

Registered number 03359843

Parent to,
Viglen Limited

1208441

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Westcoast (Holdings) Limited
Annual report and financial statements
for the year ended 31 December 2016



Westcoast (Holdings) Limited

Annual report and financial statements for the year ended 31 December 2016

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Westcoast (Holdings) Limited

Directors and advisers

Directors

A Hemani
D Forsyth
S Madhani
L Hemani

Company Secretary and registered office

C Batchelor
Arrowhead Park
Arrowhead Road
Theale
Reading
Berkshire
RG7 4AH

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

Solicitors

Pitmans Solicitors
The Anchorage
34 Bridge Street
Reading
Berkshire
RG1 2LU

Bankers

Lloyds Commercial Finance Limited
Boston House
The Little Green
Richmond
Surrey
TW9 1QE

Lloyds Bank Plc
Market Place Reading Branch
1-2 Market Place
Reading
Berkshire
RG12PQ

Westcoast (Holdings) Limited

Strategic report for the year ended 31 December 2016

The directors present their strategic report on the Group for the year ended 31 December 2016.

Principal activities

The principal activity of the Group and subsidiaries continues to be the provision of IT equipment and related services.

Review of the business and future developments

As one of the UK's top 100 largest private companies the group provides IT products and services to more than 14,000 customer. Our primary business is that of consultancy, sales, distribution, business process outsourcing, supply chain management and maintaining outsourced networks.

The publicity and shift towards cloud based computing (and related services within the industry) is well documented. The Group is focused on partnering with Global best of breed, allied to local capability in addressing this changing marketplace. In 2016 Westcoast Limited, a subsidiary, established a firm presence in this marketplace.

Trading conditions remained challenging across Europe in 2016 with the announcement of Brexit increasing exchange rate volatility, bringing further pressure on profit margins, pricing and exchange rates. The group continued to manage and align it's cost base to ensure competitiveness in its sector, and with the strategy of controlled growth through innovation and quality of service provided to its vendors and partners/customers.

In such challenging market conditions this advantage has enabled the group to grow its market share, increasing turnover by 19.87% and operating profit by 21.37% to £19,994,000.

Through further investment in our people and systems we strive to expand our business in related markets. The directors remain confident that the group is well placed to take advantage of opportunities as they arise.

The financial position of the Group and Company is presented in the Group and Company balance sheets on page 11. There were total Group shareholders' funds at 31 December 2016 of £57,942,000 (2015: £46,625,000). There were total Company shareholders' funds at 31 December 2016 of £45,600,000 (2015: £40,829,000).

Key financial performance indicators

	2016 £'000	2015 £'000	Change %
Revenue	1,912,520	1,595,475	19.87%
Group operating profit	19,994	16,473	21.37%
Operating profit as % of revenue	1.05%	1.03%	0.02%

Westcoast (Holdings) Limited

Strategic report for the year ended 31 December 2016 (continued)

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the Group's future operating profits or financial position. The Group has controls embedded within its systems to limit each of these potential exposures and regularly reviews, reassesses and proactively limits the associated risks.

- Intense competition among global IT vendors or within the channel may lead to reduced prices, lower sales or reduced sales growth, lower gross margins, extended payment terms with customers, increased investment and interest costs or bad debt risks.
- Significant changes in supplier terms, such as volume discounts or rebates, a reduction in the amount of incentives available, reduction or termination of price protection, inventory rotations or other inventory management programs or reductions in payment terms may adversely impact operations or financial conditions.
- Termination of the Group's major supplier agreement or product supply shortages may adversely impact results of operations.

By order of the Board



C Batchelor
Company Secretary
23 March 2017

Westcoast (Holdings) Limited

Directors' report for the year ended 31 December 2016

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2016.

Future Developments

The publicity and move towards cloud based computing and related services within the industry is well documented. The Westcoast Group is focused on partnering with Global best of breed, allied to local capability in addressing this changing market place. Early in 2015 Westcoast Limited was appointed as a Cloud Solution Partner by Microsoft which positions the business well to exploit the opportunities that arise from a shift to cloud based computing.

Through further investment in our people and systems we strive to expand our business in related markets. The directors remain confident that the Westcoast Group is well placed to take advantage of opportunities as they arise.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk, currency risk and interest rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board are implemented by the Group's finance department.

Credit risk

The Group has a policy and procedures manual that sets out specific guidance to manage credit risk where policies have been implemented that require appropriate credit checks on potential customers before sales are made. Additionally the Group has a debt insurance policy in place.

Liquidity risk

Liquidity risk is managed through an assessment of working capital requirements to ensure the Group has sufficient funds available for operations and planned expansions.

The funds used for managing operations include overdrafts and bank loans. In addition the company has an asset based lending facility with Lloyds Commercial Finance Limited.

The Group's bank facilities are secured and contain a number of financial covenants which are measured against the consolidated financial performance and position of the Group. The directors monitor compliance against all of the Group's financial obligations and manage the Group's consolidated balance sheet and debt requirements so as to operate within the financial covenants.

Foreign exchange risk

The Group sells to customers in foreign markets and also makes purchases denominated in foreign currencies. The Group is therefore exposed to foreign currency movements throughout the year. The currency risk exposure is managed through the use of forward foreign currency contracts. No hedge accounting is applied.

Interest rate cash flow risk

The Group has interest bearing liabilities. Interest bearing liabilities include overdrafts and bank loans. The interest rate cash flow risk is reviewed and managed within the overall cash flow management policy.

Results and dividends

The Group's profit for the financial year was £13,722,000 (2015: £11,017,000)

The directors recommended and paid a dividend £2,500,000 (2015: £2,376,000).

Westcoast (Holdings) Limited

Directors' report for the year ended 31 December 2016 (continued)

Directors

The directors who held office during the year and up to the date of signing the financial statements, unless otherwise indicated, are given below:

A Hemani
D Forsyth
L Hemani
S Madhani
B Tkachuk (resigned January 2016)

Directors' indemnities

The Company maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

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 with the group continues and the appropriate training is arranged. It is the policy of the Group 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.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interest and that all employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees continues through the in-house intranet, briefing groups and the distribution of the annual report.

Environment

The group is aware of its environmental obligations and actively promotes environmental initiatives with its employees, customers and suppliers.

Statement of directors' responsibilities in respect of the financial statements

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

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

Westcoast (Holdings) Limited

Directors' report for the year ended 31 December 2016 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

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

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

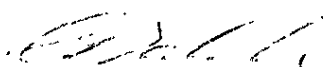
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have 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 group and company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board



C Batchelor
Company Secretary
23 March 2017

Independent auditors' report to the members of Westcoast (Holdings) Limited

Report on the financial statements

Our Opinion

In our opinion, Westcoast (Holdings) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Group and Company balance sheets as at 31 December 2016;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of cash flow for the year then ended;
- the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

Independent auditors' report to the members of Westcoast (Holdings) Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

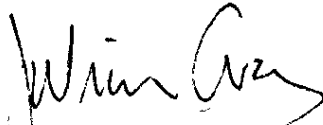
- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

Independent auditors' report to the members of Westcoast (Holdings) Limited (continued)

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

28 March 2017

Westcoast (Holdings) Limited

Consolidated statement of comprehensive income for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover			
Continuing operations		1,830,744	1,595,475
Acquisitions		81,776	-
Group turnover	4	1,912,520	1,595,475
Cost of sales		(1,823,672)	(1,523,147)
Gross profit		88,848	72,328
Administrative expenses		(68,854)	(55,855)
Operating profit		19,994	16,473
Continuing operations		19,175	16,473
Acquisitions		819	-
Group operating profit		19,994	16,473
Income from other fixed asset investments		-	48
Share of operating (loss) in joint ventures	13	(90)	(38)
Total operating profit: group and share of joint ventures		19,904	16,483
Interest receivable and similar income	7	149	137
Interest payable and similar charges	7	(2,301)	(2,051)
Profit on ordinary activities before taxation	8	17,752	14,569
Tax on profit on ordinary activities	9	(4,030)	(3,552)
Profit for the financial year		13,722	11,017
Other comprehensive income			
Currency translation differences on foreign currency net investments		95	(46)
Other comprehensive income for the year, net of tax		95	(46)
Total comprehensive income for the year		13,817	10,971

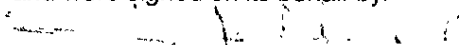
Westcoast (Holdings) Limited

Group and Company balance sheets as at 31 December 2016

	Note	Group		Company	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11	13,830	9,693	-	-
Tangible assets	12	3,448	1,963	13	20
Investments	13	-	-	67,815	58,151
Interests in associated undertakings	13	1,092	111	-	-
		18,370	11,767	67,828	58,171
Current assets					
Inventories	14	164,417	109,497	-	-
Financial assets measured at cost less impairment					
Debtors	15	264,801	228,134	62,938	15,642
Cash and cash equivalents		7,284	5,560	5	146
		436,502	343,191	62,943	15,788
Financial liabilities carried at amortised cost					
Creditors: amounts falling due within one year	16	(372,271)	(282,968)	(65,171)	(13,130)
Net current (liabilities)/assets		64,231	60,223	(2,228)	2,658
Total assets less current liabilities		82,601	71,990	65,600	60,829
Creditors: amounts falling due after more than one year	17	(21,382)	(22,379)	(20,000)	(20,000)
Provision	19	(3,277)	(2,986)	-	-
Net assets		57,942	46,625	45,600	40,829
Equity					
Called up share capital	21	1,344	1,344	1,344	1,344
Share premium account		646	646	646	646
Retained earnings		55,952	44,635	43,610	38,839
Total equity		57,942	46,625	45,600	40,829

The notes on pages 14 to 45 are an integral part of these financial statements.

The financial statements on pages 10 to 45 were approved by the board of directors on 23 March 2017 and were signed on its behalf by:



S Madhani
Director
Westcoast (Holdings) Limited
Registered number 03359843

Westcoast (Holdings) Limited

Consolidated statement of changes in equity as at 31 December 2016

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January, 2015	1,344	646	36,040	38,030
Profit for the year	-	-	11,017	11,017
Other comprehensive income	-	-	(46)	(46)
Total comprehensive income for the year	-	-	10,971	10,971
Dividend paid	-	-	(2,376)	(2,376)
Total transactions with owners, recognised directly in equity	-	-	(2,376)	(2,376)
Balance as at 31 December, 2015	1,344	646	44,635	46,625
Profit for the year	-	-	13,722	13,722
Other comprehensive income	-	-	95	95
Total comprehensive income for the year	-	-	13,817	13,817
Dividend paid	-	-	(2,500)	(2,500)
Total transactions with owners, recognised directly in equity	-	-	(2,500)	(2,500)
Balance as at 31 December, 2016	1,344	646	55,952	57,942

Company statement of changes in equity as at 31 December 2016

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January, 2015	1,344	646	34,045	36,035
Profit for the year	-	-	7,170	7,170
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	7,170	7,170
Dividend paid	-	-	(2,376)	(2,376)
Total transactions with owners, recognised directly in equity	-	-	(2,376)	(2,376)
Balance as at 31 December, 2015	1,344	646	38,839	40,829
Profit for the year	-	-	7,271	7,271
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	7,271	7,271
Dividend paid	-	-	(2,500)	(2,500)
Total transactions with owners, recognised directly in equity	-	-	(2,500)	(2,500)
Balance as at 31 December, 2016	1,344	646	43,610	45,600

Westcoast (Holdings) Limited

Consolidated statement of cash flow for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Net cash (outflow) / inflow from operating activities	23	(45,197)	2,257
Taxation paid		(4,571)	(2,684)
Net cash outflow from operating activities		(49,768)	(427)
Cash flow from investing activities			
Dividend received from investments		-	48
Interest received	7	149	137
Purchase of tangible assets	12	(2,718)	(1,351)
Acquisition of subsidiary (net of cash acquired)		(24,196)	-
Acquisition of joint ventures		(800)	-
Loan to investments		(2,000)	-
Acquisition expenses		(392)	-
Net cash used in investing activities		(29,957)	(1,166)
Cash flow from financing activities			
Repayment of obligations under finance leases		(264)	(305)
Increase in borrowings		-	8,250
Interest paid		(2,301)	(2,051)
Dividends paid to owners of the parent	22	(2,500)	(2,376)
Net cash (used)/received in financing activities		(5,065)	3,518
Net (decrease)/increase in cash and cash equivalents		(84,790)	1,925
Cash and cash equivalents at the beginning of the year		5,560	3,659
Exchange (losses)/gains on cash and cash equivalents		(6)	(24)
Cash and cash equivalents at the end of the year		(79,236)	5,560
Cash and cash equivalents consists of:			
Cash at bank and in hand		7,284	5,560
Bank overdraft		(86,520)	-
Cash and cash equivalents		(79,236)	5,560

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

1 General Information

Westcoast (Holdings) Limited (the "Company") is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Arrowhead Park, Arrowhead Road, Theale Reading, Berkshire, RG7 4AH.

The principal activity of the Group and subsidiaries is the provision of IT equipment and related services

2 Accounting policies

Statement of compliance

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

Summary of significant accounting policies

The following accounting policies have been applied consistently to all years presented in dealing with items which are considered material to the Group's financial statements.

Basis of presentation

These consolidated and separate financial statements are prepared on the going concern basis, under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company and Group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of comprehensive income.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities and supply financing arrangement. The current economic conditions continue to create uncertainty over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies (continued)

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of joint venture undertakings made up to 31 December.

i) Subsidiaries

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Investments in subsidiary undertakings are stated at cost, including those costs associated with the acquisitions, less provision for any impairment in value. Where events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable, an impairment review is performed. An impairment write down is recognised to the extent that the carrying amount of the asset exceeds the higher of the fair value less cost to sell and value in use.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of comprehensive income. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

ii) Joint arrangements

Investments in joint arrangements can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Westcoast (Holdings) Limited has joint ventures classified as jointly controlled entities.

Interests in jointly controlled entities are accounted for using the equity method (see iii) below) after initially being recognised at cost in the consolidated balance sheet.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies (continued)

Basis of consolidation (continued)

iii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost (including transaction costs) and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in the statement of comprehensive income, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Any subsidiary undertakings or joint venture undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of joint control respectively.

Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Trade investments are stated at cost, including those costs associated with the acquisitions, less provision for any impairment in value

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

**Notes to the financial statements for the year ended
31 December 2016**

2 Accounting policies (continued)

Financial Instruments (continued)

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and amount owed to fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in comprehensive income in interest payable or receivable as appropriate. Derivatives are immaterial at year end.

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

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously

Related parties

In accordance with the exemption available under section 33.1A of FRS 102 'Related Party Disclosures', transactions with other wholly owned group undertakings within the Westcoast group have not been disclosed in these financial statements.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies (continued)

Business combination and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its expected useful economic life which is 10 years or less. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method and reducing balance, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- | | |
|----------------------------------|----------------------------|
| ▪ Customer Relationship | - 25% reducing balance |
| ▪ Acquired brands and trademarks | - 20% straight-line method |

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies (continued)

Tangible assets

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 asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

The principal annual rates used for this purpose are:

Freehold buildings	2%
Leasehold improvements	over the remaining year of the lease
Computer equipment	25%
Fixtures and fittings	20%
Motor Vehicles	25%

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.

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 the statement of comprehensive income and included in 'Other operating (losses)/gains'.

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

Property, plant and equipment is 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 the statement of comprehensive income and included in administrative expenses.

Inventory

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

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 and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Issue costs together with finance costs are charged to the statement of comprehensive income over the term of the borrowings and represent a constant proportion of the balance of the capital repayments outstanding.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes. The Group bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's sales channels have been met, as described below.

(i) Sale of goods – wholesale

The company is a wholesale distributor of computer peripheral equipment and related services. Sales of goods are recognised on delivery to the customers, when there is no unfulfilled obligation that could affect the customers' acceptance of the product.

Goods sold are often sold with volume rebates and also with the provision for the customer to return faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates and returns. Volume rebates are assessed based on anticipated purchases. Accumulated experience is used to estimate and provide for the discounts and returns.

Sales are normally made with a credit term of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

(ii) Sale of goods – internet based transactions

The Company sells goods via its websites for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory is passed to the customer. For deliveries to the customer this is the point of acceptance of the goods by the customer. Transactions are settled by credit or payment card.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, 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.

Current or deferred taxation assets and liabilities are not discounted.

(i) 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. 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.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies (continued)

Taxation (continued)

(ii) Deferred taxation

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.

Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and short term benefits that are expected to be settled wholly within 1 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Pension costs

The Group operates a number of defined contribution pension schemes which are held in a separately administered fund. Contributions payable are charged to the statement of comprehensive income as they accrue.

Foreign currency translation

(i) Functional and presentation currency

The Group financial statements are presented in pound sterling.

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

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

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies (continued)

Foreign currency translation (continued)

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within interest payable or receivable. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other operating (losses)/gains'.

(iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies (continued)

Leased assets (continued)

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

3 Critical accounting estimates and assumptions

Critical judgements and estimates in applying the accounting policies

In the application of the Group's accounting policies which are described in note 2, the directors are required to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

The Group 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.

(a) Inventory provisioning

The Group is a wholesale distributor of computer peripheral equipment and related services. The products it sells are subject to rapid technological changes, as a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

3 Critical accounting estimates and assumptions (continued)

(b) Impairment of trade receivables

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

(c) Legal and regulatory

The Group is subject to legal proceedings and other claims arising in the ordinary course of business. The group is required to assess the likelihood of any adverse judgements or outcomes, as well as potential ranges of probable losses. A determination of the provisions required for these matters is based on a careful analysis of each individual issue with the assistance of outside legal counsel. However, actual claims incurred could differ from the original estimates.

4 Turnover

Analysis of turnover by geography:

	2016 £'000	2015 £'000
United Kingdom	1,601,450	1,443,332
Rest of Europe	316,560	158,564
Rest of World	4,659	1,358
Less share of revenue of joint venture	(10,149)	(7,779)
	1,912,520	1,595,475

All sales derive from distribution of IT products and services

5 Directors' emoluments

	2016 £'000	2015 £'000
Aggregate emoluments	6,762	2,154

	2016 £'000	2015 £'000
Highest paid director		
Aggregate emoluments	3,035	730

Retirement benefits are accruing to no directors (2015: none) under the Group's money purchase pension scheme.

Key management compensation

All employees considered to be key management are directors of the company

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

6 Employee information

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

Group	2016 Number	2015 Number
By activity		
Management	11	8
Sales & Distribution	485	428
Administration and central functions	699	669
	1,195	1,105

Group	2016 £'000	2015 £'000
Staff costs (for the above persons):		
Wages and salaries	50,726	41,184
Social security costs	5,153	4,166
Other pension costs (note 25)	455	542
	56,334	45,892

7 Net finance costs

	2016 £'000	2015 £'000
Interest payable on bank loans and overdrafts	2,204	2,025
Other finance costs	74	-
Interest receivable	(149)	(137)
Interest payable on finance leases	23	26
	2,152	1,914

On 2 February 2015 the Company renewed its asset based lending facility agreement with Lloyds Commercial Finance Limited and the facility increased to £175m. The other finance costs relate to the renegotiation of the facility.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

8 Profit on ordinary activities before taxation

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation is stated after charging:		
Amortisation of goodwill	1,995	1,913
Amortisation of intangible assets	933	922
Depreciation of tangible assets:	1,598	1,183
Loss on disposal of fixed assets	245	14
Inventory recognised as an expense	1,811,184	1,506,942
Foreign exchange (gain)/loss	(1,205)	235
Operating lease rentals	3,717	3,322
Impairment of trade receivables	286	1,091
Impairment of inventory	391	-
Impairment of trade payables	-	2,596
Impairment of investment loan (note 13)	2,000	-

Services provided by the Company's auditors and its associates

During the year the group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

Fees payable to Company auditors for the audit of parent company and consolidated financial statements	23	13
Fees payable to the Company's auditors and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	177	146
Other audit services	30	-
Tax services	139	121
	369	280

Administrative expenses

The Group regards all net operating expenses as selling and distribution costs due to the nature of the business.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

9 Income tax

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax on profits of the year	4,187	3,705
Share of tax in joint ventures	-	-
Adjustments in respect of prior years	50	(244)
Total current tax	4,237	3,461
Deferred tax (note 20):		
Origination and reversal of timing differences	(219)	(63)
Changes in tax laws and rates	10	38
Adjustments in respect of prior years	2	116
Total deferred tax	(207)	91
Tax on profit on ordinary activities	4,030	3,552

Reconciliation of tax charge

Tax assessed for the period is higher (2015: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2016 of 20% (2015: 20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	17,752	14,569
Profit on ordinary activities multiplied by standard rate in the UK of 20% (2015: 20.25%)	3,550	2,950
Effects of:		
Expenses not deductible for tax purposes	516	775
Difference arising due to overseas tax rates	(137)	(56)
Changes in tax laws and rates	49	11
Adjustments to tax charge in respect of previous years	52	(128)
Tax charge for the year	4,030	3,552

Tax rate changes

Reductions in main rate of corporation tax were enacted by Finance (No.2) Act 2015 to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These enacted reduced rates of corporation tax were reflected within the prior year financial statements.

The Chancellor of the Exchequer has announced a further reduction in the rate, to 17% from 1 April 2020. As such the previously enacted rate of 18% from 1 April 2020 will not come into effect. This change was enacted by Finance Act 2016 on 15 September 2016 and the relevant deferred tax balances have been re-measured.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

10 Result for the financial year

As permitted by section 408 of the Companies Act 2006, the Parent Company's statement of comprehensive income has not been included in these financial statements. The Parent Company's profit for the financial year was £7,271,000 (2015 profit: £7,170,000).

11 Intangible assets

Group	Goodwill	Brand names & Trademarks	External Relationship	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2016	53,766	1,470	3,348	58,584
Acquisitions	4,652	150	2,253	7,055
At 31 December 2016	58,418	1,620	5,601	65,639
Accumulated amortisation				
At 1 January 2016	46,838	588	1,465	48,891
Charge for the year	1,985	344	589	2,918
At 31 December 2016	48,823	932	2,054	51,809
Net book amount				
At 31 December 2016	9,595	688	3,547	13,830
At 31 December 2015	6,928	882	1,883	9,693

The goodwill arising on the acquisition of EMAG Solutions Limited (now renamed Orion Storage Solutions Limited), Clarity Computer (Distribution) Limited, XMA Investments Limited, Optimum Business Group Limited, Netfire Group Limited, Quarry Court Holdings Limited, Viglen Technology Limited and Art Systems Holdings Limited is being amortised on a straight line basis over their estimated useful economic lives of 10 years. The goodwill arising on the acquisitions of Westcoast France SAS and Perfect Colours Limited is being amortised on a straight line basis over the estimated useful economic lives of 5 years.

On 04 April 2016 the Group acquired the entire share capital of Art Systems Holdings Limited and its subsidiary. The activity of the subsidiary Art Systems Limited is within the large format print industry, as a distributor and service provider for resellers within the United Kingdom.

On 28 August 2016 Westcoast France SAS was formed and acquired the consumables trade from the EOS division of Adveo France.

Amortisation is charged to administrative expenses in the statement of comprehensive income.

The Company has no intangible fixed assets (2015: none)

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

12 Tangible assets

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
Cost						
At 1 January 2016	163	483	5,228	2,566	154	8,594
Translation differences	-	-	6	25	-	31
Acquisitions	-	60	265	193	90	608
Additions	-	36	2,369	207	106	2,718
Disposals	-	(364)	(1,890)	(984)	(80)	(3,318)
At 31 December 2016	163	215	5,978	2,007	270	8,633
Accumulated depreciation						
At 1 January 2016	163	412	3,903	2,040	113	6,631
Translation differences	-	-	4	25	-	29
Charge for the year	-	33	1,249	279	37	1,598
Disposals for the year	-	(364)	(1,715)	(984)	(10)	(3,073)
At 31 December 2016	163	81	3,441	1,360	140	5,185
Net book amount						
At 31 December 2016	-	134	2,537	647	130	3,448
At 31 December 2015	-	71	1,325	526	41	1,963

Assets held under finance leases capitalised and included with Tangible assets:

	Computer equipment		Fixture and fittings		Total	Total
	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Cost	1,631	1,631	-	574	1,631	2,205
Accumulated depreciation	(1,631)	(1,367)	-	(574)	(1,631)	(1,941)
Net book amount	-	264	-	-	-	264

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

13 Investments

Group

	Trade investment £'000	investment loans £'000	Total £'000
Cost			
At 1 January 2016	3,215	1,000	4,215
Disposals	-	(1,000)	(1,000)
Acquisition	-	2,000	2,000
At 31 December 2016	3,215	2,000	5,215
Provision for impairment			
At 1 January 2016	3,215	1,000	4,215
Disposals	-	(1,000)	(1,000)
Charge for the year	-	2,000	2,000
At 31 December 2016	3,215	2,000	5,215
Net book amount			
At 31 December 2016	-	-	-
At 31 December 2015	-	-	-

In January 2016 the group invested by way of a convertible loan note in an air transport business. On review of the current financial statements of this business the group decided to fully impair the investment loan.

Joint ventures	2016 £'000	2015 £'000
Cost		
At 1 January	111	149
Acquisition – net asset	514	-
Acquisition – goodwill	566	-
Share of losses	(90)	(38)
Corporation tax	1	-
At 31 December	1,102	111
Accumulated amortisation		
At 1 January	-	-
Charge for the year	(10)	-
At 31 December	(10)	-
Net book amount		
Net assets	536	111
Goodwill	556	-
At 31 December	1,092	111

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

On 28 November 2016 the Group acquired 50% of the issued and outstanding share capital of Perfect Colours Limited. The main activity of the company is a supplier of high end printers, consumables and servicing across the United Kingdom.

13 Investments (continued)

Company	Trade investment £'000	Shares in subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2016	3,215	63,471	66,686
Acquisitions	-	9,664	9,664
Disposal	-	-	-
At 31 December 2016	3,215	73,135	76,350
Provision for impairment			
At 1 January 2016	3,215	5,320	8,535
Charge for the year	-	-	-
Disposal	-	-	-
At 31 December 2016	3,215	5,320	8,535
Net book amount			
At 31 December 2016	-	67,815	67,815
At 31 December 2015	-	58,151	58,151

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

On 04 April 2016 the Group acquired the entire share capital of Art Systems Holdings Limited and its subsidiary. The activity of the subsidiary Art Systems Limited is within the large format print industry, as a distributor and service provider for resellers within the United Kingdom.

On 28 August 2016 Westcoast France SAS was formed and acquired the consumables trade from the EOS division of Adveo France.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

13 Investments (continued)

Details of subsidiary undertakings, which have all been consolidated in these financial statements:

Name of subsidiary undertaking	Nature of business	Registered Address	Type of shares held
Westcoast Limited	Wholesale distribution of computer peripheral equipment and related services	Arrowhead Park, Arrowhead Road Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares directly owned
Clarity Computer (Distribution) Limited	Wholesale distribution of computer peripheral equipment and related services	6th Floor, South Bank House, Barrow Street, Dublin 4, Ireland	100% ordinary shares directly owned
Orion Storage Solutions Limited.	Dormant	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares directly owned
XMA Limited	Wholesale distribution of computer peripheral equipment and related services	Wilford Industrial Est., Ruddington Lane, Wilford, Nottingham, NG11 7EP	100% ordinary shares indirectly owned
Mobile Direct Limited	Mobile phone and network contractor	Arrowhead Park, Arrowhead Road Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned
Westcoast Belgium NV	Holding Company	Aarsele Dorp 17 8700 Aarsele, Belgium	100% ordinary shares directly owned
Quarry Court Holdings Limited	Electronic office supplies	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned
Viglen Technology Limited	Holding Company	7 Handley Page Way, Colney, Street, St Albans, Hertfordshire, AL2 2DQ	100% ordinary shares directly owned
Viglen Limited	IT Solutions to educational market	7 Handley Page Way, Colney, Street, St Albans, Hertfordshire, AL2 2DQ	100% ordinary shares indirectly owned
Vigecom Limited	Dormant	7 Handley Page Way, Colney, Street, St Albans, Hertfordshire, AL2 2DQ	100% ordinary shares indirectly owned

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

13 Investments (continued)

Name of subsidiary undertaking	Nature of business	Registered Address	Interest held
Westcoast Payment Systems Limited	Electronic payment systems	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares directly owned
Art Systems Holdings Limited	Holding Company	Units 10 11 & 12 Glaisdale Point, Glaisdale Parkway, Nottingham, NG8 4GP	100% ordinary shares directly owned
Art Systems Limited	Distributor of large format printers	Units 10 11 & 12 Glaisdale Point, Glaisdale Parkway, Nottingham, NG8 4GP	100% ordinary shares indirectly owned
Westcoast France SAS	Wholesale distribution of computer consumables	119 Route d'Heyrieux, 69800 Saint Priest Lyon, France	100% ordinary shares directly owned
Westcoast Italia SRL	Dormant	Via Emilio Motta 10, 20144 Milano – MI Italy	100% ordinary shares directly owned
Westcoast Retail Services Limited	Dormant	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned
Westcoast Peripherals Limited	Dormant	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned
European Wholeseller Group Limited	Dormant	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned
Waste Management Products Limited	Dormant	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned
Westcoast Maintenance Limited	Dormant	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

13 Investments (continued)

Name of subsidiary undertaking	Nature of business	Registered Address	Interest held
Digi-Uk Limited	Dormant	22 Chancery Lane, London, WC2A 1LS	100% ordinary shares indirectly owned
QC Supplies Ltd	Dormant	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned
Mysuresupply Ltd	Dormant	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned

Exemption from audit by parent guarantee

Under Section 479A of the Companies Act 2006, exemptions from an audit of the financial statements for the financial year ended 31 December 2016 have been taken by companies stated below:

Name of subsidiary undertaking	Company Registration Number
Mobile Direct Limited	03128136
Viglen Technology Limited	04495621
Viglen Limited	01208441
Westcoast Payment Systems Limited	04058409
Quarry Court Holdings Limited	03533628
QC Supplies Ltd	02796130
Mysuresupplies Ltd	07841067
Art Systems Limited	03079342
Art Systems Holdings Limited	06888769

As required Westcoast (Holdings) Limited have issued a guarantee under Section 479C of the Companies Act 2006, which guarantee all outstanding liabilities to which the subsidiary companies listed above are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against Westcoast (Holdings) Limited by any person to whom the subsidiary companies listed above is liable in respect of those liabilities.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

13 Investments (continued)

Joint ventures as at 31 December 2016.

Name	Nature of business	Registered Address	Interest held
WAM Europe Limited	IT Inventory Management Specialist	Arrowhead Park Arrowhead Road, Theale, Reading, England, RG7 4AH	50% ordinary shares directly owned
Roam Technologies Limited	Dormant	Arrowhead Park Arrowhead Road, Theale, Reading, England, RG7 4AH	50% ordinary shares indirectly owned
Perfect Colours Limited	Supplier of large format printer	Arrowhead Park Arrowhead Road, Theale, Reading, England, RG7 4AH	50% ordinary shares directly owned

Trade investments as at 31 December 2016:

Name	Nature of business	Country of incorporation	Type of shares held
Catalana de Investigacion y Desarrollo de Electronica, S.L.	Developing, manufacturing and distribution of toys	CLCatalunya 83 85 Viladecan Barcelona, Spain	17% ordinary shares directly owned
Supplies Service Partner B.V	Retail distribution of IT equipment	Grote Esch 1175 2841 MJ Moordrecht Netherlands	50% ordinary shares directly owned

14 Inventories

The Company has no inventory (2015: none).

Group

	Group	
	2016	2015
	£'000	£'000
Finished goods held for resale	164,417	109,497

There is no material difference between the carrying amount of inventory and the replacement cost.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

15 Debtors

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	260,644	224,561	37	-
Amounts owed by group undertakings	-	-	62,267	15,177
Other receivables	1,047	532	-	108
Deferred tax asset (note 20)	-	-	-	-
Prepayments and accrued income	3,110	3,041	634	357
	264,801	228,134	62,938	15,642

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

16 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank loan and overdraft (note 18)	86,520	-	-	-
Trade creditors	213,861	216,315	273	167
Amounts owed to group undertakings	-	-	59,334	8,726
Finance leases (note 18)	-	264	-	-
Corporation tax	1,998	2,178	-	-
Other taxation and social security	25,223	22,013	83	108
Accruals, GRNI and deferred income	44,669	42,198	5,481	4,129
	372,271	282,968	65,171	13,130

The Group is financed by an overdraft and loan facility. The Group facility is secured by an all asset debenture and a floating charge over the undertaking and all property and assets present and future.

Amounts owed to subsidiary undertakings are unsecured, repayable on demand and incur interest at rates equivalent to the Group's external cost of borrowing.

Within the trade creditors there is an unsecured balance of £29.5 million (2015: £32.0 million) in respect of supplier finance working capital facilities of £nil million (2015: £12.4 million) from Macquarie Bank Limited and £29.5 million (2015: £19.6 million) from American Express. Interest payable on supplier finance during the year was £0.3 million (2015: £0.6 million) which is included within cost of sales.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank loan and overdraft (note 18)	20,000	20,000	20,000	20,000
Deferred income – between 1 and 2 years	816	1,372	-	-
Deferred income – between 2 and 5 years	566	1,007	-	-
	21,382	22,379	20,000	20,000

18 Loans and other borrowings

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank overdraft	86,520	-	-	-
Bank loans	20,000	20,000	20,000	20,000
Finance leases	-	264	-	-
	106,520	20,264	20,000	20,000

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Maturity of debt – bank overdraft, finance leases and loan				
In one year or less, or on demand	86,520	264	-	-
In more than one year, but not more than two years	-	-	-	-
In more than two years, but not more than five years	20,000	20,000	20,000	20,000
In more than five years	-	-	-	-
	106,520	20,264	20,000	20,000

On 2 February 2015 the Company renewed its asset based lending facility agreement with Lloyds Bank Commercial Finance Limited. the facility increased to £175m and a loan of £20m. The bank facility is secured by an all asset debenture and floating charge over the undertaking and all property and assets present and future. The interest for the lending facility is base plus 1.75% and the loan interest is LIBOR plus 3%, the loan is repayable on 1 May 2019.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

18 Loans and other borrowings (continued)

Finance leases

Future minimum payments under finance leases are as follows.

	Group	
	2016	2015
	£'000	£'000
Within one year	-	287
In more than one year, but not more than five years	-	-
Total gross payments	-	287
Less finance charges included above	-	(23)
	-	264

19 Provisions for other liabilities

The Company has no provision for liabilities (2015: none).

Group

	Deferred Tax £'000	Dilapidations provisions £'000	Warranty provision £'000	Other provisions £'000	2016 £'000
At 1 January 2016	202	1,581	248	955	2,986
Acquisition	444	112	-	-	556
Utilised during the period	(131)	-	(89)	(739)	(959)
Provided during the period	-	304	-	390	694
At 31 December 2016	515	1,997	159	606	3,277

Dilapidations provision

As part of the Group's property leasing arrangements there is an obligation to repair damages which occur during the life of the lease, such as wear and tear. The cost is charged to the profit and loss as the obligation arises.

Warranty

The warranty provision relates to the expected future cost of providing warranty support. The majority of this provision will be utilised within one year.

Other provisions

Other provisions relates to other commercial liabilities which are of uncertain timing and amount.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

20 Deferred Taxation

	Deferred tax liability £'000
At 1 January 2016	(202)
Adjustment in respect of prior years	(2)
Acquisition	(520)
Charged to the statement of comprehensive income	209
At 31 December 2016	(515)

Deferred taxation recognised in the financial statements is as follows:

Group	2016 Amount recognised £'000	2015 Amount recognised £'000
Accelerated capital allowances	317	342
Other timing differences	(806)	(544)
Losses	(26)	-
	(515)	(202)

The Company has no recognised or unrecognised deferred tax (2015: none).

21 Called up share capital

	Group and Company	
	2016 £'000	2015 £'000
Allotted, issued and fully paid:		
480,000 (2015: 480,000) 'A' ordinary shares of 50p each	240	240
520,000 (2015: 520,000) 'B' ordinary shares of £1 each	520	520
584,000 (2015: 584,000) 'C' ordinary shares of £1 each	584	584
	1,344	1,344

22 Dividends

	2016 £'000	2015 £'000
Equity – Ordinary		
Final paid £5.21 (2015 : £4.95) per £0.50 'A' ordinary share	2,500	2,376

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

23 Reconciliation of operating profit to net cash inflow from operating activities

	2016	2015
	£'000	£'000
Operating profit	19,994	16,473
Depreciation on Tangible assets	1,598	1,183
Amortisation of goodwill	1,995	1,913
Amortisation of intangible assets	933	922
Loss on disposal of fixed assets	245	14
Impairment of trade investment	2,000	100
Increase in inventory	(34,993)	(18,862)
Increase in receivables	(29,372)	(58,025)
(Decrease)/Increase in payables	(7,549)	57,975
(Decrease)/Increase in provisions	(48)	564
Net cash (outflow)/inflow from operating activities	(45,197)	2,257

24 Capital commitments

The Group and Company had no capital commitments at 31 December 2016 (2015: £nil).

25 Pension contributions

The Group has a separately administered fund for directors of group companies. Pension contributions of £438,462 (2015: £542,000) were paid during the year. Contributions of £33,124 (2015: £63,049) included in accruals, were payable at the year end.

26 Related party transactions

During the year under review the Group entered into transactions, with WAM Europe Limited, a joint venture. The total value of the transactions in respect of WAM Europe Limited was £19,032,798 as included in turnover and £15,479,315 in cost of sales (2015: revenue of £15,419,178 and cost of sales of £12,455,409). At 31 December 2016 £nil was included in receivables (2015: £nil) and £nil (2015: £nil) was included in payables in respect of these transactions.

The company also entered into transactions with Perfect Colours Limited, a joint venture of its ultimate parent company, Westcoast (Holdings) Limited, acquired in December 2016. The total value of transactions in respect of Perfect Colours Limited was £1,920 as included in turnover and £1,885 in cost of sales (2015: turnover of £nil and cost of sales of £nil). At 31 December 2016 £3,550 was included in debtors (2015: £nil) and £nil (2015: £nil) was included in creditors in respect of these transactions.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

26 Related party transactions (continued)

During the year under review the Group paid rent to Hemani Property Limited of £264,900 (2015: £185,000) and paid rent to Hemani Children's Trust of £nil (2015: £40,000) in respect of leased properties. The Hemani Property Limited is a company owned by Mr A Hemani and Hemani Children's Trust is set up for the beneficiary of Mr A Hemani dependants.

Refer note 25 for details of pension contributions paid during the year.

See note 5 for disclosure of the directors' remuneration and key management compensation.

27 Financial commitments

The Group has annual commitments under non-cancellable operating leases expiring as follows:

	2016 £'000	2015 £'000
Within one year	2,928	2,748
In more than one year, but not more than two years	9,172	9,752
In more than two years, but not more than five years	2,121	3,337
In more than five years	14,221	15,837

28 Ultimate controlling party

The directors regard Mr A Hemani as the ultimate controlling party of the Company by virtue of his interest in the share capital of the Company.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

29 Acquisitions

Art Systems Holdings Limited

On 04 April 2016 the Group acquired the entire share capital of Art Systems Holdings Limited and its subsidiary. The activity of the subsidiary Art Systems Limited is within the large format industry, as a distributor and service provider for resellers within the United Kingdom.

	Book Value	Provisional fair value
	£'000	£'000
Fixed Assets	408	408
Stocks	4,202	4,202
Debtors	6,027	6,027
Cash	394	394
Creditors	(8,732)	(8,732)
Deferred Tax	(76)	(76)
Net assets acquired	2,223	2,223
Intangible assets		
Goodwill		1,524
Deferred tax on intangible assets		(114)
Third party relationships		519
Trade name		150
		4,302
Consideration comprises:		
Cash consideration		4,200
Acquisition expenses		102
Consideration (including acquisition expenses)		4,302

In addition to the consideration above the Group were also required to settle the outstanding preference shares immediately following the acquisition.

In its last financial year to 31 December 2015, Art Systems Holdings Limited made a profit after tax of £464,669. For the nine month period since that date to the date of acquisition, Art Systems Holdings Limited management accounts show the following:

	£'000
Turnover	29,200
Operating profit	468
Profit before tax	397
Taxation	(56)
Total recognised gains	341

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

29 Acquisitions (continued)

Westcoast France SAS

On 28 August 2016 Westcoast France SAS was formed and acquired the consumables trade from the EOS division of Adveo France.

	Book Value	Provisional fair value
	£'000	£'000
Fixed Assets	200	200
Stocks	15,918	15,918
Net assets acquired	16,118	16,118
Intangible assets		
Goodwill		3,128
Deferred tax on intangible assets		(330)
Third party relationships		1,734
		20,650
Consideration comprises:		
Cash consideration		20,390
Acquisition expenses		260
Consideration (including acquisition expenses)		20,650

Westcoast France SAS is a new entity, no previous trading history is available.

Westcoast (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

29 Acquisitions (continued)

Joint venture

Perfect Colours Limited

On 28 November 2016 the Group bought 50% of the share capital of Perfect Colours Limited. The main activity of the company is a supplier of high end print, consumables and servicing across the United Kingdom.

	Book Value	Provisional fair value
	£'000	£'000
Net assets acquired	514	514
Goodwill		566
		1,080
Consideration comprises:		
Cash consideration		800
Acquisition expenses		30
Deferred consideration		250
Consideration (including acquisition expenses)		1,080