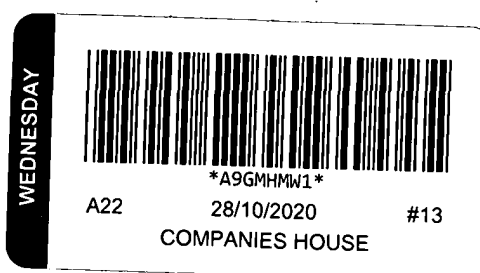


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DELL CORPORATION LIMITED

**Annual Report
Financial Year Ended 31 January 2020**



CONTENTS

	Page
DIRECTORS AND OTHER INFORMATION	2
STRATEGIC REPORT	3 to 6
DIRECTORS' REPORT	7 to 10
INDEPENDENT AUDITORS' REPORT	11 to 13
PROFIT AND LOSS ACCOUNT	14
BALANCE SHEET	15
STATEMENT OF CHANGES IN EQUITY	16
NOTES TO THE FINANCIAL STATEMENTS	17 to 45

DIRECTORS AND OTHER INFORMATION

Board of directors at 21 October 2020

S Nyemecz
R Rawcliffe
D Turbitt
R Potts

Bankers

Citibank N.A.
Citigroup Centre
Canary Wharf-33
London
E14 5LB
United Kingdom

Secretary and registered office

F Dibley
Dell House
The Boulevard
Cain Road
Bracknell
Berkshire
RG12 1LF
United Kingdom

Barclays Bank Plc
1 Churchill Place
London
E14 5HP
United Kingdom

Solicitors

Osborne Clarke LLP
One London Wall
London
EC24 5EB
United Kingdom

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Albert Quay
Cork
Ireland

Registered Number: 02081369

STRATEGIC REPORT

The directors present their strategic report on the company for the financial year ended 31 January 2020.

Principal activities

The company's principal activity throughout the financial year was the marketing and distribution of information technology infrastructure under limited risk distributor agreements with other group companies. The Company also provides certain services for both group companies and third party customers.

The company is a member of the Dell Technologies Inc group, which is a strategically aligned family of businesses that offers a broad range of technology solutions, and is poised to become the essential infrastructure company both globally and here in the UK, as we continue our mission to advance human progress through effective use of technology.

The company is committed to its customers – from global multinationals to our extended partner network across the UK. As we innovate to make our customers increasingly more productive through the use of technology, we are also looking to support them succeed in the digital economy developing around us. We are differentiated by practical innovation and efficient, simple, and affordable solutions.

Future developments

Both the level of business and the year-end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Key performance indicators

	2020	2019	% change
	£'000	£'000	
Revenue	2,263,052	1,906,552	19%
Gross profit	286,926	200,389	43%
Gross margin	13%	11%	2%
Operating profit	38,298	28,450	35%
Profit after tax	37,176	22,031	69%
Equity shareholders' funds	88,023	72,814	21%
Average number of employees	2,987	1,384	116%

During financial year 2020, the Company acquired a number of businesses from other group companies expanding its portfolio of offerings for customers.

On 31 May 2019 the Company acquired the business and assets of VCE Solutions Limited a business providing certain marketing services to another group company in exchange for a promissory note of £23.9m

On 2 November 2019 the Company acquired the business, trade and net assets of EMC Computer Systems (UK) Limited. This business is engaged in the sale and distribution of EMC products and related services to the customers in the UK market. On the same day it acquired the business, trade and net assets of EMC Consulting (UK) Limited a business comprised of providing certain IT services for the UK market. The total consideration payable for both businesses amounted to a total of £160.7m.

The promissory notes exchanged by the Company for all these businesses were subsequently settled in full by way of distribution of capital to the Company.

The expanded business activities after these acquisitions provide a strong platform for the Company to continue to develop its UK business into the future.

Revenue increased by 19% year on year, out of which 8% relates to revenue from the acquisitions outlined above effective for the final quarter of the year. The remaining increase was caused by strong performance in hardware support, deployment and software maintenance due to growth in the business in existing markets and increase in the customer base.

STRATEGIC REPORT - continued

Post balance sheet events

On 11 March 2020 the World Health Organization declared the COVID-19 virus a pandemic. The extent to which COVID-19 may affect our business, financial position, and results of operations depends on future developments, which are highly uncertain and cannot be predicted. The spread of COVID-19 may create global economic uncertainty, which may cause partners, suppliers, and potential customers to restrict spending or delay nonessential purchases. If COVID-19 continues to spread, our business operations could be adversely affected mainly by potential reductions in sales and delays in customer payments. However it is not expected that our operating profit will not be significantly changed going forward.

The ultimate parent company, Dell Technologies Inc. has taken precautionary measures to increase the cash position of the group, preserve financial flexibility and will continue to monitor global events and respond accordingly to any potential business disruptions that may occur. We continue to work with its customers, employees, suppliers and local communities to address the impact of the COVID-19 outbreak and continue to assess further possible impacts to its business, supply chain, and customers.

Dell Corporation Limited provides the marketing and distribution of information technology infrastructure under a limited risk distributor agreement with another group company, Dell Products. The company also provides certain other services for both group companies and third party customers.

The directors note that Dell Technologies 10-K for FY20 was filed on a going concern basis on 27 March 2020. Under the assumption of Dell Technologies being a going concern, and with transfer pricing arrangements in place and the Company specific situation described above, management has considered that the Company is a going concern. Up to the date of approval of the financial statements there is no indication of an impending change to the structure of the legal entity that would impact the going concern assumption.

On 18 February 2020, Dell Technologies Inc. entered into a definitive agreement with Redstone Holdings L.L.C. to divest substantially all of the RSA Security business. The transaction was closed on 31 August 2020. As part of this transaction the Company disposed of part of its business for consideration of £6.7m.

Principal risks and uncertainties

Due to the nature of the company's business arrangements, the directors believe that risk attributable to foreign exchange, interest rates, credit and cash flow is minimal. The ultimate parent company, Dell Technologies Inc., has appropriate risk management programmes in place to manage any such risks that may arise.

Section 172 (1) statement

From the perspective of the board, the directors are satisfied that the matters which it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent. These include addressing:

- the issues, factors and stakeholders, the directors consider relevant in complying with section 172 (1) (a) to (f) and how they have formed that opinion;
- the main methods the directors have used to engage with stakeholders and understand the issues to which they must have regard; and
- information on the effect of that regard on the Company's decisions and strategies during the financial year.

STRATEGIC REPORT - continued

Section 172 (1) statement - continued

The Company is a wholly owned subsidiary of Dell Global BV and this is the company's immediate parent undertaking. Dell Technologies Inc., incorporated in the United States of America, is the company's ultimate parent undertaking. The Company seeks to maintain a reputation for high standards of business conduct with all stakeholders. The board of directors of Dell Corporation Limited, together with the boards of its parent companies, are satisfied they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act, 2006) in the decisions taken during the year ended 31 January 2020 as follows:

Employee engagement

The company's employment policies are aimed at informing, training and motivating all its employees.

The company has an effective system of internal communication that ensures employees are kept well informed about the company's business. The Company uses a variety of methods to enable all of its employees to understand the performance of the company and of their operating site. This is achieved principally through a newsletter, meetings with employee representatives and regular staff briefings using the company's management structure. Employees are consulted on a wide range of issues affecting their current and future interests, and particularly on changes affecting their Company. Employee surveys are used to gain valuable feedback. A quarterly management meeting and onward team cascade process ensures that regular business information is shared and two-way dialogue is encouraged for all colleagues in all parts of the Company. These processes are subject to continual review and improvement. Our employment policies are regularly reviewed to ensure they are simple, helpful and trusted to enable an honest and transparent employment culture.

A robust induction procedure ensures communication and understanding of policies from day one and regular updates are communicated as required.

Equal opportunities

Dell Corporation Limited is opposed to all forms of unlawful and unfair discrimination, recognising that the provision of equal opportunities in the workplace is good management practice and good business sense. Equal opportunities means that those who work for us can reach their full potential. The Company is committed to equality of opportunity amongst its employees. Recruitment, pay and conditions, training and career development policies are based solely on ability, without regard to gender, race, age, disablement, marital status or religion.

The company also gives every consideration, whenever practical, to the employment of disabled persons and has made, and will continue to make, every effort to retrain and assist any employee who becomes disabled during his or her employment.

Learning and development

Dell Corporation Limited are committed to ensuring that all colleagues are provided with the necessary training to enable them to perform their roles safely, to the highest standards and in accordance with relevant Company policy and procedures. We ensure that appropriate documentation and procedures exist to support a regular review of training needs and delivery of appropriate training and development activities. Succession Planning ensures that colleague performance and potential can be realised through targeted development activity. Mandatory development is planned to ensure compliance with relevant statutory obligations.

Health and safety

The health and safety of the company's employees and customers is of primary concern. It is therefore the policy of the company to manage its affairs so as to avoid unnecessary and unacceptable risks to the health and safety of its employees and customers. Dell Corporation Limited fully recognises and complies with the duties placed upon it under the Health and Safety at Work Act 1974 and all other relevant legislation to ensure a safe and healthy working environment. It also recognises the duty it has not only to staff, but also to customers, visitors and contractors and to any others who may be affected by its activities. The Company uses risk assessment principles to manage Health and Safety risks. The company has a central Health and Safety and Environmental team who provide support to the UK site.

STRATEGIC REPORT - continued

Section 172 (1) statement - continued

Community involvement

Dell Corporation Limited has its manufacturing site in Northampton, in the UK. The Company endeavours to be a 'good neighbour' in positively exercising its responsibilities towards the wider community.

Ethical trading

The Company's Code of Ethics and Business Conduct policy is built on its core values and highlights the principles that guide 'how it does business'. The Company's leadership and management team have an obligation to understand and consider this and ensure they both act in a manner that avoids any improper, illegal or unethical actions and also to champion this behaviour within the teams they manage. The Company's code of practice is not limited to the policies and procedures which the company is committed to delivering, but also to ensuring that when its customers buy its products they are buying goods produced without exploitation and in acceptable working conditions and that the Company conducts its business with integrity and respect. Through these relationships, the company aims to provide customer confidence in its products, ensuring they are of a consistent high quality and that everyone in the supply chain is treated with honesty, fairness and respect.

Environmental responsibility

The Company recognises that its operations have a direct and indirect impact on both the wider environment and the environments in which it operates. The Company is committed to working continuously, in collaboration with its stakeholders and employees, to contribute positively to environmental sustainability.

The Company recognises the importance of its environmental responsibility and monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Company's activities. The Company's principal place of work has its own environmental plan to reduce the impact it may have and reduce the effects of the wider group environment. The Company's aim is to reduce its impact on the environment as much as we can by recycling.

By order of the board



Stuart Nyemecz (Oct 21, 2020 20:29 GMT+1)

S Nyemecz

21 October 2020

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the financial year ended 31 January 2020.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 "The Financial Reporting Standard applicable in the UK and Ireland" ("FRS 101").

Principal activities

The company's principal activity throughout the financial year was the marketing and distribution of information technology infrastructure under limited risk distributor agreements with other group companies. The Company also provides certain services for both group companies and third party customers.

The company is a member of the Dell Technologies Inc group, which is a strategically aligned family of businesses that offers a broad range of technology solutions, and is poised to become the essential infrastructure company both globally and here in the UK, as we continue our mission to advance human progress through effective use of technology.

The company is committed to its customers – from global multinationals to our extended partner network across the UK. As we innovate to make our customers increasingly more productive through the use of technology, we are also looking to support them succeed in the digital economy developing around us. We are differentiated by practical innovation and efficient, simple, and affordable solutions.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and UK 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 101, 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 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.

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.

Directors and secretary

The names of the persons who are currently or were directors for the financial year ended 31 January 2020 are set out below. Unless indicated otherwise they served as directors for the entire financial year.

R Potts	
E Cattermole	(resigned 2 November 2019)
C Vyvyan	(resigned 31 January 2020)
D Turbitt	(appointed 2 November 2019)
S Nyemecz	(appointed 31 January 2020)
R Rawcliffe	(appointed 31 January 2020)

No director held any interests in the share capital of the company at any time during the financial year and since the financial year end.

DIRECTORS' REPORT – continued

Directors' indemnities

Throughout the financial year and up to the point of the directors' approval of the financial statements, the company maintained liability insurance for its directors and officers which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Results and distributions

During financial year 2020, the Company acquired a number of businesses from other group companies expanding its portfolio of offerings for customers.

On 31 May 2019 the Company acquired the business and assets of VCE Solutions Limited a business providing certain marketing services to another group company in exchange for a promissory note of £23.9m.

On 2 November 2019 the Company acquired the business, trade and net assets of EMC Computer Systems (UK) Limited. This business is engaged in the sale and distribution of EMC products and related services to the customers in the UK market. On the same day it acquired the business, trade and net assets of EMC Consulting (UK) Limited a business comprised of providing certain IT services for the UK market. The total consideration payable for both businesses amounted to for a total of £160.7m.

The promissory notes exchanged by the Company for all these businesses were subsequently settled in full by way of distribution of capital to the Company.

The expanded business activities after these acquisitions provide a strong platform for the Company to continue to develop its UK business into the future.

Revenue increased by 19% year on year, out of which 8% relates to revenue from the acquisitions outlined above effective for the final quarter of the year. The remaining increase was caused by strong performance in hardware support, deployment and software maintenance due to growth in the business in existing markets and increase in the customer base.

Review of the business and future developments

The directors are satisfied with the growth in business during the financial year and they expect that the present level of activity will be sustained for the foreseeable future.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Continual communication with employees is achieved through various internal communications vehicles, including in-house newsletters, internal blogs and websites and briefing groups. In addition, the company operates a Long Term Incentive Plan in which employees can contribute towards the creation of long-term shareholder value.

The health and safety of the company's employees and customers is of primary concern. It is therefore the policy of the company to manage its affairs so as to avoid unnecessary and unacceptable risks to the health and safety of its employees and customers.

DIRECTORS' REPORT – continued

Political and charitable donations

Charitable donations of £574,370 (2019: £529,000) were made by the company during the year. No political donations or contributions were made or expenditure incurred during the year (2019: £Nil).

Research and development

There were no research and development expenses as there were no research and development activities during the year (2019: £Nil).

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- b) the directors has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The company meets its day-to-day working capital requirements through net cash inflow from operations, cash resources and, if required, intercompany financing. The current economic conditions, caused by the COVID-19 coronavirus pandemic, which has emerged since the end of the financial year, have created some uncertainty over the level of demand for the company's goods, given the impact of the crisis on consumer confidence. In particular, the directors have considered the impact of measures to prevent the spread of the pandemic being implemented by: the UK government; industry bodies; and the company. In arriving at its conclusion, the board has taken account of the level of cash resources which the company maintains to enable it to meet its working capital requirements and the support from a group company. The Board have also assessed the impact of the outbreak on its financial and trading outlook, and considered this on its cash flows, along with appropriate mitigations.

In assessing whether the going concern assumption is appropriate, the directors have taken into account all available information up to 21 October 2020 being at least 12 months following the approval of these financial statements. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current arrangements. The directors are satisfied that a parent undertaking will provide the necessary financial support to enable the company to continue to meet its liabilities as they fall due, if required. After making all necessary enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore these financial statements have been prepared on a going concern basis.

Post balance sheet events

On 11 March 2020 the World Health Organization declared the COVID-19 virus a pandemic. The extent to which COVID-19 may affect our business, financial position, and results of operations depends on future developments, which are highly uncertain and cannot be predicted. The spread of COVID-19 may create global economic uncertainty, which may cause partners, suppliers, and potential customers to restrict spending or delay nonessential purchases. If COVID-19 continues to spread, our business operations could be adversely affected mainly by potential reductions in sales and delays in customer payments. However it is not expected that our operating profit will be significantly changed going forward.

The ultimate parent company, Dell Technologies Inc. has taken precautionary measures to increase the cash position of the group, preserve financial flexibility and will continue to monitor global events and respond accordingly to any potential business disruptions that may occur. We continue to work with its customers, employees, suppliers and local communities to address the impact of the COVID-19 outbreak and continue to assess further possible impacts to its business, supply chain, and customers.

DIRECTORS' REPORT – continued

Post balance sheet events - continued

The directors note that Dell Technologies 10-K for FY20 was filed on a going concern basis on 27 March 2020. Under the assumption of Dell Technologies being a going concern, the directors have considered that the Company is a going concern. Up to the date of approval of the financial statements there is no indication of an impending change to the structure of the legal entity that would impact the going concern assumption.

On 18 February 2020, Dell Technologies Inc. entered into a definitive agreement with Redstone Holdings L.L.C. to divest substantially all of the RSA Security business. The transaction was closed on 31 August 2020. As part of this transaction the Company disposed of part of its business for consideration of £6.7m.

Financial risk management

The directors consider that the key financial risks attributable to the company are foreign exchange, credit and cash flow risk. These are reviewed and managed by the directors on an ongoing basis in conjunction with management of Dell Technologies Inc. who have appropriate risk management programmes in place

Statutory auditors

The auditors, PricewaterhouseCoopers, Republic of Ireland, have indicated their willingness to continue in office.

By order of the board


Stuart Nyemecz (Oct 21, 2020 20:29 GMT+1)

S Nyemecz

21 October 2020



Independent auditors' report to the members of Dell Corporation Limited

Report on the audit of the financial statements

Opinion

In our opinion, Dell Corporation Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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, which comprise: the balance sheet as at 31 January 2020; the profit and loss account, the 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

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.



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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 1 February 2019 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 set out on page 5, 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.

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 received 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.

Bernie O'Connell

Bernie O'Connell
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Cork
Ireland
23 October 2020

PROFIT AND LOSS ACCOUNT
For the financial year ended 31 January 2020

	Notes	31 January 2020 Total £'000	1 February 2019 Total £'000
Revenue	6	2,263,052	1,906,552
Cost of sales		(1,976,126)	(1,706,163)
Gross profit		286,926	200,389
Administration expenses		(303,114)	(221,189)
Other operating income	7	54,486	49,250
Operating profit	8	38,298	28,450
Interest receivable and similar income	10	3,372	5,189
Interest payable and similar income	10	(1,208)	(66)
Profit before income tax		40,462	33,573
Income tax expense	11	(3,286)	(11,542)
Profit for the financial year		37,176	22,031

The company has no other income or expenses other than those included in the results and therefore no separate statement of comprehensive income has been prepared.

The notes on pages 17 to 45 are an integral part of these financial statements.

BALANCE SHEET
As at 31 January 2020

	Note	31 January 2020 £'000	1 February 2019 £'000
Non-current assets			
Right of use assets	12	18,059	-
Tangible assets	13	50,637	4,702
Financial assets	14	23,950	-
Other non-current assets	15	98,963	9,625
		<u>191,609</u>	<u>14,327</u>
Current assets			
Trade and other receivables	16	1,007,028	518,833
Inventory	17	55,848	43,023
Other current assets	15	82,196	27,098
Cash and cash equivalents		1,469	451
		<u>1,146,541</u>	<u>589,405</u>
Creditors: amounts falling due within one year	18	<u>(989,112)</u>	<u>(392,116)</u>
Net current assets		<u>157,429</u>	<u>197,289</u>
Total assets less current liabilities		349,038	211,616
Creditors: amounts falling due after more than one year	19	<u>(261,015)</u>	<u>(138,802)</u>
Net assets		<u>88,023</u>	<u>72,814</u>
Equity			
Called up share capital	20	-	-
Capital contribution	21	64,621	-
Retained earnings	20	18,219	72,786
Share based payment reserve	22	5,183	28
Total shareholders' funds		<u>88,023</u>	<u>72,814</u>

The notes on pages 17 to 45 are an integral part of these financial statements.

On behalf of the board

Stuart Nyemecz
Stuart Nyemecz (Oct 21, 2020 20:29 GMT+1)

S Nyemecz
21 October 2020

Dell Corporation Limited

Registered no: 02081369

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 January 2020

	Share capital	Capital contribution	Retained earnings	Share based payment reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance as at 2 February 2018	-	-	130,874	28	130,902
Balance at 3 February 2018	-	-	130,874	28	130,902
Dividends	-	-	(80,119)	-	(80,119)
Profit for the financial year	-	-	22,031	-	22,031
Balance as at 1 February 2019	-	-	72,786	28	72,814
Balance as at 1 February 2019	-	-	72,786	28	72,814
Capital contribution	-	184,621	-	-	184,621
Transfer to retained earnings	-	(120,000)	120,000	-	-
Notional distributions	-	-	(168,071)	-	(168,071)
Distributions	-	-	(43,700)	-	(43,700)
Share-based payment charge	-	-	28	5,155	5,183
Profit for the financial year	-	-	37,176	-	37,176
Balance as at 31 January 2020	-	64,621	18,219	5,183	88,023

The notes on pages 17 to 45 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Company's principal activity throughout the financial year was the marketing and distribution of information technology infrastructure under a limited risk distributor agreement with another group company, Dell Products. The Company also provides certain other services for both group companies and third party customers.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Dell House, The Boulevard, Cain Road, Bracknell, Berkshire RG12 1LF, United Kingdom. The principal place of business is the United Kingdom.

Dell Corporation Limited is a wholly owned subsidiary of Dell Global BV. Its ultimate parent company is Dell Technologies Inc., a company incorporated in the United States of America. Dell Technologies Inc. prepares group financial statements and is both the smallest and largest group for which group financial statements are drawn up, and of which Dell Global BV is a member. As the financial statements of Dell Corporation Limited are included in the consolidated financial statements of Dell Technologies Inc. for the financial year ended 1 February 2019 it is exempt, by virtue of Section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. Copies of Dell Technologies Inc.'s financial statements are available from Dell Technologies Inc., One Dell Way, Round Rock TX 78664, United States of America.

These financial statements are the company's financial statements for the financial year beginning 2 February 2019 and ending 31 January 2020.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with accounting standards issued by the UK Financial Reporting Council and the Companies Act 2006. The financial statements comply with Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006 ("The Act").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards, but makes amendments where necessary in order to comply with the Companies Act 2006. The company has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

3 Going concern

The company meets its day-to-day working capital requirements through net cash inflow from operations, cash resources and, if required, intercompany financing. The current economic conditions, caused by the COVID-19 coronavirus pandemic, which has emerged since the end of the financial year, have created some uncertainty over the level of demand for the company's goods, given the impact of the crisis on the consumer confidence. In particular, the directors have considered the impact of measures to prevent the spread of the pandemic being implemented by: the UK government; industry bodies; and the company. In arriving at its conclusion, the board has taken account of the level of cash resources which the company maintains to enable it to meet its working capital requirements and the support from a group company. The Board have also assessed the impact of the outbreak on its financial and trading outlook, and considered this on its cash flows, along with appropriate mitigations.

In assessing whether the going concern assumption is appropriate, the directors have taken into account all available information up to 21 October 2020 being at least 12 months following the approval of these financial statements. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current arrangements. The directors are satisfied that a parent undertaking will provide the necessary financial support to enable the company to continue to meet its liabilities as they fall due, if required. After making all necessary enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore these financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant 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 periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the derivative financial assets and liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial period. It also requires the directors to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement, complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

FRS 101 exemptions and new standards

FRS 101 allows a qualifying entity certain disclosure exemptions. Dell Corporation Limited is a qualifying entity as its ultimate parent company, Dell Technologies Inc., prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and Dell Corporation Limited is included in the consolidated financial statements. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all EU-adopted IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third statement of financial position);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new EU-adopted IFRS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135I to 135I of IAS 36 'Impairment of Assets'.
- The requirements of paragraphs 45 (b) and 46 to 52 of IFRS 2 'Share-based Payments' (details of the number and weighted-average exercise price of share options, and how the fair value of goods and services received was determined).
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

The remaining exemptions available under the Framework are not applicable to the company at this time.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

New standards, amendments and interpretations to existing standards

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 2 February 2019:

- IFRS 16 Leases

The company had to change its accounting policies and consider if any retrospective adjustments were required following the adoption of IFRS16. These are disclosed in note 23.

Standards, interpretations and amendments to published standards that are not yet effective

Other changes to IFRS have been issued but not yet effective for the company. However, they are either not expected to have a material effect on the financial statements or they are not currently relevant to the company.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Sterling' (£), which is also the company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All other foreign exchange gains and losses are presented in the profit and loss within 'Net operating expenses'.

Property, plant and equipment

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the assets to its working condition for its intended use, dismantling and restoration costs.

Buildings and leasehold improvements

Buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

Fixtures and fittings

Fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Depreciation on assets is calculated, using the straight line method over their estimated useful lives, as follows:

- | | | |
|----------------------------------------|---|-------------------------------------------|
| • Buildings and leasehold improvements | - | the lesser of 5 years or the lease period |
| • Fixtures and fittings | - | 2 - 5 years |

Subsequent additions and major components

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in "Net operating expenses".

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss or at fair value through other comprehensive income*
Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

(b) *Financial assets at amortised cost*

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

(c) *Financial assets at fair value through profit or loss*

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost (see note 4(a) and (b) above);
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If payments received from customers exceed the revenue recognised, then the difference is presented as deferred revenue.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities within 'Creditors: amounts falling due within one year' if payment is due within 12 months or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities within 'Creditors: amounts falling due after more than one year'.

Derivatives

Derivatives are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories are recognised as an expense in the financial year in which the related revenue is recognised. Cost is determined using the first-in, first-out (FIFO) method. Cost comprises the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes raw materials, direct labour and a systematic allocation of direct costs and production overheads (based on normal operating capacity of the production facility).

At the end of each financial year, inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is measured at its selling price less costs to complete and sell and the resulting impairment loss is recognised in profit or loss. Where a reversal of the impairment loss is recognised the impairment loss is reversed, up to the original impairment loss, and is recognised in the profit or loss.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is presented as 'income from subsidiaries' or 'income from associated undertakings' as appropriate in the profit and loss account.

Other operating income

Other operating income comprises of income from the provision of services to other Dell group companies including legal, marketing, human resources, IT and other agreed services which is recorded in the period in which the service is provided.

Interest income

Interest income is recognised using the effective interest rate method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate. Interest income is presented as 'Interest receivable and similar income' in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

Revenue

Revenue represents revenues from sales of technology products, services, solutions and service fees earned. These products, services and solutions are sold either separately or as part of a multiple-element arrangement. The revenue is allocated from multiple-element arrangements to the elements based on the relative fair value of each element, which is generally based on the relative sales price of each element when sold separately.

Revenue arising from the sale of products and services represents the invoiced value of goods and services supplied, net of value added tax and trade discounts. Product revenue is accounted for on the shipment of final products. Services revenue is recognised in the accounting period in which the services are rendered when the outcome of contract can be estimated reliably. Revenue arising from service fees is accounted for on an accruals basis and is agreed with costs incurred in the period.

Revenue recognition

The company accounts for a contract with a customer when it has written approval, the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection.

Revenue is recognized when, or as, control of a promised product or service transfers to a customer, in an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring those products or services:

The company's standard billing terms are that payment is due upon receipt of invoice, payable within 30 days. In determining the transaction price, the company adjusts the promised amount of consideration for the effects of the time value of money if the billing terms are not standard and the timing of payments agreed to by the parties to the contract provide the customer or the company with a significant benefit of financing, in which case the contract contains a significant financing component. As a practical expedient, the company does not account for significant financing components if the period between when the company transfers the promised product or service to the customer and when the customer pays for that product or service will be one year or less. Most arrangements that contain a financing component are financed through Dell Financing Services (separate entities) and include explicit financing terms. Income from these financing transactions is out of the scope of IFRS 15.

The company reports revenue net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

The company assesses collectability at the inception of a contract. If a contract meets the collectability criterion at contract inception, the criterion should not be reassessed unless there is an indication of a significant change in facts and circumstances. If consideration for an overall arrangement is not considered collectible but cash is received, revenue cannot be recognised until there are no remaining obligations and substantially all of the consideration has been received, or the contract is terminated, or the company stops transferring goods/services and has no obligation to transfer additional goods/services and the cash is non-refundable in all cases.

The company sells IT hardware, configuration/installation and warranty services, and third-party software licenses and PCS to consumer, commercial and enterprise customers. Consistent with IFRS 15 and per company's revenue recognition policy, Performance obligation's that are commonly considered services are satisfied over time as the company is performing. performances obligations that are commonly referred to as goods (or products) are satisfied at a point in time, once the Company has completed its obligation and the goods are transferred to the customer". In addition to the aforementioned general policies, the following are the specific revenue recognition policies for arrangements with multiple performance obligations and for each major category of revenue:

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

Revenue recognition – continued

Revenues from IT hardware products

Performance obligations are satisfied at the point in time when company delivers the products to the customer's control. The control transfers on delivery (FOB Destination).

Shipping is performed by the company and is not considered to be a separate performance obligation to the customer as the control to the products is not transferred to the customer before shipment. Shipping is a fulfilment activity as the costs are incurred as part of transferring the products to the customer.

Revenues from installation/configuration services

Customers can purchase IT Hardware that requires customized set-up, installation or configuration services. Revenue for these services is generally recognized at the time the services are performed which generally coincides with the timing that the product is delivered (e.g. Hardware is installed by company's personnel upon delivery to the customer's facility).

In limited circumstances when a hardware sale with the installation includes customer acceptance provisions, revenue for the installation service is recognised either when customer acceptance has been obtained, customer acceptance provisions have lapsed, or the company has objective evidence that the criteria specified in the customer acceptance provisions have been satisfied.

Revenue from time-and-material contracts is recognised on an output basis as labour hours are delivered and/or direct expenses are incurred. Revenue from as-a-Service type contracts, such as Infrastructure-as-a-Service, is recognized either on a straight-line basis or on a usage basis, depending on the terms of the arrangement (such as whether the company is standing ready to perform or whether the contract has usage-based metrics). If the as-a-Service contract includes setup activities, those promises in the arrangement are evaluated to determine if they are distinct.

Revenues from Software

The Company sells third-party software licenses which can be used on its IT hardware products. Based on IFRS 15, this software is primarily functional IP where the customer is granted a right to use the software for a period of time (license period). Based on the guidance, the company recognised these software licenses at the point in time that the licenses are delivered and the customer is able to use and benefit from the license. Additionally, the company does sell third-party hosting contracts (subscriptions) that may include software related goods and services, commonly referred to as Software as a Service and for which the underlying license is not considered to be distinct from the hosting services. These arrangements are recognized over the subscription period.

The Company sells also post-contract support (PCS) for third-party licenses either standalone or bundled with licenses. As these services are distinct, the Company generally recognised the revenue related to PCS over the service period on a straight-line basis because the Company is providing a service of standing ready to provide support, when and if needed, and is providing unspecified software upgrades on a when and if available basis over the contract term.

Multiple element arrangements

The Company's multiple element arrangements generally include a combination of hardware products, software and related post-contractual support, services such as extended warranty, installations, maintenance and other services. The nature and terms of these multiple element arrangements will vary based on the customised needs of company's customers. Each of these deliverables in an arrangement typically represents a separate performance obligation. For example, a customer may purchase a server that includes operating system software. In addition, the arrangement may include post-contract support for the software and a contract for post-warranty maintenance service for the hardware. These arrangements consist of multiple products and services, whereby the hardware and software may be delivered in one period and the software support and hardware maintenance services are delivered over time.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies – continued

Revenue recognition – continued

Multiple element arrangements – continued

To the extent that a product or service in multiple performance obligation arrangements is subject to other specific accounting guidance, such as leasing guidance, that product or service is accounted for in accordance with such specific guidance. For all other products or services in these arrangements, the criteria below are considered to determine when the products or services are distinct and how to allocate the arrangement consideration to each distinct performance obligation. A performance obligation is a promise in a contract with a client to transfer products or services that are distinct. If the company enters into two or more contracts at or near the same time, the contracts may be combined and accounted for as one contract, in which case the company determines whether the products or services in the combined contract are distinct. The contracts may be combined and accounted for as one contract if the contracts are negotiated as a package with a single commercial objective, or the amount of consideration to be paid in one contract depends on the price or performance of the other contract, or the goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

A product or service that is promised to a client is distinct if both of the following criteria are met:

- The customer can benefit from the product or service either on its own or together with other resources that are readily available to the customer (that is, the product or service is capable of being distinct); and
- The Company's promise to transfer the product or service to the client is separately identifiable from other promises in the contract (that is, the product or service is distinct within the context of the contract).

If these criteria are not met, the Company determines an appropriate measure of progress based on the nature of its overall promise for the single performance obligation. When products and services are distinct, the arrangement consideration is allocated to each performance obligation on a relative standalone selling price basis. The revenue policies in the Services, Hardware and/or Software sections above are then applied to each performance obligation, as applicable.

Determining the transaction price

If the consideration promised in a contract includes a variable amount, the company estimates the amount to which it expects to be entitled using either the expected value or most likely amount method. The company's contracts may include terms that could cause variability in the transaction price, including, for example, rebates, volume discounts, service-level penalties, and performance bonuses or other forms of contingent revenue.

The company only includes estimated amounts in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The company may not be able to reliably estimate contingent revenue in certain long-term arrangements due to uncertainties that are not expected to be resolved for a long period of time or when the company's experience with similar types of contracts is limited. The company's arrangements infrequently include contingent revenue. Estimates of variable consideration and the determination of whether to include estimated amounts in the transaction price are based on all information (historical, current and forecasted) that is reasonably available to the company, taking into consideration the type of customer, the type of transaction and the specific facts and circumstances of each arrangement. Changes in estimates of variable consideration are included in the disclosure on Note 6.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies – continued

Revenue recognition – continued

Allocating the transaction price to performance obligations in the contract

The company allocates the transaction price to each performance obligation on a relative standalone selling price basis. The standalone selling price (SSP) is the price at which the company would sell a promised product or service separately to a customer. In most cases, the company is able to establish SSP based on the observable prices of products or services sold separately in comparable circumstances to similar customers. The company typically establishes a standalone selling price range for its products and services which are reassessed on a periodic basis or when facts and circumstances change.

In certain instances, the company may not be able to establish a standalone selling price range based on observable prices and the Company estimates the standalone selling price. The company estimates SSP by considering multiple factors including, but not limited to, overall market conditions, including geographic or regional specific factors, competitive positioning, competitor actions, internal costs, profit objectives and pricing practices. Additionally, in certain circumstances, the company may estimate SSP for a product or service by applying the residual approach. This approach has been most commonly used when certain perpetual software licenses are only sold bundled with one year of post-contract support and a price has not been established for the software. Estimating SSP is a formal process that includes review and approval by the Company's management.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract (e.g. sales commissions) are capitalized and amortized on a straight-line basis over the contract's duration period if the company expects to recover those costs. The company previously expensed these costs as incurred. Incremental costs of obtaining a contract include only those costs the company incurs to obtain a contract that it would not have incurred if the contract had not been obtained. As a practical expedient, the company expenses costs to obtain a contract as incurred if the amortization period would have been a year or less. These costs are included in selling, general and administrative expenses.

For contracts greater than one year in duration, the associated costs to obtain a contract are deferred and amortized over the period of contract performance or a longer period, generally the estimated life of the customer relationship, if renewals are expected and the renewal commission is not commensurate with the initial commission. Deferred costs to obtain a contract are typically amortized over a period of three to seven years, depending on the contract term and expectation of the period of benefit for the costs, which may exceed the contract term. Amortization expense is recognized on a straight-line basis and included in selling, general, and administrative expenses in the Profit and Loss Account.

Product warranties

The company offers warranties for its hardware products that generally range up to three years, with the majority being either one or three years. Estimated costs for standard warranty terms are recognised when revenue is recorded for the related product. The company estimates its warranty costs standard to the product based on historical warranty claim experience and estimates of future spending and applies this estimate to the revenue stream for products under warranty. Estimated future costs for warranties applicable to revenue recognised in the current period are charged to cost of sales. The warranty liability is reviewed quarterly to verify that it properly reflects the remaining obligation based on the anticipated expenditures over the balance of the obligation period. Adjustments are made when actual warranty claim experience differs from estimates. Costs from fixed-price support or maintenance contracts, including extended warranty contracts, are recognised as incurred.

Revenue from extended warranty contracts is initially recorded as deferred revenue and subsequently recognised on a straight-line basis over the delivery period because the company is providing a service of standing ready to provide services over such term.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies – continued

Contract assets

The Company classifies the right to consideration in exchange for products or services transferred to a customer as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional as compared to a contract asset which is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are generally classified as current and are recorded on a net basis with deferred revenue (i.e. contract liabilities) at the contract level, within 'Other current assets'.

Deferred revenue

Deferred revenue is recorded for support and deployment services and software maintenance when the company has a right to invoice or payments have been received for undelivered products or services where transfer of control has not occurred. Revenue is recognised on these items when the revenue recognition are met, generally resulting in ratable recognition over the contract term.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

The directors periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies – continued

Employee benefits

The company provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment benefits (in the form of a defined contribution pension plan).

Short term employee benefits

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Post-employment benefits

The company operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Share-based payments

The ultimate parent company, Dell Technologies Inc. (formerly Denali Holding Inc.) operates an equity-settled, share based compensation plan. Certain employees of the Company, who had previously been awarded options over the shares in Dell Inc.; were awarded Denali Inc. options in exchange for Dell Inc. options on 29 October 2013.

The fair value of the employee services received in exchange for granted Dell Technologies Inc. options is recognised as an expense over the vesting period, with a corresponding increase in the share-based payment reserve, representing a capital contribution by the ultimate parent. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions, for example, profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest at each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to the share-based payment reserve.

An agreement exists between the Company and any of its employees who receive stock options whereby the employee is liable for any national insurance contributions arising from the exercising of such options. Thus any estimated costs for share based payments are net of any employer national insurance contributions.

Cash based long-term incentive plan

The company operates a long-term incentive (LTI) plan for its employees. The programme is designed to drive the long-term growth of the company and generally vests over a period of 3 years within 1/3 vesting annually on the date of grant. The LTI expense is amortised over the entire vest period. Amounts not paid are recorded as accruals at the balance sheet date. The LTI award is determined by employees' target incentives and Dell Performance Indicators.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies – continued

Provisions

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

In particular:

Restructuring provisions are recognised when the company has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The company has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the company has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected.

Provisions are not made for future operating losses.

Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts may arise due to the timing of cash flows and in that case are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies – continued

Leases

Accounting policies applied from 2 February 2019

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The right-of-use assets are presented separately in the statement of financial position, except for right-of-use assets that meet the definition of investment property and which are presented in the statement of financial position in separate line item - "investment property".

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments. The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs;
- restoration costs.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis. The amortisation periods for the right-of-use assets are as follows:

- right of use for the office building 1 - 6 years.

Payments associated with all short-term leases and certain leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. The Company applies the exemption for low-value assets on a lease-by-lease basis, i.e. for the leases where the asset is sub-leased, a right-of-use asset is recognised with corresponding lease liability; for all other leases of low value assets, the lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

Accounting policies applied until 1 February 2019

Leases in which substantially all risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Where the Company is a lessee in a lease, which transferred substantially all risks and rewards incidental to ownership to the Company, the assets leased are capitalized in premises and equipment at the commencement of the lease at the lower of the fair value of the leased asset, and the present value of the minimum lease payments.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies – continued

Leases - continued

The Company's leasing activities and how they are accounted for

The Company leases office buildings and parking spaces. Rental contracts are typically made for fixed periods of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The main lease features are summarised below:

- Properties are rented for a period of 1 to 6 years, with a cancellation period. Contracts contain an option to renew the lease. The lease payments are fixed and adjusted for inflation.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The future cash outflows to which the Company as a lessee is potentially exposed that are not reflected in the measurement of the lease liability arise from:

- variable lease payments
- extension and termination options

The Company does not provide any residual value guarantees.

Variable lease payments

Properties (offices etc.) lease contracts contain variable payment terms that are linked to expenses related to maintenance of the rented properties (electricity, heating, etc.) which are measured based on actual expenditure.

Office buildings, global logistics and other buildings are considered as separate asset classes under IFRS 16 as they are different types of real estate properties and have different risk profiles. The Company combines lease and non-lease components for office buildings and separates lease and non-lease components for global logistics and other buildings. The Company combines lease and non-lease components for vehicles and separates lease and non-lease components for equipment. Variable lease payments that depend on actual expenditure are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Variable lease payment terms are used for a variety of reasons, and the primary reason is to reflect the actual usage of the underlying asset.

Common control transaction between parties that are businesses

Predecessor accounting

No assets or liabilities are restated to their fair values. Instead, the acquirer incorporates the assets and liabilities at their pre-combination carrying amounts from the highest level of common control without fair value uplift.

No new goodwill is recorded. Any difference between the cost of the transaction and the carrying value of the net assets is recorded in equity (which could impact on distributable profits, depending on local legislation). This applies whether the consideration was for shares or cash.

5 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Critical accounting estimates and judgements - continued

(a) Revenue recognition

Revenue recognition — The company sell a wide portfolio of products and services offerings to our customers. Its agreements have varying requirements depending on the goods and services being sold, the rights and obligations conveyed, and the legal jurisdiction of the arrangement. Revenue is recognised for these arrangements based on the following five steps:

(1) Identify the contract with a customer. The term "contract" refers to the enforceable rights and obligations provided in an agreement between the company and the customer in exchange for payment. We evaluate facts and circumstances regarding sales transactions in order to identify contracts with our customers. An agreement must meet all of the following criteria to qualify as a contract eligible for revenue recognition under the model:

- (i) the contract must be approved by all parties who are committed to perform their respective obligations;
- (ii) each party's rights regarding the goods and services to be transferred to the customer can be identified;
- (iii) the payment terms for the goods and services can be identified;
- (iv) the customer has the ability and intent to pay and it is probable that we will collect substantially all of the consideration to which it will be entitled; and
- (v) the contract must have commercial substance. Judgement is used in determining the customer's ability and intent to pay, which is based upon various factors including the customer's historical payment experience or customer credit and financial information.

(2) Identify the performance obligations in the contract. Our contracts with customers often include the promise to transfer multiple goods and services to a customer. Distinct promises within a contract are referred to as "performance obligations" and are accounted for as separate units of account. We assess whether each promised good or service is distinct for the purpose of identifying the performance obligations in the contract. This assessment involves subjective determinations and requires management to make judgments about the individual promised goods or services and whether such goods or services are separable from the other aspects of the contractual relationship. Promised goods and services are considered distinct provided that:

- (i) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct); and
- (ii) our promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract). Our performance obligations include various distinct goods and services such as hardware, software licenses, warranties, and other service offerings and solutions. Promised goods and services are explicitly identified in our contracts and may be sold on a standalone basis or bundled as part of a combined solution. In certain hardware solutions, the hardware is highly interdependent on, and interrelated with the embedded software. In these offerings, the hardware and software licenses are accounted for as a single performance obligation.

(3) Determine the transaction price. The transaction price reflects the amount of consideration to which we expect to be entitled in exchange for transferring goods or services to the customer. If the consideration promised in a contract includes a variable amount, we estimate the amount to which we expect to be entitled using either the expected value or most likely amount method. Generally, volume discounts, rebates, and sales returns reduce the transaction price. When we determine the transaction price, we only include amounts that are not subject to significant future reversal.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Critical accounting estimates and judgements - continued

(a) *Revenue recognition - continued*

(4) Allocate the transaction price to performance obligations in the contract. When a contract includes multiple performance obligations, the transaction price is allocated to each performance obligation in an amount that depicts the consideration to which we expect to be entitled in exchange for transferring the promised goods or services. For contracts with multiple performance obligations, the transaction price is allocated in proportion to the standalone selling price ("SSP") of each performance obligation. The best evidence of SSP is the observable price of a good or service when we sell that good or service separately in similar circumstances to similar customers. If a directly observable price is available, we utilize that price for the SSP. If a directly observable price is not available, the SSP must be estimated. We estimate SSP by considering multiple factors, including, but not limited to, pricing practices, internal costs, and profit objectives as well as overall market conditions, which include geographic or regional specific factors, competitive positioning, and competitor actions.

(5) Recognise revenue when (or as) the performance obligation is satisfied. Revenue is recognised when obligations under the terms of the contract with our customer are satisfied. Revenue is recognised either over time or at a point in time, depending on when the underlying products or services are transferred to the customer. Revenue is recognised at a point in time for products upon transfer of control. Revenue is recognised over time for support and deployment services, software support, SaaS, and IaaS. Revenue is recognised either over time or at a point in time for professional services and training depending on the nature of the offering to the customer.

(b) *Provisions for liabilities*

Provision by their nature are liabilities with an uncertain timing or amounts. Estimates are made in relation to the future cash outflows likely to arise in connection with obligations existing at the reporting date.

The Company provides for anticipated settlement costs where an outflow of resources is considered probable and a reliable estimate may be made of the likely outcome. These estimates take into account the specific circumstances of case and relevant external advice, are inherently judgemental and could change substantially over time as new facts emerge and each dispute progresses.

The Company may become involved in legal/tax proceedings, in respect of which it is not possible to make a reliable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. In these cases, appropriate disclosure about such cases would be included, but no provision would be made.

The ultimate liability for legal/tax claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations. The position could change over time and, therefore, there can be no assurance that any losses that result from the outcome of any legal proceedings will not exceed the amount of the provisions reported in the Company's financial statements by a material amount.

(c) *Recoverability of intercompany and trade receivables*

The company makes an estimate of the recoverable value of trade and intercompany receivables. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company makes estimates and assumptions in selecting the inputs to the impairment calculation, based on the company's past history and expected impact of forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Management also considers experience subsequent to the financial year end for evidence of any impairment indicators that may have been present at the balance sheet date. See note 15 for the net carrying amount of trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Critical accounting estimates and judgements - continued

(d) *Lease payments*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

The company uses an incremental borrowing rate of 4.17% for all leases in the company. A 100 basis point increase/(decrease) in the rate would cause the lease liabilities to (reduce)/increase by £0.19m and a corresponding (decrease)/increase in the right of use assets by the same amount.

(e) *Tax*

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

Payments in respect of tax liabilities for an accounting period are made by payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the income statement and tax payments.

(f) *Deferred commission costs*

The Company capitalises deferred commission and fulfilment cost related with the acquisition of new business and applicable installation activities. These deferred cost are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate, which is estimated to be 5 years for deferred commission costs.

6 Revenue

	31 January 2020	1 February 2019
The analysis of revenue by category all of which originates in the UK, is as follows:	£'000	£'000
The analysis of revenue by category is as follows:		
Hardware	1,907,167	1,557,214
Software	314,945	326,368
Professional services	16,227	7,792
Service fee	24,713	15,178
	<u>2,263,052</u>	<u>1,906,552</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Other operating income	31 January 2020 £'000	1 February 2019 £'000
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Other income	54,486	49,250
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Other income is derived from a mark-up on its costs under the terms of an intercompany operating agreement in place.

8 Operating profit	31 January 2020 £'000	1 February 2019 £'000
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Operating profit is stated after charging/(crediting):

Depreciation - tangible assets (note 13)	6,034	1,161
Depreciation - right of use assets (note 12)	2,051	-
Expense relating to variable lease payments not included in lease liabilities	4,271	-
Amortisation of contract assets	29,099	12,974
Operating lease charge	-	7,101
Expense relating to short term leases	4,892	-
Audit fees payable to the company's auditor		
- Audit of the financial statements	175	97
Bad debt expense	7,911	1,371
Foreign exchange loss/(gain)	1,349	(2,389)

9 Employees and directors

Employees

The average monthly number of persons (including executive directors) employed during the year was:

	2020 No.	2019 No.
By activity:		
Sales	1,162	566
Administration	792	294
Operations	1,033	524
	<u>2,987</u>	<u>1,384</u>

Employee costs	31 January 2020 £'000	1 February 2019 £'000
Wages and salaries	188,542	139,872
Social security costs	24,872	17,932
Defined contribution pension costs	9,953	6,483
	<u>223,367</u>	<u>164,287</u>

Directors emoluments	31 January 2020 £'000	1 February 2019 £'000
Aggregate emoluments	<u>1,610</u>	<u>1,116</u>

Of which:

Amounts received under long term incentive schemes	431	273
Company pension contributions to defined contribution scheme	-	3

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Employees and directors - continued

During the year no director (2019: none) exercised share options in the ultimate parent company and two directors (2019: two) accrued benefits under a defined contribution pension scheme.

During the financial year, R. Potts was paid by Dell Technologies Inc. for his services and did not receive any remuneration for his services as directors of Dell Corporation Limited. All services provided by R Potts were of a non-executive nature and all emoluments are deemed to be wholly attributable to services provided to the ultimate parent company. Accordingly, the above details include no emoluments in respect of this director.

Highest paid director:	31 January 2020 £'000	1 February 2019 £'000
Aggregate emoluments	1,317	1,060

The highest paid director did not exercise share options (2019: £Nil) and did not accrue benefits under this scheme in the year (2019: £Nil).

10 Net interest income	31 January 2020 £'000	1 February 2019 £'000
Interest receivable and similar income		
Interest receivable on loans owed by group undertakings	3,372	5,189
Interest payable and similar charges		
Interest charges for lease liabilities	(785)	-
Interest expense and other similar expense items	(423)	(66)
Net interest income	2,164	5,123

11 Income tax	31 January 2020 £'000	1 February 2019 £'000
(a) Tax expense included in profit or loss		
Current tax:		
United Kingdom corporation tax on profit for the financial year	7,906	6,522
Adjustment in respect of prior years	(151)	4,806
Total current tax	7,755	11,328
Deferred tax:		
Origination and reversal of timing difference	(4,469)	214
Total deferred tax charge	(4,469)	214
Tax charge on profit	3,286	11,542

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Income tax - continued

(b) Reconciliation of tax charge

The tax assessed for the year is different than the standard rate of corporation tax in the UK for the financial year ended 31 January 2020. The differences are set below:

	31 January 2020 £'000	1 February 2019 £'000
Profit before taxation	40,462	33,573
Profit before taxation multiplied by the standard rate in the UK of 19% (2018: 19%)	7,688	6,379
<i>Effects of:</i>		
Expenses not deductible for tax purposes	208	235
Depreciation of ineligible assets	89	61
Fixed Asset timing differences	(5,073)	(43)
Other short term timing differences	-	9
Adjustment in respect of prior years	(152)	4,806
Other adjustment	526	95
Total tax charge for the year	3,286	11,542

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. The corporation tax rate remains at 19%.

12 Right of use assets

The company leases office space, comprised of a number of floors at its primary located office. The amounts recognised in the financial statements in relation to the leases are as follows:

	Right of use £'000
Cost	
At 2 February 2019	13,497
Modifications	6,613
At 31 January 2020	20,110
Accumulated depreciation	
At 2 February 2019	-
Charge for the year	(2,051)
At 31 January 2020	(2,051)
Net book amounts	
At 1 February 2019	-
At 31 January 2020	18,059

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Tangible assets

	Buildings and Leasehold Improvement £'000	Fixtures And Fittings £'000	Total £'000
At 2 February 2019			
Cost	4,562	6,062	10,624
Accumulated depreciation and impairment	(3,694)	(2,228)	(5,922)
Net book amount	868	3,834	4,702
Year ended 31 January 2020			
Open net book amount	868	3,834	4,702
Additions	2,464	4,770	7,234
Transfer from other group company	210	44,601	44,811
Disposals	-	(76)	(76)
Depreciation	(1,083)	(4,951)	(6,034)
Closing net book amount	2,459	48,178	50,637
At 31 January 2020			
Cost	8,143	97,811	105,954
Accumulated depreciation and impairment	(5,684)	(49,633)	(55,317)
Net book amount	2,459	48,178	50,637

14 Financial assets

	31 January 2020 £'000	1 February 2019 £'000
Investments in subsidiary undertakings:		
At beginning of financial year	-	-
Additions in year	184,671	-
Return of capital	(160,721)	-
At end of financial year	23,950	-

Investment in subsidiary undertakings

The directors are satisfied that the investment in subsidiary undertakings is worth at least the amount at which it is stated. The subsidiary undertakings are involved in the provision of marketing and promotional services to fellow group entities.

Details of the subsidiary undertakings are as follows:

Name of company	Registered office	Description of shares held	Proportion of nominal value
EMC Computer Systems (U.K.) Limited	Dell EMC Tower, Great West Road, Middlesex, Brentford, TW8 9AN, United Kingdom	Ordinary shares	100%
EMC Consulting UK Limited	Dell EMC Tower, Great West Road, Middlesex, Brentford, TW8 9AN, United Kingdom	Ordinary shares	100%
VCE Solutions Limited	1 st & Part 2 nd Floor, One Creechurch Place, London, EC3R 5AF United Kingdom	Ordinary shares	100%

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Financial assets - continued

Investment in subsidiary undertakings

On 31 May 2019 Dell International Holdings IX BV, made a capital contribution of £23.9m to the company in the form of the entire share capital of VCE Solutions Limited.

On the 31 October 2019, Dell Corporation Limited acquired 100% of EMC Computer Systems (UK) Limited from EMC Ireland Holdings for £160.7m.

On 2 November 2019, the Company acquired the business, trade and assets of EMC Computer Systems (UK) Limited. This business is engaged in the sale and distribution of EMC products and related services to the customers in the UK market. On the same day it acquired the business, trade and assets of EMC Consulting (UK) Limited a business comprised of providing certain IT services for the UK market. The total consideration payable for both businesses amounted to £160.7m.

The promissory notes exchanged by the Company for these businesses were subsequently settled in full by way of distribution of capital to the Company.

15 Other current assets

	31 January 2020 £'000	1 February 2019 £'000
Deferred costs	77,940	26,105
Deferred sales commission	4,256	993
	<u>82,196</u>	<u>27,098</u>

Other non-current assets

	31 January 2020 £'000	1 February 2019 £'000
Deferred costs	85,666	7,776
Deferred sales commission	13,297	1,849
	<u>98,963</u>	<u>9,625</u>

The Company capitalises a significant portion of its commission expense and related fringe benefits earned by its sales personnel, related to the acquisition of new business.

Additionally, the Company capitalises certain costs to install and activate hardware and software used in its managed security services, primarily related to a portion of the compensation for the personnel who perform the installation activities. These deferred costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

There were no material impairment losses incurred during the period.

16 Trade and other receivables

		31 January 2020 £'000	1 February 2019 £'000
Trade receivables	(i)	413,604	233,149
Other receivables		18,391	10,830
Prepayments		15,255	1,775
Amounts owed by group undertakings – trade balances	(ii)	554,509	229,779
Amounts owed by group undertakings - loan receivable		-	42,500
Deferred tax asset	(iii)	5,269	800
		<u>1,007,028</u>	<u>518,833</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Debtors - amounts falling due within one year - continued

- (i) Trade debtors are stated after a provision for impairment of £8,827,356 (2019: £1,393,000).

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate mainly to the unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months from 31 January 2020 or 1 February 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP and the unemployment rate of the country in which it sells its goods and services to the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

- (ii) Amounts owed by group undertakings (loan balances) relate to amounts, owed by Dell Group companies, which charged an average interest rate of LIBOR plus 1.5% (2019: 1.5%). On 25 October 2019, the directors approved a non-cash distribution of £43.7m being £42.5m of the loan receivable and accrued interests of £1.2m to the immediate parent company, Dell International Holdings IX BV (2019: £80.1m).
- (iii) The company has recognised deferred tax assets which arise largely in respect of cumulative tax losses carried forward which are available as an offset in reducing future tax liabilities. The available tax losses do not expire under current legislation.

	31 January 2020 £'000	1 February 2019 £'000
Excess depreciation over capital allowances	5,065	800
Total deferred tax asset	5,065	800
Balance at 2 February	800	1,014
Deferred tax charge in profit and loss account	4,469	(214)
Balance at 1 February	5,269	800

17 Inventory

	31 January 2020 £'000	1 February 2019 £'000
Finished products - goods in transit	55,848	43,023

Inventory included is primarily goods in transit at year end. No provision for impairment for inventories booked as not material.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Creditors: amounts falling due within one year		31 January 2020 £'000	1 February 2019 £'000
Trade creditors	(i)	38,688	35,769
Amounts owed to group undertakings – trade balances	(ii)	235,857	166,524
Taxation and social security		46,141	24,808
Accruals		68,899	51,522
Lease liabilities		3,877	-
Other creditors		106	-
Deferred revenue	(iii)	595,544	113,493
		<u>989,112</u>	<u>392,116</u>

- (i) Trade and other creditors' are payable at various dates in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms.
- (ii) Amounts owed to group undertakings are unsecured, interest free and repayable on demand.
- (iii) Deferred revenue includes deferred extended warranty income. The extended warranty is credited to the profit and loss account over the financial year to which the warranty cover relates.

19 Creditors: amounts falling due after more than one year		31 January 2020 £'000	1 February 2019 £'000
Deferred revenue		243,674	136,112
Lease liabilities		16,997	-
Other creditors		344	2,690
		<u>261,015</u>	<u>138,802</u>

20 Capital and reserves	2020 £	2019 £
102 Ordinary shares of £1 each		
Authorised		
At 31 January 2020	<u>102</u>	<u>100</u>
102 Ordinary shares of £1 each		
Allotted and fully paid		
At 31 January 2020	<u>102</u>	<u>100</u>

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up. The company issued two new ordinary shares during the year to Dell Global BV, the Companies immediate parent company.

A description of each reserve within equity is as follows:

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS - continued

21 Capital contribution	Total £'000
As at 1 February 2019	-
Additions	184,621
Transfer to retained earnings	(120,000)
As at 31 January 2020	<u>64,621</u>

- (i) On 31 May 2019 Dell International Holdings IX BV, made a capital contribution of £23.9m to the company in the form of the entire share capital of VCE Solutions Limited.
- (ii) On 31 October 2019 Dell Global GV, made a capital contribution of £160.7m to the company in the form forgiveness of an intercompany payable balance. The contribution was made in connection with the acquisition of EMC Computer Systems (UK) and EMC Consulting UK Limited.

22 Share based payment reserve

Dell Tech granted long-term incentive awards in the form of service-based RSUs and performance-based RSUs ("PSUs") in order to align critical talent retention programs with the interests of holders of Dell Tech's Class C Common Stock. The majority of RSUs granted are time based (i.e. with a 3 years service condition), with the remainder consisting of performance based RSUs ("PSUs").

All service-based RSUs and PSUs subject to internal financial metrics vest over a three-year period, and have a fair value based on the closing price of Dell Tech's Class C Common Stock price as reported on the NYSE on the grant date or the trade day immediately preceding the grant date, if the grant date falls on a non-trading day. Each service-based RSU represents the right to acquire one share of Dell Tech's Class C Common Stock upon vesting.

PSUs are reflected as target units while the actual number of units that ultimately vest will range from 0% to 200% of target, based on the level of achievement of the performance goals and continued employment with the Company over a three-year performance period. PSUs that are subject to achievement of market-based performance goals based on relative total shareholder return are valued using a Monte Carlo valuation model to simulate the probabilities of achievement.

During the financial year ended as of January 31, 2020 the Company recorded Share-based payment expense and corresponding increase in reserves in amount of £5,183,278 (2019: £28,000). At the end of the financial year, there were 244,965 (2019: Nil) Dell Technologies non-vested restricted stock units amounting to £6,695,326 (2019: £Nil).

23 Effect of adoption of IFRS 16 - Leases

The Company has adopted the new standard from 2 February 2019 using the modified retrospective method, applying the simplified transition approach, with the right-of-use asset opening balance equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments or provisions, or impairments. Comparative amounts for the year prior to the date of initial adoption of the standard were not restated. This means that the data presented for 2020 and 2019 is not comparable. The Company also elected to apply certain practical expedients.

As required by the standard, the election of a simplified transition approach has been consistently applied to all leases in which the Company is a lessee and sub-lessor.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases, which had previously been classified as operating leases under IAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 2 February 2019. The weighted average incremental borrowing rate applied to lease liabilities on 2 February 2019 was 4.17%.

NOTES TO THE FINANCIAL STATEMENTS - continued

23 Effect of adoption of IFRS 16 - Leases - continued

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous applying IAS 37;
- the accounting for leases with a remaining lease term of less than 12 months as at 2 February 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use assets at 2 February 2019.

The Company has also elected not to reassess whether contracts are or contain leases at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

	31 January 2020 £'000	1 February 2019 £'000
The recognised right of use assets relate to the following types of assets:		
Properties	18,059	-
Total right of use assets	<u>18,059</u>	<u>-</u>

The change in accounting policy affected the following items in the balance sheet on 2 February 2019:

	2 February 2019 IFRS 16 £'000	IFRS 16 Adjustments £'000	2 February 2019 IAS 17 £'000
Right of use assets	13,497	13,497	-
Lease liabilities	<u>15,518</u>	<u>15,518</u>	<u>-</u>

	IFRS 16 31 January 2020 £'000	IFRS 16 2 February 2019 £'000
<i>Amounts recognised in the balance sheet - right of use assets</i>		
The balance sheet shows the following amounts relating to leases:		
Right of use assets		
Properties	<u>18,059</u>	<u>13,497</u>

	Buildings £'000
Opening amount as at 2 February 2019	-
Adjustment on adoption IFRS 16	13,497
Restated opening amount as at 2 February 2019	<u>13,497</u>
Modifications	6,613
Depreciation	(2,051)
Closing balance as at 31 January 2020	<u>18,059</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

23 Effect of adoption of IFRS 16 - Leases - continued

	IFRS 16 31 January 2020 £'000	IFRS 16 1 February 2019 £'000
<i>Amounts recognised in the balance sheet - lease liabilities</i>		
Non-current	16,997	14,075
Current	3,877	1,443
Total	20,874	15,518

	IFRS 16 31 January 2020 £'000	IAS 17 1 February 2019 £'000
<i>Amounts recognised in the statement of profit or loss</i>		
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation of right of use assets		
Buildings	2,051	-
Total depreciation of right of use assets	2,051	-
Interest expense (included in finance costs)	785	-
Expense relating to short term leases (included in administrative expenses)	4,271	-
Operating lease expense (IAS 17, for comparatives only)	-	7,101
Total expenses related to leases	7,106	7,101

Future minimum lease payments as at 31 January 2020 are as follows:	2020 £'000	2019 £'000
Not later than one year	4,199	-
Later than one year and not later than five years	11,870	-
Later than five years	8,525	-
	24,594	-
Impact of finance expenses	(3,720)	-
Carrying amount of liability	20,874	-

The explanation of the difference between operating lease commitments disclosed as at 1 February 2019 when applying IAS 17 to the lease liabilities recognised as at 2 February 2019 is presented in the table below:

	£'000
Operating lease commitments disclosed as at 1 February 2019 under IAS 17	7,633
Effect of discounting using the Company's incremental borrowing rate at 1 February 2019	(235)
Adjustments as a result of a different treatment of extension and termination options	8,120
	15,518

Lease liability recognised as at 2 February 2019 of which are:

Current lease liabilities	1,443
Non-current lease liabilities	14,075
Amount equal to lease liability as at 2 February 2019 under IFRS 16	15,518

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Distributions	2020 £'000	2019 £'000
Non-cash distribution of £2,076,186 (2019: £801,190) per allotted share	<u>211,771</u>	<u>80,119</u>

On 25 October 2019, the directors approved a non-cash distribution of £43.7m being £42.5m of the loan receivable and accrued interests of £1.2m to the immediate parent company, Dell International Holdings IX BV (2019: £80.1m).

On 31 May 2019 Dell Corporation Limited acquired the business, trade and assets of VCE Solutions Limited with the difference between the book value of the net assets acquired and the consideration paid accounted for as a notional distribution of £12.1m.

On 2 November 2019 Dell Corporation Limited acquired the trades and net assets of EMC Computer Systems (UK) Limited and EMC Consulting (UK) Limited with the difference between the book value of the net assets acquired and the consideration paid accounted for as a notional distribution of £155.9m.

a) Acquisition of VCE Solutions Limited

On 30 May 2019 Dell International Holdings IX BV, made a capital contribution of £23.9m to the company in the form of the entire share capital of VCE Solutions Limited. On 31 May 2019 Dell Corporation Limited acquired the business of VCE Solutions Limited with the difference between the book value of the net assets acquired and the consideration paid accounted for as a notional distribution of £12.1m.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book Value £'000
Tangible assets	5
Debtors	4,092
Cash at bank and in hand	8,245
Creditors - amounts falling due within one year	(104)
Provision for liabilities	(445)
	<u>11,793</u>
Consideration paid	<u>23,900</u>
Deemed Distribution	<u>12,107</u>

b) Acquisition of EMC Computer Systems (UK) Limited

On 2 November 2019 Dell Corporation Limited acquired the businesses, trades and net assets of EMC Computer Systems (UK) Limited and EMC Consulting (UK) Limited for a total of £160.7m with the difference between the book value of the net assets acquired and the consideration paid accounted for as a notional distribution of £155.9m.

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Distributions - continued

b) Acquisition of EMC Computer Systems (UK) Limited

The following table sets out the book values of the identifiable net assets acquired and their net book value:

	EMC Computer Systems (UK) Limited Book Value £'000	EMC Consulting Limited Book Value £'000	Total Book Value £'000
Right-of-use assets	6,587	-	6,587
Tangible assets	42,375	-	42,375
Other non-current assets	14,535	15	14,550
Debtors	370,314	2,932	373,246
Other current assets	3,597	-	3,597
Cash at bank and in hand	12,136	3,825	15,961
Creditors - amounts falling due within one year	(439,658)	(1,724)	(441,382)
Creditors - amounts falling due after more than one year	(10,167)	-	(10,167)
	<u>(281)</u>	<u>5,048</u>	<u>4,767</u>
Consideration paid			160,700
Deemed Distribution			<u>155,933</u>

25 Post balance sheet events

On 11 March 2020 the World Health Organization declared the COVID-19 virus a pandemic. The extent to which COVID-19 may affect our business, financial position, and results of operations depends on future developments, which are highly uncertain and cannot be predicted. The spread of COVID-19 may create global economic uncertainty, which may cause partners, suppliers, and potential customers to restrict spending or delay nonessential purchases. If COVID-19 continues to spread, our business operations could be adversely affected mainly by potential reductions in sales and delays in customer payments. However it is not expected that our operating profit will be significantly changed going forward.

The ultimate parent company, Dell Technologies Inc. has taken precautionary measures to increase the cash position of the group, preserve financial flexibility and will continue to monitor global events and respond accordingly to any potential business disruptions that may occur. We continue to work with its customers, employees, suppliers and local communities to address the impact of the COVID-19 outbreak and continue to assess further possible impacts to its business, supply chain, and customers.

The directors note that Dell Technologies 10-K for FY20 was filed on a going concern basis on 27 March 2020. Under the assumption of Dell Technologies being a going concern, the directors have considered that the Company is a going concern. Up to the date of approval of the financial statements there is no indication of an impending change to the structure of the legal entity that would impact the going concern assumption.

On 18 February 2020, Dell Technologies Inc. entered into a definitive agreement with Redstone Holdings L.L.C. to divest substantially all of the RSA Security business. The transaction was closed on 31 August 2020. As part of this transaction the Company disposed of part of its business for consideration of £6.7m.

26 Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 21 October 2020 and were signed on its behalf on that date.