Registered number 03359843

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Westcoast (Holdings) Limited
Annual report and financial statements
for the year ended 31 December 2018

Westcoast (Holdings) Limited

Annual report and financial statements for the year ended 31 December 2018

Contents

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

BDP 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 2018

The directors present their strategic report on the Group for the year ended 31 December 2018.

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

The Westcoast Group is consistently ranked in the Sunday Times Top Track of the 100 Largest Privately-owned UK Companies, and is now the largest privately-held business in the Thames Valley region. Westcoast Group distributes leading IT brands such as HP, HPE, Microsoft, Lenovo, Apple, and many others to a broad range of resellers, retailers and office product dealers in the UK and beyond. Our primary business consists of sales, distribution, business process outsourcing, supply chain management, services and maintaining outsourced networks.

The Group has grown to become the number one UK distributor for many of our vendors and customers. We employ more than 1,372 people across a number of locations in the UK, Ireland, France and Europe.

For the Group, trading conditions remained challenging across Europe in 2018 with Brexit and increased exchange rate volatility, bringing pressure on pricing and profit margins. The Group continues to manage and align its 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. Disciplined working capital management has enabled us to achieve organic sales growth of £238 million entirely from existing operations.

Despite such challenging market conditions this strategy has enabled the group to grow its market share, increasing turnover by 10.67% to £2,464,933 and operating profit by 9.65% to £26,718,000.

The Group makes use of supplier financing arrangements where commercially appropriate to do so. At the year-end the group made a conscious decision to use less supplier finance, therefore increasing the overdraft and impacting the cash outflow.

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 in order to facilitate future growth during these uncertain times.

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 2018 of £79,875,000 (2017: £68,236,000). There were total Company shareholders' funds at 31 December 2018 of £62,738,000 (2017: £55,421,000).

Key financial performance indicators

At a group level the following key performance indicators are relevant:

	2018	2017	Change
	£'000	£'000	%
Revenue	**2,464,933**	2,227,220	10.67%
Group operating profit	**26,718**	24,365	9.66%
Operating profit as % of revenue	**1.08%**	1.09%	(0.01%)

Strategic report for the year ended 31 December 2018 (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 and monitor and actively manage 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 leads to price fluctuations, reduced investment and sales growth, lower gross margins, extended working capital pressures, increased costs, funding needs and bad debt exposure.
- 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.
- Due to uncertainties surrounding the departure agreement between the United Kingdom and European Union, Westcoast have set up a Brexit committee, their role being to establish all Brexit related issues that have arisen or could arise with a view to mitigate the impact on the company, its customers, its suppliers and its employees.

By order of the Board

C Batchelor
Company Secretary
25 March 2019

Westcoast (Holdings) Limited
Directors' report for the year ended 31 December 2018

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2018.

Future Developments

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. 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, management further manages credit risk exposure through the arrangement of credit insurance, using established third party insurers.

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 bank overdrafts. In addition, the company has an asset based lending facility with Lloyds Commercial Finance Limited and utilises supplier finance.

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 trade offsets and the use of forward foreign currency contracts, if large exposure is identified. No hedge accounting is applied.

Interest rate cash flow risk

The Group has interest bearing liabilities. Interest bearing liabilities include bank overdrafts. 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 £18,832,000 (2017: £16,753,000).

The directors recommended and paid a dividend £7,208,000 (2017: £6,500,000).

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

Directors' indemnities

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2016. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial 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.

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:

Directors' report for the year ended 31 December 2018 (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
25 March 2019

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

Report on the audit of the financial statements

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 2018 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Group and Company balance sheets as at 31 December 2018; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Group and Company statements 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 group 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 group's and 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 group's and 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 group'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.

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

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 31 December 2018 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5 and 6, 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 group's and 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 group or 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.

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

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

We have no exceptions to report arising from this responsibility.

Julian Gray

Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
25 March 2019

Westcoast (Holdings) Limited

Consolidated statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Turnover			
Continuing operations		**2,464,933**	2,227,220
Group turnover	4	**2,464,933**	2,227,220
Cost of sales		**(2,353,790)**	(2,121,094)
Gross profit		**111,143**	106,126
Administrative expenses		**(84,425)**	(81,761)
Operating profit		**26,718**	24,365
Continuing operations		**26,718**	24,365
Acquisitions		**-**	-
Group operating profit		**26,718**	24,365
Income from other fixed asset investments		**-**	43
Share of operating loss in joint ventures	13	**(117)**	(6)
Total operating profit: including group and share of joint ventures		**26,601**	24,402
Interest receivable and similar income	7	**347**	171
Interest payable and similar expenses	7	**(2,905)**	(2,954)
Profit before taxation	8	**24,043**	21,619
Tax on profit	9	**(5,211)**	(4,866)
Profit for the financial year		**18,832**	16,753
Other comprehensive income			
Currency translation differences on foreign currency net investments		**15**	41
Other comprehensive income for the year, net of tax		**15**	41
Total comprehensive income for the year		**18,847**	16,794

The results for the year shown above are derived entirely from continuing operations.

Westcoast (Holdings) Limited
Group and Company balance sheets as at 31 December 2018

		Group		Company	
	Note	**2018**	2017	**2018**	2017
		£'000	£'000	**£'000**	£'000
Fixed assets					
Intangible assets	11	**8,164**	10,674	-	-
Tangible assets	12	**5,118**	3,978	-	-
Investments	13	-	-	**73,700**	72,785
Interests in associated undertakings	13	**14**	121	-	-
		13,296	14,773	**73,700**	72,785
Current assets					
Inventories	14	**219,348**	227,754	-	-
Debtors	15	**293,617**	268,641	**24,411**	40,531
Cash and cash equivalents		**1,106**	6,574	**10**	40
		514,071	502,969	**24,421**	40,571
Current liabilities					
Creditors: amounts falling due within one year	16	**(442,247)**	(444,503)	**(35,383)**	(57,935)
Net current assets/ (liabilities)		**71,824**	58,466	**(10,962)**	(17,364)
Total assets less current liabilities		**85,120**	73,239	**62,738**	55,421
Creditors: amounts falling due after more than one year	17	**(1,186)**	(1,247)	-	-
Provisions for liabilities	19	**(4,059)**	(3,756)	-	-
Net assets		**79,875**	68,236	**62,738**	55,421
Equity					
Called up share capital	21	**1,344**	1,344	**1,344**	1,344
Share premium account		**646**	646	**646**	646
Retained earnings		**77,885**	66,246	**60,748**	53,431
Total equity		**79,875**	68,236	**62,738**	55,421

The company's profit for the year was £14,525,000 (2017: £16,321,000)

The notes on pages 14 to 42 are an integral part of these financial statements.

The financial statements on pages 10 to 42 were approved by the board of directors on 25 March 2019 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 for the year ended 31 December 2018

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2017	1,344	646	55,952	57,942
Profit for the year	-	-	16,753	16,753
Other comprehensive income	-	-	41	41
Total comprehensive income for the year	-	-	16,794	16,794
Dividend paid	-	-	(6,500)	(6,500)
Total transactions with owners, recognised directly in equity	-	-	(6,500)	(6,500)
Balance as at 31 December 2017	1,344	646	66,246	68,236
Profit for the year	-	-	18,832	18,832
Other comprehensive income	-	-	15	15
Total comprehensive income for the year	-	-	18,847	18,847
Dividend paid	-	-	(7,208)	(7,208)
Total transactions with owners, recognised directly in equity			(7,208)	(7,208)
Balance as at 31 December 2018	1,344	646	77,885	79,875

Company statement of changes in equity for the year ended 31 December 2018

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2017	1,344	646	43,610	45,600
Profit for the year	-	-	16,321	16,321
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	16,321	16,321
Dividend paid	-	-	(6,500)	(6,500)
Total transactions with owners, recognised directly in equity	-	-	(6,500)	(6,500)
Balance as at 31 December 2017	1,344	646	53,431	55,421
Profit for the year	-	-	14,525	14,525
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	14,525	14,525
Dividend paid	-	-	(7,208)	(7,208)
Total transactions with owners, recognised directly in equity	-	-	(7,208)	(7,208)
Balance as at 31 December 2018	1,344	646	60,748	62,738

Westcoast (Holdings) Limited

Consolidated statement of cash flow for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Net cash (outflow)/inflow from operating activities	23	**(52,067)**	84,101
Taxation paid		**(4,050)**	(4,506)
Net cash (outflow)/inflow from operating activities		**(56,117)**	79,595
Cash flow from investing activities			
Dividend received from investments		-	43
Interest received	7	**347**	171
Purchase of tangible assets	12	**(3,234)**	(2,232)
Disposal of joint venture		-	500
Proceeds on (purchase)/disposal of investment loan		-	950
Acquisition expenses		-	(37)
Net cash used in investing activities		**(2,887)**	(605)
Cash flow from financing activities			
Repayment in borrowings		-	(20,000)
Interest paid	7	**(2,905)**	(2,954)
Dividends paid to owners of the parent	22	**(7,208)**	(6,500)
Net cash used in financing activities		**(10,113)**	(29,454)
Net (decrease)/increase in cash and cash equivalents		**(69,117)**	49,536
Cash and cash equivalents at the beginning of the year		**(29,589)**	(79,236)
Exchange gains on cash and cash equivalents		**21**	111
Cash and cash equivalents at the end of the year		**(98,685)**	(29,589)
Cash and cash equivalents consists of:			
Cash at bank and in hand		**1,106**	6,574
Bank overdraft		**(99,791)**	(36,163)
Cash and cash equivalents		**(98,685)**	(29,589)

Westcoast (Holdings) Limited
Notes to the financial statements for the year ended 31 December 2018

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 supplier financing arrangement. The invoice discounting facility was renegotiated on 26th September 2017 and resulted in an increase in the facility available which provides additional working capital required to support the growth objectives of the group. 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 for at least the next 12 months. 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.

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.

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.

2 Accounting policies (continued)

Financial Instruments (continued)

(i) Financial assets (continued)

If there is a 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 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.

The group utilises short-term supplier finance providers to settle liabilities early in order to benefit from early settlement discounts. Where the agreements contain changes to the terms of the liability such that the economic substance of the arrangement has been modified, the liability is classified as trade creditors subject to supplier financing arrangements. Where no substantial changes have occurred the balance continues to be disclosed within trade creditors. Given supplier financing arrangements are utilised on a short-term basis to secure receipt of early settlement discounts, costs associated with the supplier financing arrangements are included in Cost of Sales where they offset the benefit of the early settlement discounts obtained. See note 16 for further details.

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.

2 Accounting policies (continued)

(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.

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 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
- Brand names 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.

2 Accounting policies (continued)

Intangible assets (continued)

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.

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.

2 Accounting policies (continued)

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.

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.

2 Accounting policies (continued)

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.

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 group 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 group sells goods via its websites for delivery to the customer. Revenue is recognised when the risks and rewards of ownership 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.

2 Accounting policies (continued)

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.

(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.

2 Accounting policies (continued)

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.

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'.

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.

2 Accounting policies (continued)

Leased assets (continued)

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.

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

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.

Critical judgements in applying the Group's accounting policies

Supplier Finance

The company utilises short-term supplier finance providers to settle liabilities early in order to benefit from early settlement discounts. Assessing whether or not trade creditors subject to supplier financing arrangements have been extinguished / substantially modified requires judgement. The company considers a number of factors such as the payment period, any parent company guarantees and level of fees and charges to evaluate the nature of each supplier financing arrangement. Trade creditors subject to supplier financing arrangements are separately disclosed in note 16.

3 Critical accounting estimates and assumptions (continued)

Key accounting estimates and assumptions

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.

(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.

4 Group turnover

Analysis of turnover by geography:

	2018 **£'000**	2017 £'000
United Kingdom	**1,959,389**	1,796,391
Rest of Europe	**503,561**	434,123
Rest of World	**8,500**	2,931
Less share of revenue of joint venture	**(6,517)**	(6,225)
	2,464,933	2,227,220

5 Directors' emoluments

	2018	2017
	£'000	£'000
Aggregate emoluments	**8,674**	9,097

	2018	2017
	£'000	£'000
Highest paid director		
Aggregate emoluments	**2,579**	4,733

Retirement benefits are accruing to no directors (2017: none) under the Group's money purchase pension scheme.

Key management compensation

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

6 Employee information

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

	2018	2017
Group	**Number**	Number
By activity		
Management	**13**	13
Sales & Distribution	**537**	532
Administration and central functions	**822**	756
	1,372	1,301

	2018	2017
Group	**£'000**	£'000
Staff costs (for the above persons):		
Wages and salaries	**60,209**	61,051
Social security costs	**6,457**	6,788
Other pension costs (note 25)	**794**	515
	67,460	68,354

6 Employee information (continued)

Company	2018 Number	2017 Number
By activity		
Management	4	4
Administration and central functions	58	51
	62	55

Company	2018 £'000	2017 £'000
Staff costs (for the above persons):		
Wages and salaries	7,603	12,964
Social security costs	943	1,411
Other pension costs (note 25)	34	20
	8,580	14,395

7 Net interest expense

Interest receivable and similar income	2018 £'000	2017 £'000
Interest receivable	347	171
	347	171

Interest payable and similar expenses	2018 £'000	2017 £'000
Interest payable on bank loans and overdrafts	649	1,364
Interest expense on senior bank loans and revolving facility	2,256	1,590
	2,905	2,954

Net interest expense	2018 £'000	2017 £'000
Interest receivable and similar income	347	171
Interest payable and similar expenses	(2,905)	(2,954)
	(2,558)	(2,783)

8 Profit before taxation

	2018	2017
	£'000	£'000
Profit before taxation is stated after charging/(crediting):		
Loss on disposal of fixed assets	**91**	41
Inventory recognised as an expense	**2,337,128**	2,120,228
Foreign exchange gains	**(2,057)**	(2,644)
Operating lease rentals	**3,827**	3,447
Impairment of trade receivables	**1,734**	2,939
Impairment of inventory	**2,988**	6,167
Impairment of investment loan	**-**	(950)

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	25	24
Fees payable to the Company's auditors and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	283	292
Other audit services	10	17
Tax services	95	181
	413	514

Administrative expenses

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

9 Tax on profit

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax on profits of the year	5,344	5,007
Share of tax in joint ventures	-	-
Adjustments in respect of prior years	88	310
Total current tax	5,432	5,317
Deferred tax (note 20):		
Origination and reversal of timing differences	(229)	(472)
Changes in tax laws and rates	11	(3)
Adjustments in respect of prior years	(3)	24
Total deferred tax	(221)	(451)
Tax on profit	5,211	4,866

Reconciliation of tax charge

Tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit before taxation	24,043	21,619
Profit before taxation multiplied by standard rate in the UK of 19% (2017: 19.25%)	4,568	4,162
Effects of:		
Expenses not deductible for tax purposes	630	400
Difference arising due to overseas tax rates	(85)	(44)
Changes in tax laws and rates	13	14
Adjustments to tax charge in respect of previous years	85	334
Tax charge for the year	5,211	4,866

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.

The Chancellor of the Exchequer has announced a further reduction in the rate, to 17% from 1 April 2020. This change was enacted by Finance Act 2016 on 15 September 2016 and the relevant deferred tax balances have been re-measured. These enacted reduced rates of corporation tax were reflected within the prior year financial statements.

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 £14,525,000 (2017 profit: £16,321,000).

11 Intangible assets

Group	**Goodwill**	***Brand names &*** **Trademarks**	***Customer*** **Relationships**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 January 2018 and 31 December 2018	**58,567**	**1,620**	**5,601**	**65,788**
Accumulated amortisation				
At 1 January 2018	51,106	1,301	2,707	55,114
Charge for the year	1,626	319	565	2,510
At 31 December 2018	**52,732**	**1,620**	**3,272**	**57,624**
Net book amount				
At 31 December 2018	**5,835**	**-**	**2,329**	**8,164**
At 31 December 2017	7,461	319	2,894	10,674

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 is being amortised on a straight line basis over the estimated useful economic lives of 5 years.

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

The Company has no intangible assets (2017: none)

12 Tangible assets

Group	Freehold land and buildings	Leasehold improvements	Computer equipment	Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2018	163	218	6,051	1,870	373	8,675
Translation differences	-	-	3	3	1	7
Additions	-	1,186	1,826	205	17	3,234
Disposals	-	-	(462)	(186)	(35)	(683)
At 31 December 2018	**163**	**1,404**	**7,418**	**1,892**	**356**	**11,233**
Accumulated depreciation						
At 1 January 2018	163	128	3,060	1,140	206	4,697
Translation differences	-	-	-	3	-	3
Charge for the year	-	154	1,506	292	60	2,012
Disposals for the year	-	-	(379)	(185)	(33)	(597)
At 31 December 2018	**163**	**282**	**4,187**	**1,250**	**233**	**6,115**
Net book amount						
At 31 December 2018	-	**1,122**	**3,231**	**642**	**123**	**5,118**
At 31 December 2017	-	90	2,991	730	167	3,978

13 Investments

Group

	Trade investment	Total
	£'000	£'000
Cost		
At 1 January 2018	510	510
Reclassification	-	-
Disposals	-	-
At 31 December 2018	**510**	**510**
Provision for impairment		
At 1 January 2018	510	510
Reversal of impairment	-	-
Reclassification	-	-
Disposals	-	-
At 31 December 2018	**510**	**510**
Net book amount at 31 December 2018 and 2017	-	-

13 Investments (continued)

Joint ventures	**2018**	**2017**
	£'000	**£'000**
Cost		
At 1 January	121	1,102
Disposal – net asset	-	(409)
Disposal - goodwill	-	(566)
Share of losses	(117)	(6)
Corporation tax	10	-
At 31 December	14	121
Accumulated amortisation		
At 1 January	-	(10)
Charge for the year	-	-
Disposal in the year	-	10
At 31 December	-	-
Net book amount		
Net assets	14	121
Goodwill	-	-
At 31 December	14	121

Company	**Trade** *investment*	**Shares in subsidiary** *undertakings*	*Total*
	£'000	**£'000**	**£'000**
Cost			
At 1 January 2018	510	79,826	80,336
Additions costs	-	915	915
At 31 December 2018	**510**	**80,741**	**81,251**
Provision for impairment			
At 1 January 2018	510	7,041	7,551
At 31 December 2018	**510**	**7,041**	**7,551**
Net book amount			
At 31 December 2018	**-**	**73,700**	**73,700**
At 31 December 2017	-	72,785	72,785

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

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 * *Dissolved 24 April 2018	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

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

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 2018 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
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.

13 Investments (continued)

Joint ventures as at 31 December 2018:

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

Trade investments as at 31 December 2018:

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 (2017: none).

Group

	Group	
	2018	2017
	£'000	£'000
Finished goods held for resale	**219,348**	227,754

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

15 Debtors

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year				
Trade debtors	**285,701**	265,006	**9**	-
Amounts owed by group undertakings	**-**	-	**20,098**	40,011
Other debtors (note 26)	**4,355**	737	**3,849**	-
Prepayments and accrued income	**3,561**	2,898	**455**	520
	293,617	268,641	**24,411**	40,531

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. Included in other debtors is a loan of £3,848,883 (2017: nil). See note 26 for further details.

16 Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts (note 18)	**99,791**	36,163	**-**	-
Trade creditors subject to supplier financing	**47,247**	81,300	**-**	-
Trade creditors	**219,378**	223,382	**136**	326
Amounts owed to group undertakings	**-**	-	**31,880**	51,090
Corporation tax	**2,605**	2,349	**-**	-
Other taxation and social security	**32,668**	25,288	**772**	487
Accruals, GRNI and deferred income	**40,558**	76,021	**2,595**	6,032
	442,247	444,503	**35,383**	57,935

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.

Supplier finance relates to unsecured supplier finance working capital facilities. Interest payable on supplier finance during the year was £1.8 million (2017: £1.4 million) which is included within cost of sales.

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Deferred income – between 1 and 2 years	**644**	688	-	-
Deferred income – between 2 and 5 years	**542**	559	-	-
	1,186	1,247	-	-

18 Loans and other borrowings

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Bank overdraft	99,791	36,163	-	-
	99,791	36,163	-	-

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Maturity of debt – bank overdraft, finance leases and loan				
In one year or less, or on demand	**99,791**	36,163	-	-
	99,791	36,163	-	-

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

The Group has an asset based lending facility agreement of £225m. The lead bank of the syndicated facility is Lloyds Bank Commercial Finance Limited. The interest for the lending facility is base plus 1.75%.

In addition, the company also utilises short-term supplier financing arrangements – see note 16 for details.

19 Provisions for other liabilities

The Company has no provisions for other liabilities (2017: none).

Group

	Deferred Tax	Dilapidations provisions	Warranty provision	Other provisions	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	64	2,762	147	783	3,756
Additions during the year	-	1,074	-	-	1,074
Adjustments prior year	(3)	-	-	-	(3)
Utilised during the year	(211)	-	(50)	(396)	(657)
Unused amounts reversed to comprehensive income	-	(947)	-	-	(947)
Provided during the year	-	427	-	409	836
At 31 December 2018	**(150)**	**3,316**	**97**	**796**	**4,059**

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 statement of comprehensive income over time 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 relate to other commercial liabilities which are of uncertain timing and amount.

20 Deferred Taxation

	Deferred tax liability
	£'000
At 1 January 2018	(64)
Adjustment in respect of prior years	3
Share of joint venture deferred tax (note 13)	(10)
Credited to the statement of comprehensive income	221
At 31 December 2018	**150**

20 Deferred Taxation (continued)

Group	2018 Amount recognised £'000	2017 Amount recognised £'000
Accelerated capital allowances	**462**	500
Other timing differences	**(312)**	(564)
	150	(64)

Deferred taxation recognised in the financial statements is as follows:
The Company has no recognised or unrecognised deferred tax (2017: none).

21 Called up share capital

	Group and Company	
	2018 £'000	2017 £'000
Allotted, issued and fully paid:		
480,000 (2017: 480,000) 'A' ordinary shares of 50p each	**240**	240
520,000 (2017: 520,000) 'B' ordinary shares of £1 each	**520**	520
584,000 (2017: 584,000)'C' ordinary shares of £1 each	**584**	584
	1,344	1,344

22 Dividends

	2018 £'000	2017 £'000
Equity – Ordinary		
Final paid £15.02 (2017 : £13.54) per £0.50 'A' ordinary share	**7,208**	6,500

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

	2018 £'000	2017 £'000
Operating profit	**26,718**	24,365
Depreciation on Tangible assets	**2,012**	1,668
Amortisation of goodwill	**1,626**	2,283
Amortisation of intangible assets	**884**	1,022
Loss on disposal of fixed assets	**86**	41
Loss on disposal of operations	**117**	22
Decrease/(Increase) in inventory	**8,654**	(62,553)
Increase in receivables	**(24,641)**	(3,953)
(Decrease)/Increase in payables	**(67,828)**	120,984
Increase in provisions	**305**	222
Net cash (outflow)/inflow from operating activities	**(52,067)**	84,101

24 Capital commitments

The Group and Company had no capital commitments at 31 December 2018 (2017: £nil).

25 Pension contributions

Pension contributions of £794,487 (2017: £515,912) were paid during the year. Contributions of £15,026 (2017: £46,520) 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 £13,003,837 as included in turnover and £10,463,322 in cost of sales (2017: revenue of £12,152,328 and cost of sales of £10,385,777) and management charge included in administrative expenses of (£212,500) (2017: £209,000). At 31 December 2018 £nil was included in debtors (2017: £nil) and £1,751,438 (2017: £1,298,492) was included in payables in respect of these transactions.

During the year under review the Group paid rent to Hemani Investment Limited of £264,900 (2017: £264,900) and paid rent to Hemani Children's Trust of £96,200 (2017: £96,200) in respect of leased properties. *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.

On 1st November 2018, Mr A Hemani took out a loan from Westcoast (Holdings) Ltd for £6,248,883. The loan bears interest at base plus 1.75% and will be repaid in full by 30th September 2019. During the year, £2,400,000 has been repaid along with the interest of £10,791. At 31 December 2018 the outstanding balance owed was £3,848,883 and is included in other debtors (2017: £nil).

26 Related party transactions (continued)

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 total commitments under non-cancellable operating leases expiring as follows:

	2018 £'000	2017 £'000
Within one year	**3,622**	3,410
In more than one year, but not more than five years	**9,248**	9,375
After five years	**8,796**	2,045
	21,666	14,830

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.