK Limited engaged with them in the year as well as demonstrating stakeholder consideration in the decision-making process.

Stakeholders	Lenovo Stakeholder Engagement	Stakeholder Consideration in Board's Decision
Investors		
Investor relations, Analysts, Shareholders	Quarterly and annual financial results, climate change, Diversity, Equity and Inclusion (DEI), corporate governance, ESG initiatives, goals and targets	As a Board, Directors aim to provide clear information to our parent company Lenovo Group, shareholders and investors, to ensure fair disclosure and comprehensive and transparent reporting of the company performance and activities. Lenovo is committed to safeguard shareholder's interests and believes that effective communication with shareholders and other stakeholders is essential for enhancing investor relations and investor understanding of the business performance and strategies of the Group. The Board has established the shareholders communication policy ("Shareholders Communication Policy") setting out various channels of communication with Shareholders and other stakeholders for ensuring fair disclosure and comprehensive and transparent reporting of the Company's performance and activities. The Nomination and Governance Committee of the Company reviews the Shareholders Communication Policy on a regular basis to ensure its effectiveness.

Section 172 statement (continued)

Stakeholders	Lenovo Stakeholder Engagement	Stakeholder Consideration in Board's Decision
Employees		
Employees	Satisfaction surveys, training & development, DEI, corporate governance, health & safety	The Company's Human Rights policy communicates its respect for human rights and how it extends those rights to employees and business partners. Maintaining a diverse culture and achieving its full potential is fundamental to the Company's competitive success. A key element in the Company's workforce diversity programs is the commitment to equal employment opportunity and to prohibit discrimination, harassment, and similar inappropriate behaviour in the workplace. The Company's policy and Code of Conduct commits to providing a work environment free of discrimination and harassment based on race, colour, gender, religion, age, nationality, social or ethnic origin, sexual orientation, gender identity or expression, marital status, pregnancy, disability, or veteran status. Company policy prohibits management from making employment decisions based on such characteristics. These business activities and the design and administration of the Company's benefit plans must comply with all applicable laws. For qualified employees with disabilities, the Company will make reasonable accommodations needed for effective job performance in a manner that complies with applicable laws.
Suppliers		
Suppliers, Global supply chain team	Product environmental qualities, product end of life (PELM), repairability, data privacy, product quality, climate change	The Company's Product End-of-Life Management (PELM) program is an important part of its efforts to support a transition to a circular economy. The PELM program increases the beneficial reuse and recycling of products and parts and supports the elimination of end-of-life electronic products being disposed of in landfills and includes the practice of reuse, refurbishing, de-manufacturing, dismantling, reclamation, shredding, recycling, treatment, and disposal of products, parts, and peripherals when they are taken out of service, reach end-of-life, or are scrapped. As customers continue to have considerable interest in the Company's recycling programs, its continual improvement activities include searching for opportunities to maximize reuse and recycling. With a vision for a net-zero future, the Company knows the transition to a circular economy is critical. Collaboration and credibility are important to the Company during its journey to achieving net-zero and advancing a circular economy.

Section 172 statement (continued)

Stakeholders	**Lenovo Stakeholder Engagement**	**Stakeholder Consideration in Board's Decision**
Community		
NGOs, Charities, Education, Civic, Community partnerships, Regulators/legislators	Access to technology, STEM education, employee engagement, natural disasters	The Company's social investments are focused on empowering underrepresented populations with access to technology and STEM (science, technology, engineering, and math) education. In 2021, the Company expanded access to its regular employee matching gift and volunteer tracking benefits by launching the Love on platform for global employee engagement. The Company's philanthropy program launched a strategic grant round in January 2022 focused on providing digital skills training.
Government and Regulator		
Local government, Patent board, Legal team	Regulatory and compliance, data and security, labor practices	The Company's Code of Conduct (Code) mandates compliance with applicable laws in markets where it conducts business. Its policies strongly support ethical and responsible business practices, including but not limited to: Anti-Bribery and Anti-Corruption Anti-Competitive Practices and Fair Competition Intellectual Property Privacy & Data Protection The Company has established clear processes and reporting channels for raising questions or reporting concerns. The Company's policy on reporting unlawful or inappropriate conduct guides employees how to raise questions or concerns regarding any aspect of their work. Employees are encouraged to raise concerns to their managers, Human Resources, the ECO, Internal Audit, or the Legal team about any potential issues

This report was approved by the Board of Directors on 14 December 2022 and signed on its behalf.

Colm Gleeson

Colm Gleeson
Director

Lenovo Global Technology UK Limited

Directors' report for the year ended 31 March 2022

Results and dividends

The profit for the year amounted to £1,326,253 (2021: £2,002,986). The directors do not recommend the payment of any dividends (2021: £nil).

Future Developments

The macro landscape remains challenging due to factors as varied as the ongoing pandemic and newly emerged geopolitical risks. To help clients navigate these uncertainties, the Lenovo Group will continue to pursue innovation, with bold R&D investments, in areas that include environmental impact reduction, social equity, and fair and ethical operations.

Lenovo Global Technology UK Limited profit from Infrastructure Solutions Group (ISG) business, it's outlook remains strong as the supply shortfall, from poor integrated circuit chip availability and COVID-led disruption, has resulted in unfulfilled customer orders. ISG has built industry-leading end-to-end infrastructure solutions and expanded from server to full-stack offerings including storage, SDI, software, and services – all with higher profitability. The ESMB segment will also capitalize on growth opportunities in hybrid cloud, High Performance Computing, and solutions for the Telco/communication sectors. For the CSP segment, ISG has a unique ODM+ (Original Design and Manufacturing) business model to address the growing demand for vertically integrated supply chains. The business will continue to diversify its customer base and expand its share of existing accounts through design-wins.

Health and safety

The company strives to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation. In addition, the company aims to protect the health of employees with suitable, specific work-based strategies, seeking to minimise the risk of injury from company activity and ensure that systems are in place to address health and safety matters. Compliance with company policy is monitored centrally and an annual health and safety report is produced for the Board.

Health and safety audits and risk assessments are carried out and additional actions and controls are implemented and training conducted to ensure that employees can carry out their functions in a safe and effective manner.

Disabled employees

All applications from disabled persons are fully considered. Should an employee become disabled, it is the company's practice to continue their current employment where possible or offer suitable alternatives. It is the policy of the company that the training, career development and promotion of the disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

Lenovo Global Technology UK Limited participates in a group operated long-term incentive programme. This programme was approved on 26 May 2005 for the purpose of rewarding and motivating directors, executives and top performing employees of the group. The long term incentive programme is designed to attract and retain the best available personnel, and encourage and motivate participants to work towards enhancing the value of the group and its shares by aligning their interests with those of the shareholders of the group.

The company continues to place importance upon the education and development of its people. There is a well-developed employee involvement programme within the company. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through regular newsletters. All employees' training and development is supported by continuing in-service education.

Lenovo Global Technology UK Limited

Directors' report for the year ended 31 March 2022

Going concern

The preparation of the company's financial statements on a going concern basis is considered appropriate by management due to a letter of support obtained from Lenovo Group Limited.
Lenovo Group Limited will provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due. This financial support will include:

- Not seeking the repayment of amounts advanced to the Company by the Parent and/or other members of the Parent group unless adequate alternative financing has been secured by the Company; and
- Advancing further amounts to the Company as required by the Company.

This undertaking will remain in place for the foreseeable future and will not be withdrawn during a period of 12 months from the date of approval of the financial statements.

Refer to the accounting policies in note 1.1 of the financial statements for the going concern assessment.

Financial risk management

The company's operations expose it to a variety of financial risks that include liquidity risk, currency risk and credit risk. In order to utilise Lenovo Group Limited's size and experience, responsibility for the management of these risks has been delegated to the Lenovo Group treasury function. The policies set by the group treasury function are implemented by the company's finance department.

Liquidity risk
The company retains sufficient cash to ensure it has sufficient funds available for operations. The company would have access to longer term funding from its ultimate parent if required.

Currency risk
The company has currency risk associated with the intercompany amounts payable. Potential exposures to foreign currency exchange rate movements are monitored and managed by the Lenovo Group treasury function. The Lenovo Treasury department has put in place a financial risk management programme that focuses on the unpredictability of financial markets and seeks to minimize the potential adverse impact on the company financial performance.

Credit risk
There is a risk of financial loss to the company arising from the failure of the company's customers to meet their financial obligations for the products provided by the company.

The company manages this situation through credit control procedures and factoring certain classes of debt and management are of the view that the risk is at an acceptable level.

Streamlined Energy and Carbon Reporting

Lenovo recognises that human activities are contributing to climate change and concurs with the findings of current climate science as described in the latest assessment report from the Intergovernmental Panel on Climate Change (IPCC). The Company also recognises that if left unchecked, current trends in climate change present serious economic and societal risks and agrees that specific actions are needed to stabilize atmospheric GHG levels and hold global average temperatures to acceptable increases.

The Company is working both internally and externally to minimize and mitigate climate risks. It is committed to reducing the global carbon footprint of its business activities and has demonstrated its commitment by:

- Implementing a corporate Climate and Energy Policy
- Executing a long-term comprehensive Climate Change Strategy
- Setting corporate-wide objectives and targets which support the above Policy and Strategy

Streamlined Energy and Carbon Reporting (continued)

The Lenovo Group's Chief Corporate Responsibility Officer provides executive leadership for its ESG position, including climate change programs. In addition, the newly formed ESG Executive Oversight Committee provides strategic direction and facilitates the coordination of ESG efforts across the Company.

Science-Based Emissions Reduction Targets

In June 2020, the Company established science-based emissions reduction targets, which were validated by the Science-Based Targets initiative (SBTi). Its Scope 1 and 2 emissions reduction targets are consistent with limiting warming to 1.5°C, the most ambitious goal of the Paris Agreement, and its Scope 3 emissions reduction targets meet ambitious criteria according to the SBTi's methodology, which means they are in line with current best practices. These targets have a base year of FY 2018/19 and a target year of FY 2029/30. The following table details the Company's Science-Based Targets, road maps for their achievement, and progress against the targets in FY 2021/22.

LENOVO EMISSIONS REDUCTION TARGETS	ROAD MAP	PROGRESS AS OF FY2020/21 BASE YEAR: FY 2018/19	FY 2029/30 TARGET
Reduce absolute Scope 1 + Scope 2 GHG emissions 50%	Hierarchical combination of energy efficiency, on-site renewable energy generation, and renewable energy commodities	-15%	- 50%
Reduce Scope 3 GHG emissions from use of sold products 25% per comparable product (for notebooks, desktops and servers)	Reduce product emissions through energy efficiency improvements of: •Desktops by 50% •Servers by 50% •Notebooks by 30%	-2%	- 25%
Reduce Scope 3 GHG emissions from purchased goods and services 25% per million US$ procurement spend	•Inclusion of climate change requirements in Supplier Code of Conduct •Supplier climate data collected annually from subset of suppliers •Climate change KPIs included in supplier ESG scorecards (evaluation process)	-7%[1]	- 25%
Reduce Scope 3 GHG emissions from upstream transportation and distribution 25% per tonne-km of transported product	•Modal shift to "greener" modes of transport •Optimization of transport planning •Increase of vehicle utilization •Improvement of vehicle fuel efficiency	+4%[1]	- 25%

[1] The company is in the process of improving input data for this Scope 3 category. The status reported here is the best available estimate at the time of publication. In the FY 2022/23 ESG Report, overall supporting data and target status will reflect any improved input data.

Streamlined Energy and Carbon Reporting (continued)

Science-Based Emissions Reduction Targets (continued)

The company has explored the next steps in support of the global transition to a low-carbon economy through its path to net-zero emissions. It has been deliberate about not making a net-zero claim until one could be aligned with a global scientific standard. The company has supported the development of a standard aligned with the latest climate science and was selected to road test the Science Based Targets initiative (SBTi) Net-Zero Standard before it was launched in October 2021. It has also performed an initial financial and feasibility study to size the next steps to support a path to net-zero by 2050. In March 2022, Lenovo Group signed the SBTi Commitment Letter pledging to set net-zero targets, including a long-term science-based target. The company has responded to the SBTi's urgent call for corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign and it became part of the United Nations Framework Convention on Climate Change (UNFCCC) Race to Zero campaign.

Operational Energy Efficiency

Given that one of the Company's most significant environmental aspects is emissions associated with energy consumption, it has a goal to continually improve the energy efficiency of its operations. In FY 2021/22, the Company's initiatives for energy reduction included the installation of low-energy lighting and related electrical equipment, energy efficiency improvements to HVAC systems, better insulation, improving computer server room energy efficiency, adjusting working stations, and employee education.

Methodology

The Lenovo Inventory was prepared using and verified against:

- ISO 14064-1:2018: Greenhouse gases. Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals;
- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol, Corporate Accounting and Reporting Standard, Revised Edition (Scope 1 and 2) and the GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard;
- WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3); and
- Greenhouse Gas Inventory Management Plan; LDL Document – GHG IMP; March 18th, 2021; EMS-00044 revision: 8.0.

TÜV SÜD Slovakia s.r.o. conducted verification activities in alignment with the principles of:

- ISO 14064-3:2019: Greenhouse gases. Part 3: Specification with guidance for the verification and validation of greenhouse gas statements; and
- International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after Dec. 15, 2015), issued by the International Auditing and Assurance Standards Board.

Lenovo Technology (United Kingdom) Limited and Lenovo Global Technology UK Limited shared same building across our sites within the United Kingdom. We do not have separate energy meters for these legal entities, employees are mixed in the offices and shared common areas together. For the purpose of this report, GHG emissions and energy used data was shared based on headcounts on ratio 69:31 between Lenovo Technology (United Kingdom) Limited and Lenovo Global Technology UK Limited.

Streamlined Energy and Carbon Reporting (continued)

GHG emissions and energy use data for period 1 April 2021 to 31 March 2022

Lenovo Global Technology UK Limited (35%)	Current reporting year 2021-2022		Comparison reporting year 2020-2021	
	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)
Energy consumption used to calculate emissions: /kWh – optional to provide separate figures for gas, electricity, transport fuel and other energy sources	Scope 1 (fuels): 56 808 kWh Scope 2 (electricity): 326 847 kWh	Scope 1 (fuels): 24 419 203 kWh Scope 2 (electricity + steam): 324 003 957 kWh	Scope 1 (fuels): 52 289 kWh Scope 2 (electricity): 285 317 kWh	Scope 1 (fuels): 33 156 591 kWh Scope 2 (electricity + steam): 313 526 428 kWh
Emissions from combustion of gas tCO 2e (Scope 1)	10 MT/CO_2e	6 035 MT/CO_2e	10 MT/CO_2e	7 269 MT/CO_2e
Emissions from combustion of fuel for transport purposes (Scope 1)	n/a	n/a	n/a	n/a
Emissions from business travel in rental cars or employee - owned vehicles where company is responsible for purchasing the fuel (Scope 3)	0 MT/CO_2e	283 MT/CO_2e	0 MT/CO_2e	103 MT/CO_2e
Emissions from purchased electricity (Scope 2, location - based)	69 MT/CO_2e	191 556 MT/CO_2e	65 MT/CO_2e	177 678 MT/CO_2e
Total gross CO 2e based on above	79 MT/CO_2e	197 874 MT/CO_2e	75 MT/CO_2e	185 050 MT/CO_2e
Intensity ratio: tCO2e gross figure based from mandatory fields above/ e.g. £100,000 revenue	0.079 MT/CO_2e /£100,000	0.35 MT/CO_2e /£100,000	0.070 MT/CO_2e /£100,000	0.41 MT/CO_2e /£100,000

We're incredibly proud of the progress we've made so far in reducing our impact on the environment through conscious effort, as well as investments across our operations.

Lenovo Global Technology UK Limited

Directors' report for the year ended 31 March 2022

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Colm Gleeson
Christophe Laurent

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. The third party indemnity is in force during the financial year and is in force up to the date of approval of the financial statements.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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.

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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

The directors at the time when this Directors' report is approved have confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- directors have taken all the steps that ought to have been taken in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the Board of Directors on 14 December 2022 and signed on its behalf.

Colm Gleeson

Colm Gleeson
Director

Independent auditors' report to the members of Lenovo Global Technology UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Lenovo Global Technology UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Balance sheet as at 31 March 2022; Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of non standard journals as a way to extract cash from the business or manipulate revenue. Audit procedures performed by the engagement team included:

- understanding and evaluating the design and implementation of management's controls designed to prevent and detect irregularities;
- enquiring of management around actual and potential litigation, claims and tax disputes;
- identifying and testing unusual account combination journals entries related to cash and revenue which may be indicative of fraud; and
- incorporating an element of unpredictability into our audit plan.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Lorraine Quinn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
14 December 2022

Statement of comprehensive income for the year ended 31 March 2022

	Note	**For the year ended 31 March 2022 £**	For the year ended 31 March 2021 £
Turnover	4	**99,871,146**	107,439,259
Cost of sales		**(90,859,212)**	(101,665,386)
Gross profit		**9,011,934**	5,773,873
Administrative expenses		**(26,679,635)**	(21,991,602)
Other operating income	5	**19,567,466**	18,199,369
Operating profit	6	**1,899,765**	1,981,640
Profit before taxation		**1,899,765**	1,981,640
Tax on profit	9	**(573,512)**	21,346
Profit and total comprehensive income for the year		**1,326,253**	2,002,986

All amounts relate to continuing operations.

There were no recognised gains and losses for the year other than those included in the profit and loss account, and there are no material differences (2021:nil) between the profit before taxation and the profit for the financial year and their historical cost equivalents.

The notes on pages 18 to 31 form part of these financial statements.

Lenovo Global Technology UK Limited

Balance sheet as at 31 March 2022

	Note	£	2022 £	£	2021 £
Fixed assets					
Intangible assets	10		**4,139,144**		5,153,962
Tangible assets	11		**406,174**		254,786
Investments	12		**1,446,799**		1,446,799
			5,992,117		6,855,547
Current assets					
Cash at bank and in hand		**532,130**		3,153,875	
Debtors	13	**97,453,493**		85,456,944	
Total current assets		**97,985,623**		88,610,819	
Creditors: amounts falling due within one year	14	**(70,048,448)**		(63,424,643)	
Net current assets			**27,937,175**		25,186,176
Total assets less current liabilities			**33,929,292**		32,041,723
Creditors: amounts falling due after more than one year	15		**(3,457,577)**		(3,341,057)
Net assets			**30,471,715**		28,700,666
Capital and reserves					
Called up share capital	17		**8,629,510**		8,629,510
Share Premium account			**10,984,934**		10,984,934
Capital contribution from parent			**2,557,439**		2,112,643
Profit and loss account			**8,299,832**		6,973,579
Total shareholders' funds			**30,471,715**		28,700,666

The financial statements on pages 16 to 31 were approved and authorised for issue by the Board of directors on 14 December 2022 and were signed on its behalf.

The notes on pages 18 to 31 form part of these financial statements.

Colm Gleeson
Director

Lenovo Global Technology UK Limited

Statement of changes in equity for the year ended 31 March 2022

	Share capital £	Share Premium £	Capital contribution reserve £	Retained earnings £	Total equity £
At 1 April 2020	8,629,510	10,984,934	1,803,366	4,970,593	26,388,403
Capital contribution in respect of share-based payment	-	-	309,277	-	309,277
Profit and total comprehensive income for the year	-	-	-	2,002,986	2,002,986
At 31 March 2021	**8,629,510**	**10,984,934**	**2,112,643**	**6,973,579**	**28,700,666**
At 1 April 2021	8,629,510	10,984,934	2,112,643	6,973,579	28,700,666
Capital contribution in respect of share-based payment	-	-	444,796	-	444,796
Profit and total comprehensive income for the year	-	-	-	1,326,253	1,326,253
At 31 March 2022	**8,629,510**	**10,984,934**	**2,557,439**	**8,299,832**	**30,471,715**

Lenovo Global Technology UK Limited

Notes to the financial statements for the year ended 31 March 2022

1. General information

Lenovo Global Technology UK Limited is a private limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is provided on the company information page. The company sells and maintains computer server systems. The company sells wholly to the UK. The Company's functional currency is sterling.

1.1 Going concern

Lenovo Global Technology UK Limited made a profit after tax of £1,326,253 for the year ended 31 March 2022 and had a net current asset position of £27,937,175 as at 31 March 2022.

The preparation of the company's financial statements on a going concern basis is considered appropriate by management due to a letter of support obtained from Lenovo Group Limited.

Lenovo Group Limited will provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due. This financial support will include:

- Not seeking the repayment of amounts advanced to the Company by the Parent and/or other members of the Parent group unless adequate alternative financing has been secured by the Company; and
- Advancing further amounts to the Company as required by the Company.

This undertaking will remain in place for the foreseeable future and will not be withdrawn during a period of 12 months from the date of approval of the financial statements.

2. Statement of Compliance

The individual financial statements of Lenovo Global Technology UK Limited have been prepared in compliance with UK Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Lenovo Global Technology UK Limited is a qualifying entity as its results are consolidated into the consolidated financial statements of Lenovo Group Limited which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;

ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;

iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;

iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102; and

3. Principal accounting policies (continued)

v) The company is a wholly owned subsidiary of Lenovo Global Technologies International Limited and of its ultimate parent, Lenovo Group. It is included in the consolidated financial statements of Lenovo Group which are publicly available. The company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Lenovo Group. The address of the parent of the parent's registered office is 23rd Floor, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

3.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

3.2 Revenue recognition

Income from the sale of server system is recognised in the Profit and loss account once all the major rights to economic benefits and significant risks relating to the goods have been transferred to the buyer, the income can be reliably measured and it is probable that future economic benefit will flow to the company.

Income from server maintenance services can be recognised in proportion to service it delivered, the result of the transaction relating to a service can be reliably estimated and it is probable that future economic benefit will flow to the company.

3.3 Fixed asset investments

Fixed asset investments held as fixed assets are shown at cost less provision for impairment.
Impairment reviews are performed by the directors when there has been an indication of a potential impairment.

3.4 Financial instruments

The Company have adopted section 11 (Basic Financial Instruments) of FRS 102

(a) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price.
Financial assets are derecognised when (i) the contractual right to cashflows from the asset expire or are settled or (ii) substantially all the risks and rewards of the ownership of the asset have transferred to another party.

(b) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow Group companies are initially recognised at transaction price.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3. Principal accounting policies (continued)

3.5 Customer relationships , Goodwill & Software

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities acquired. Based on the average life of servers, status of customer relationships and historical re-purchasing patterns of customers, Management estimated the average economic useful life of customer relationship to be 10 years. Customer relationships is therefore amortised to the profit and loss account over its estimated economic life of 10 years and an annual impairment test is performed.

Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is amortised over a period of 10 years.

Software is amortised over a period of 5 years.

3.6 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Equipment – over four years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable

3.7 Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatments of certain items for taxation and accounting purposes that have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102 section 29 Deferred tax.

The carrying amount of deferred tax assets is reviewed at the end of the year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised. A deferred tax asset is recognised for an unused tax loss carry forward or unused tax credit only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carry forwards can be utilised.

3.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Profit and loss account.

3.9 Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

3 Principal accounting policies (continued)

3.10 Employee benefits

(a) Pensions
The company pays into employees' personal pension plans and the pension charge represents the amounts payable by the company to these plans in respect of the year. The assets are held in a separately administered fund.

(b) Long-term incentive programme
Lenovo Global Technology UK Limited participates in a group operated long-term incentive programme to recognise employees' individual and collective contributions. This includes two types of awards, namely share appreciation rights and restricted share units. The group reserves the right, at its discretion, to pay the award in cash or ordinary shares of the group. The fair value of the employee services received in exchange for the grant of the long-term incentive awards is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the long-term incentive awards granted. Non-market vesting conditions (for example profitability and sales growth targets) are included in the assumptions about the number of long term incentive awards that are expected to become exercisable/vested.

At each balance sheet date, Lenovo Global Technology UK Limited revises its estimates of the number of long-term incentive awards that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to reserves. This is treated as a capital contribution from the parent company.

3.11 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Intangible fixed asset

Intangible fixed assets are stated at historical cost less amortisation. Allowance is made for any impairment losses expected; a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash-generating unit to which it belongs) exceeds its recoverable amount.

For details on how to determine whether an intangible asset is impaired, please refer to the note on impairments tests for goodwill and intangible assets with indefinite useful lives below.

Goodwill

Intangible fixed assets represent goodwill, transferred over at December 2016, which is the excess of €2,856K costs of acquisition of the IBM X86 server division over the net amount of the fair values of the identifiable assets and liabilities acquired. Goodwill is amortised on the straight-line method over a period of 10 years due to the fact that management believe the majority of the value acquired relates

3. Principal accounting policies (continued)

3.11 Critical accounting estimates and judgements (continued)

to existing relationships and contracts, and 10 years was the average contractual term for IBM contracts.

Customer relationships

Customer relationship balances, transferred over at December 2016, reflect the fair value of existing customer relationships with customers, acquired from IBM as part of the acquisition of the server division. These are amortised on the straight-line basis over 10 years due to this being the average contractual term of an IBM contract for X86 server products.

Impairment tests for goodwill and intangible assets with indefinite useful lives

Management carry out a yearly review to identify any indicators of impairment and if there are any identified, they would compare the recoverable amounts against the carrying value at the reporting date. The recoverable amount is determined based on value in use. These assessments use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with terminal value related to the future cash flow extrapolated using constant projection of cash flows beyond the five years period. The estimated growth rates adopted do not exceed the long-term average growth rates for the business.

Future cash flows are discounted at the rate of the Group Weighted Average Cost of Capital (WACC) and the estimated compound annual growth rate used for value in use calculations under the five-year financial budgets period.

Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, net of a provision for doubtful debts for expected bad debts. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. The difference between fair value and face value is accounted for as interest income during the period up to the expected receipt of payment.

Other payables and accruals

Other payables and accruals comprise the allowance for billing adjustments relating primarily to allowance for future volume discounts, price protection, rebates, and customer sales returns. Majority of other payables are obligations to pay for finished goods that have been acquired in the ordinary course of business from subcontractors.

Sales through channels are primarily made under agreements allowing for volume discounts, price protection and rebates, and marketing development funds. The company monitors the channel inventory level with reference to historical data. Revenue recognition is also impacted by the company's ability to estimate volume discounts, price protection and rebates, the marketing development funds. The company considers various factors, including review of specific transactions, historical experience, market and economic conditions and channel inventory level when calculating the provisions and allowances.

4. Turnover

Turnover is attributable to the sale of server systems, maintenance services and storage systems. The company operates in a single business segment and sells wholly in United Kingdom.

The revenues can be divided into the following categories:

	For the year ended 31 March 2022	For the year ended 31 March 2021
	£	£
Merchandise	**85,544,973**	93,326,073
Services	**8,350,180**	8,690,036
Software	**5,975,993**	5,423,150
	99,871,146	107,439,259

5. Other operating income

Other operating income represents intercompany recharges to the group company for non-sales and distribution costs.

6. Operating profit

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	**112,674**	162,319
Auditors' remuneration - fees payable for the statutory audit	**60,745**	54,500
Difference on foreign exchange	**1,254,754**	(2,390,252)
Amortisation of intangible assets	**1,036,651**	2,005,454

7. Staff costs

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
	£	£
Wages and salaries	**16,445,460**	15,173,417
Social security costs	**2,230,757**	2,072,326
Other pension costs (note 19)	**956,083**	1,099,630
Share based payment charge (note 18)	**444,796**	309,277
	20,077,096	18,654,650

7. Staff costs (continued)

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

	For the year ended 31 March 2022 No	For the year ended 31 March 2021 No
Sales and distribution	**51**	45
Administration	**151**	151
	202	196

8. Directors' remuneration

Colm Gleeson and Christophe Laurent did not receive any emoluments in respect of services to the company in the year (2021: None). Colm Gleeson remuneration was charged to Lenovo Ireland Limited and Christophe Laurent emolument charged to Lenovo Belgium BVBA.

During the year nil (2021: nil) directors exercised options in shares of Lenovo Group Limited.

9. Tax on profit

	For the year ended 31 March 2022 £	For the year ended 31 March 2021 £
Analysis of tax charge in the year		
Current tax		
UK corporation tax on profit for the year	**465,144**	-
Total current tax	**465,144**	-
Deferred tax		
Origination and reversal of timing differences	**(9,900)**	21,933
Adjustment in respect of previous year	**6,759**	(587)
Effect of changes in tax rates	**111,509**	-
Total deferred tax (note 16)	**108,368**	21,346
Total tax per income statement	**573,512**	21,346

Notes to the financial statements for the year ended 31 March 2022

9. Tax on profit (continued)

The charge for the year can be reconciled to the profit per the income statement as below:

	For the year ended 31 March 2022 £	For the year ended 31 March 2021 £
Profit before Taxation	**1,899,765**	1,981,640
Profit before taxation at standard UK rate of 19% (2020:19%)	**360,955**	376,512
Effects of:		
Expenses not deductible	**94,289**	60,518
Effects of group relief / other reliefs	**-**	(458,963)
Adjustments in respect of prior years	**6,759**	587
Tax rate changes	**111,509**	-
Tax (credit)/charge for the year	**573,512**	(21,346)

The deferred tax liability has been calculated at 25% for the year ended 31 March 2022 (2021: 19%).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The rate change was substantially enacted on 24 May 2021, and it received Royal Assent on 10 June 2021.

Any deferred tax balances should be recognised at the rate at which they are expected to unwind.

10. Intangible assets

	Goodwill £	**Customer Relationships £**	**Software £**	**Total £**
Cost				
At 1 April 2021	645,493	15,331,304	-	15,976,797
Additions	-	-	21,833	21,833
At 31 March 2022	**645,493**	**15,331,304**	**21,833**	**15,998,630**
Accumulated Amortisation				
At 1 April 2021	**342,917**	**10,479,918**	-	**10,822,835**
Amortisation charge	**80,686**	**955,612**	**353**	**1,036,651**
At 31 March 2022	**423,603**	**11,435,530**	**353**	**11,859,486**
Net book value				
At 31 March 2022	**221,890**	**3,895,774**	**21,480**	**4,139,144**
At 31 March 2021	302,576	4,851,386	-	5,153,962

Lenovo Global Technology UK Limited

Notes to the financial statements for the year ended 31 March 2022

10. Intangible assets (continued)

Based on the average life of servers, status of customer relationship and historical re-purchasing patterns of customers, Management estimated the average economic useful life of customer relationships to be 10 years. Goodwill is amortised to the profit and loss account over its estimated economic life of 10 years.

11. Tangible assets

	Equipment £
Cost	
At 1 April 2021	306,041
Additions	272,393
Disposals	(91,464)
At 31 March 2022	486,970
Accumulated Depreciation	
At 1 April 2021	51,255
Charge for the year	112,674
Disposals	(83,133)
At 31 March 2022	80,796
Net book value	
At 31 March 2022	406,174
At 31 March 2021	254,786

12. Investments

Shares in group undertakings	Total £
Cost and net book value	
At 1 April 2021	1,446,799
Additions	-
At 31 March 2022	1,446,799

Majority interest

At 31 March 2022 and 31 March 2021, the company held a majority interest in the following entities:

Name and registered office	Principal activity	Holding
Lenovo Global Technology (Argentina) S.R.L - Calle Mexico 2051,1640 San Isidro – Martínez, Argentina	Sales and distribution	95%
Lenovo Global Tech S.A (Venezuela) - El Cigarral, Caracas, Miranda, Venezuela	Sales and distribution	99.99%

Lenovo Global Technology UK Limited

Notes to the financial statements for the year ended 31 March 2022

12. Investments (continued)

Minority interest

At 31 March 2022 and 31 March 2021, the company held a minority interest in the following entities:

Name and registered office	Principal activity	Holding
Lenovo Global Technology Monterrey S. de R.L. C.V. - Paseo de los Tamarindos,Morelos Distrito Federal, Mexico.	Sales and distribution	1%
Lenovo Global Technology Mexico S. de R.L C.V -400ATORRE 1 Cuajimalpa de Morelos, Distrito Federal,05120	Sales and distribution	1%
Lenovo Global Technology Brasil Comercial e Distribuicao Ltda. - Estm Jose Costa De Mesquita, Alvorada, Indaiatuba, SP, CEP	Sales and distribution	1%
Lenovo Global Technology Poland sp. z.o.o - ul. Gottlieba Daimlera 1, 02-460 Warszawa, Polska	Sales and distribution	1%
Lenovo Global Technology Portugal Lda - Rua Afonso Praca, Miraflores, Quebrada-Dafundo, 1495 061 Alges,Lisbon, Portugal	Sales and distribution	1%
Lenovo Global Technology Russia - Floor 7, Section A, Block 1,Business Centre "Kubik",Krasnogorsk Moscow, 143401	Sales and distribution	1%
Lenovo Global Technology Slovakia s.r.o - Einsteinova 21, Braitslava 851 01	Sales and distribution	15%
Lenovo Global Technology RO S.R.L - 169A Calea Floreasca, Building B, 4th Floor, Bucharest, Romania	Sales and distribution	1%
Lenovo Global Technologies (India) Private Limited - Unit No. 3, 2nd Floor, Marathahalli, Bangalore KA 560037	Sales and distribution	0.01%
Lenovo Global Technology Azerbaijan LLC -75 Rasul Rza Street, Baku, Azerbaijani, AZ1014	Sales and distribution	1%

During the year Lenovo Global Technology UK Limited increased investment in Lenovo Global Technology Azerbaijan LLC.

The directors believe that carrying value of the investment is supported by their underlying net assets.

13. Debtors

	2022	2021
	£	£
Trade debtors	**20,153,198**	27,374,231
Amounts owed by group undertakings	**75,477,849**	57,710,457
Other debtors	**1,522,722**	45,709
Corporation tax	**299,724**	326,547
	97,453,493	85,456,944

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Lenovo Global Technology UK Limited

Notes to the financial statements for the year ended 31 March 2022

14. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	**672,198**	973,277
Amounts owed to group undertakings	**56,676,894**	48,649,503
Other taxation and social security	**3,040,338**	5,102,763
Deferred tax liability (note 16)	**464,622**	356,254
Other creditors	**737,397**	868,800
Accruals and deferred income	**8,456,999**	7,474,046
	70,048,448	63,424,643

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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

	2022	2021
	£	£
Accruals and deferred income	**3,457,577**	3,341,057

16. Deferred tax liability

	2022	2021
	£	£
1 April 2021 and 2020	**(356,254)**	(377,599)
Adjustment in respect of prior years	**(6,759)**	(588)
Deferred tax charge to statement of comprehensive income for the year	**(101,609)**	21,933
At 31 March 2022 and 2021	**(464,622)**	(356,254)

The deferred tax liability is made up as follows:

	2022	2021
	£	£
Fixed asset timing differences	**26,821**	33,405
Short term timing differences	**(491,443)**	(389,659)
	(464,622)	(356,254)
Recoverable within 12 months	**(464,622)**	(356,254)

17. Called up share capital

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

	2022 £	2021 £
Allotted and fully paid		
8,629,510 (2021: 8,629,510) ordinary shares of £1 each	**8,629,510**	8,629,510

18. Share based payments

Long term incentive programme

Lenovo Global Technology UK Limited participates in a group operated long term incentive programme. This programme was approved on 26 May 2005 for the purpose of rewarding and motivating directors, executives and top performing employees of the group. The long term incentive programme is designed to attract and retain the best available personnel, and encourage and motivate participants to work towards enhancing the value of the group and its shares by aligning their interests with those of the shareholders of the group.

Under the long term incentive programme, the group may grant awards at its discretion, using one of two types of equity based compensation (i) share appreciation rights and (ii) restricted share units, which are described below.

(i) Share Appreciation Rights ("SARs")
SARs entitle the holder to receive the appreciation in value of the group's share price above a pre-determined level. SARs are typically subject to a vesting schedule of up to four years.

(ii) Restricted Share Units ("RSUs")
RSUs are equivalent to the value of one ordinary share of the group. Once vested, RSUs are converted to an ordinary share or its cash equivalent. RSUs are typically subject to a vesting schedule of up to four years. Dividends are typically not paid on RSUs.

Under the two types of compensation, the group reserves the right, at its discretion, to pay the award in cash or in ordinary shares of the group.

Movements in the number of units of awards granted during the year and their related average fair values are as follows:

	SARs No.	RSUs No.
At 1 April 2021	-	1,093,404
Granted during the year	84,364	625,047
Vested during the year	-	(700,121)
Lapsed/cancelled	-	(13,117)
Transferred during the year	-	-
At 31 March 2022	84,364	1,005,213
Average fair value per unit (HK$)		
At 31 March 2021	0.71	4.69
At 31 March 2022	1.34	7.71

18. Share based payments (continued)

The only requirement for vesting is that individuals must be an employee of the company.

The fair values of the SARs awarded under the long-term incentive program were calculated by applying a Black-Scholes pricing model. For the year ended 31 March 2022, the model inputs were the fair value (i.e. market value) of the Company's shares at the grant date, taking into account the expected volatility of 40.6 percent (31 March 2021: 32.82 percent), expected dividends during the vesting periods of 4.00 percent (31 March 2021: 4.75 percent), contractual life of 4.4 years (31 March 2021: 4.4 years), and a risk-free interest rate of 0.435 percent (31 March 2021: 0.39 percent).

The remaining vesting periods of the awards under the long-term incentive program as at March 31, 2022 ranged from 0.14 to 2.92 years (31 March 2021: 0.15 to 2.84 years).

The charge through the profit and loss account for 2022 was £444,796 (2021: £309,277).

The total capital contribution from the parent company as at 31 March 2022 was £2,557,439 (2021: £ 2,112,643).

19. Pension commitments

The company makes contributions into employees' personal pension plans. The total cost of contributions to the scheme in the year was £956,083 (2021: £1,099,630). There were no unpaid contributions at 31 March 2022.

20. Operating lease commitments

At 31 March the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2022	**2021**
	£	**£**
Expiry date:		
Within 1 year	**164,721**	203,459
Between 2 and 5 years	**-**	5,590
After more than 5 years	**-**	-

21. Related party transactions

The company is wholly owned subsidiary of Lenovo Group Limited and has therefore taken advantage of the exemption contained in FRS 102 section 33.1A Related Party Disclosures from disclosing transactions or balances with entities which form part of the Lenovo.

22. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking of and controlling party is Lenovo Group Limited which is incorporated in Hong Kong. Lenovo Group Limited is the largest group which consolidates these financial statements. Copies of the financial statements of this undertaking may be obtained from 23rd Floor, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

The smallest undertaking which consolidates these financial statements is Lenovo Global Technologies International Limited which is incorporated in Hong Kong. Copies of these consolidated financial statements can be obtained from 23rd Floor, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

23. Post balance sheet events

There are no post balance sheet events.