

Registered number 13165860

Westcoast Group Holdings Limited
Annual report and financial statements
for the year ended 31 December 2021

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Westcoast Group Holdings Limited

Annual report and financial statements for the year ended 31 December 2021

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Westcoast Group Holdings Limited

Directors and advisers

Directors

A Hemani
S Madhani
L Hemani

Company Secretary and registered office

E Garvey
Arrowhead Park
Arrowhead Road
Theale
Reading
Berkshire
England
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 Bank 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 Group Holdings Limited

Strategic report for the year ended 31 December 2021

The directors present their strategic report on the Group for the year ended 31 December 2021.

Westcoast Group Holdings Limited was incorporated on 28 January 2021. On 30 April 2021 Westcoast Group Holdings Limited issued 1,344,001 ordinary shares in exchange for 1,344,000 shares in Westcoast (Holdings) Limited. As a common controlled transaction, Westcoast Group Holdings Limited has applied merger accounting and these financial statements include the consolidated results of the group for the year ended 31 December 2021 with comparatives for the year-ended 31 December 2020. Further details on merger accounting are outlined in notes 2 and 28.

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

Westcoast Group is the UK's largest privately owned distributor of technology products and services from leading IT brands such as HP, HPE, Microsoft, Juniper, Lenovo, Apple, Samsung, and many others to a broad range of resellers, retailers, e-tailers, web-shops, cloud service providers, MSP's, cyber security specialists, system integrators, contract printers and datacentres in the UK and beyond. The groups primary business consists of sales, distribution, business process outsourcing, inventory and supply chain management, configuration, marketing services and cloud provision. The group also offers 3PL and fulfilment services in the UK and across Europe.

On 30 April 2021 Westcoast Group Holdings Limited carried out a share capital reduction and return of capital in which shares of its wholly owned subsidiary, XMA Limited, were transferred to XMA Holdings Limited. The results of XMA Limited have been presented as discontinued operations in these financial statements, refer to note 29 for further details.

In the year that the Covid-19 pandemic continued to impact the economy, the Westcoast Group has performed strongly in all parts of the business, even those that we were most affected by the pandemic in 2020 have improved. There is little doubt that this can be attributed to the incredible hard work and team spirit of Westcoast's Group workforce in all our warehouses and offices across the entities. The group outperformed expectations despite such challenging conditions. This has enabled the group to increase turnover by 11.02% to £3,469,708k and operating profit by 44.93% to £35,135k from continued operations against strong 2020 comparatives. Westcoast outperformed the market once again growing share in the UK in a market impacted by shortages arising from the pandemic, chip manufacture and Brexit related supply chain delays. The Board would like to thank all Westcoast staff sincerely for their resilience and dedication to both customers and vendor partners throughout this most difficult period.

The group continues to win awards across industry including the CRN Cloud Distributor of the Year; a CRN inaugural Tech Impact Award for Sustainability and the Comms Business Distributor of the Year. In addition, two female employees of the group were singled out from a long list of over 500 as Manager of the Year and Unsung Hero of the Year in the 2021 Women in Channel Awards as Westcoast group continues to promote women in technology in schools, the local region and throughout the business.

The most pleasing area of performance in the group within 2021 is the increase in gross profitability which is largely reflected in the profit before tax as costs remain under typically tight control. This follows increased sales of more complex solutions including cloud subscriptions, networking, storage, audio-visual displays as well as selling an improved mix of laptop devices and accessories. The group will continue to invest in new technology areas, new vendor partnerships and new customers in the year ahead to continue our unrelenting growth and maintain its position as the leading technology distributor in the region despite the intense competition.

Westcoast Group Holdings Limited

Strategic report for the year ended 31 December 2021 (continued)

The financial position of the Group and Company is presented in the Group and Company Balance sheets on page 22. There were total Group shareholders' funds at 31 December 2021 of £101,455,000 (2020: £105,800,000). There were total Company shareholders' funds at 31 December 2021 of £1,344,000 (2020: £nil).

At the time of approval of this report, the group continues to trade in line with initial expectations for 2022 with new vendors both launched and announced including some of the largest selling through the channel. With the expected reduction of Covid restrictions and a gradual improvement in supply chain shortages, Westcoast Group has strong prospects of another very successful year ahead.

Key financial performance indicators

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

	2021 Contin- uing operations £'000	2021 Discon- tinued operations £'000	2021 2021 £'000	2020 Contin- uing operations £'000	2020 Discon- tinued operations £'000	2020 2020 £'000	Change in continuing operations %
Revenue	3,469,708	180,722	3,650,430	3,125,391	399,172	3,524,563	11.02%
Group operating profit	35,135	5,821	40,956	24,242	11,290	35,532	44.93%
Operating profit as % of revenue	1.01%	3.22%	1.12%	0.78%	2.83%	1.01%	0.24%

Principal risks and uncertainties

During 2021 the Group updated and implemented improvements to the risk register process. The risk appetite and risk mitigation strategy are overseen by the Directors, with the support of internal audit, which reviews and considers the effectiveness of the processes that underpin risk assessments and our system of internal controls.

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 processes and monitors and actively manages each of these potential exposures and regularly reviews, reassesses and proactively limits the associated risks.

- Cyber threat and associated challenges to the information security environment – Internal or external attack resulting in service downtime or data breach.
- Technology failure – failure of critical IT, fixed or mobile assets causing disruption.
- Failure to manage the cost base in the event of a trading downturn may affect the financial performance, position of the business and in the worst its potential future viability.
- Non-compliance with legal and regulatory requirements – Non-compliance with laws, regulations, network licence requirements. This includes, but is not limited to GDPR, Gender pay Gap reporting and the modern slavery act.
- 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. Lack of agility whilst competitors introduce disruptive technology or change their business models and routes to market may adversely affect trading performance.

Westcoast Group Holdings Limited

Strategic report for the year ended 31 December 2021 (continued)

Principal risks and uncertainties (continued)

- 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.
- The global uncertainty including the coronavirus pandemic, Brexit and the current situation in the Ukraine may impact the ability to receive products from our suppliers on a timely basis.
- The cost and availability of sufficient financing to support the future growth of the business.

Future Developments

Demand for IT products and Westcoast Group services remains high as businesses digitise, workforces require improved mobile performance and new technologies are developed. Westcoast Group continues to pursue an aggressive growth strategy by attracting new suppliers, opening new sales channels and developing new services all whilst maintaining a consistent level of profitability. New opportunities present themselves constantly and Westcoast's Group agility and flexibility allow the business to take advantage of these. As new business develops, it is Westcoast Groups unrelenting excellence that delivers for the company's suppliers and customers making the Westcoast Group the UK's pre-eminent IT supplier.

Stakeholder Engagement (Section 172)

The Directors have acted in a way that they considered to be most likely to promote the success of the Company, and in doing so had regard to:

- the likely consequences of any decision in the long term;
- the need to act fairly as between members of the company,
- the interest of the Company's employees;
- the need to further develop the Company's business relationship with Suppliers, Customers and others;
- the impact of the Company's operations on the community and the environment;
- the requirement of the Company in maintaining its reputation for high standards of business conduct.

Westcoast Group is the UK's largest privately owned Technology business and is committed to Unrelenting Excellence in all that it does. It is ranked as the leader in the market in the UK and as such is fundamental to the success of many private and public sector organisations when delivering business critical products and services. During the pandemic, this important role was extended to schools, pupils and consumers as demand for products Westcoast sells was unprecedented.

Purpose

The Group's main goal is to act as a partner both for its key suppliers which are many of the world's largest technology companies and its wide range of different customers – all of whom have a common denominator that they act as a 'reseller' of Technology to their end-users. As a partner, Westcoast Group have a range of core services:

Logistics and Supply Chain

Westcoast group have a dedicated employee count of circa 400 warehouse operatives and access to 250 temporary staff at any point in time. Westcoast group currently handles over 100,000 different products every year. Westcoast group often act as a fulfilment business for technology companies as well as other products.

Westcoast Group Holdings Limited

Strategic Report for the year ended 31 December 2021 (continued)

Stakeholder Engagement (Section 172) (continued)

Sales & Marketing

The technology market is extremely dynamic and competitive. Westcoast group's sell complex products to a wide range of different customers: from retailers, corporate resellers, MSPs, E-tailers and many small/medium businesses. Marketing these products dynamically on behalf of the vendor brands to the channel's resellers is one of our core purposes.

Pre-sales Technical Help and Advice

Supporting customers to ensure they receive the correct product for the end-users' requirements and quoting quickly and accurately ensures that Westcoast is fundamental to customers' success. As products get more complex, Westcoast invests in skills and training for both its staff and customers to ensure customer satisfaction.

Partner Support Services

Supporting customers to ensure accurate, timely deliveries is critical. Increasingly Westcoast support customers to ensure products work as required in software, solutions, and cloud services

Board Objectives

The group directors' core goals are to meet the financial objectives of the group and to deliver growth and outstanding service to all partners. These goals have been enhanced to ensure the safety and well-being of all Westcoast group staff during the global pandemic ensuring the business can continue its critical work supplying the UK and Europe's technology infrastructure.

The Group's Board of Directors meets quarterly to consider a range of compliance issues including Health and Safety, Tax Policy, Modern Slavery, Gender Gap Reporting as well as a full review of the risk register. Each director reports back on the performance of the business in their divisions and to ensure the goals set out at the start of the year are met. These goals are formalised in a detailed budget which is used to set the group's and staff's objectives each year. Management accounts include KPI's and other analysis and are presented showing performance against these budgets.

The commercial performance of each subsidiary within the Westcoast group is reviewed every month by a sub-committee of the Board's, the Operational Board's, where new commercial opportunities are reviewed by senior executives and subsidiary Board of Directors. New internal projects e.g., warehouse expansion, IT projects, new sales divisions and structures, or people management initiatives that are material to the group are also presented by Operational Board members or guests for approval.

Covid-19

This year the Group Board has continued to prioritise its responsibilities for the health and safety of all staff with the response to Covid 19 restrictions and guidelines. These have been implemented with a dedicated team in all locations ensuring that Westcoast Group has the highest levels of safety for staff whilst keeping the group trading effectively. To achieve this, a representative from each location within the group meet every week to review the latest government guidelines, set the group's response, authorise new procedures, monitor Covid test responses and health of staff and to set policy that ensures each subsidiary can continue to trade effectively. This meeting has also considered those staff working from home ensuring the subsidiary has considered and met its responsibilities with regard to their health and safety and effectiveness.

The Group Board have always considered that the business is more effective when staff are present in the office and have worked hard to ensure offices have remained open and safe throughout the year to allow staff to work on site. The outstanding work of the team has ensured maximum safety with minimum disruption to the business and the Board would like to thank them for their continuing diligence and hard work under difficult circumstances.

Westcoast Group Holdings Limited

Strategic Report for the year ended 31 December 2021 (continued)

Stakeholder Engagement (Section 172) (continued)

Values & Training

The purpose of the group to deliver Unrelenting Excellence for its partners and to its customers is underpinned by strong brand values – Brave, Innovative, Team Spirited, Agile and Flexible. These values are introduced to all staff at induction into the group, which all staff must attend within one month of joining the Westcoast group and are re-enforced in regular performance reviews throughout the year as well numerous team and group briefings. Employees are often judged on their adherence to these values as they form the foundation of everything the group does.

The Group Board see training as critical in improving individual and team performance as well as *enhancing individual management skills. During the pandemic, this training was done remotely and all staff responsible for managing others have completed a course on 'Managing the Westcoast Way'.*

A core focus for the year ahead is encapsulated in our 2022 word of the year – Advance – where not only is the group encouraged to advance its objectives, but employees are encouraged to learn in areas both relevant and less relevant to their individual roles. Westcoast Group will also help local schools and organisations to advance their own knowledge by writing and delivering part of an appropriate curriculum.

Communication & Measurement

Following the pandemic, the Westcoast Group broadcast a monthly 'State of Westcoast' made by the Westcoast Limited managing director, the electronic broadcasts include all business announcements including news, the performance of the subsidiaries, group, competitors and the market as well as all internal decisions taken by the Group Board to ensure the effectiveness, efficiency and profitability of the group. The broadcast is recorded and available to staff unable to listen live.

All teams across the group were encouraged to have their own electronic team meetings at least weekly to discuss their own team performance and implementation of Board actions.

The subsidiaries performance is visible to a high degree of granularity with the implementation of PowerBI allowing regular informal review for management, team leaders and individuals. Operational reviews of sales, sales ledger and stock management are held weekly which also act as monthly forecasting meetings allowing the Board to ensure the group is on track to meet financial goals each month and in the foreseeable future.

Staff Welfare

The most important asset the Westcoast Group has is its workforce. Initiatives on improving staff welfare include prioritising family commitments, mental health initiatives and regular communication. For example, all employees are invited to have regular 'Chats' throughout the year and individual goals are set for every employee. Westcoast group has always celebrated those long term team members in the business with awards at the anniversary of 5, 10 and 20 years of employment.

Mental Health

The Group Board takes its responsibilities for the mental health of its employees seriously including providing and training mental health first aiders across the business, utilising external occupational mental health specialists, regular encouragement to speak to managers, a HR helpline and constant communication with those staff members working at home.

Diversity & Inclusion

The Group Board promotes diversity & inclusion across the business to all employees and their managers to ensure the Westcoast Group harnesses the very best talent available.

Westcoast Group Holdings Limited

Strategic Report for the year ended 31 December 2021 (continued)

Stakeholder Engagement (Section 172) (continued)

Brexit

In the group's role as a leading ambassador for the delivery of technology to UK companies and public sector institutions for both their UK and export deliveries as well supporting Westcoast Ireland and Westcoast France, the group has been at the heart of the challenges presented by the UK's exit from the European Union. All the different types of VAT transactions have been implemented.

UN Global Goals

Westcoast Group has continued its support for 3 of the UN Global Goals as a framework for the group's commitment to its local, relevant, and global stakeholders:

Goal 4 – Quality Education

The recent pandemic has shown the importance of IT in education. Westcoast group has been at the heart of providing laptops for schools through its customers, as well as donating devices to local schools and charities.

In addition, Westcoast Group spend time promoting IT as a career in schools – much of its work is in the Thames Valley with local schools in Berkshire. It is a lead sponsor and active participant in the West Berkshire New Horizons programme getting 50,000 students in front of an IT company at some point in their senior school education. Westcoast has its own 'Bright Sparks' programme and many employees volunteer to help deliver this programme in local schools with a focus on IT and skills. Westcoast are a 'Cornerstone Employer' for the Careers and Enterprise Company speaking up for IT programmes and helping schools in the region meet their Gatsby benchmarks – in particular supporting the Downs School and Newbury College as careers advisors. Finally, the group is supporting the new Reading Technical College collaborating to deliver Networking courses to GNVQ students.

Goal 5 – Gender Equality

The IT industry has never been more important and yet it is still poorly served by a lack of women entering the industry from school and further education. In addition, there is a lack of senior women in many IT companies. Westcoast Group recognise the problem and are committed to improving the gender pay gap.

In addition, Westcoast Group sponsors many Women in the Channel events and awards and regularly takes part in IT channel and industry debates on the subject – sharing best practice wherever possible. The Westcoast group had the highest representation of any group in both the long and short-list for 2021's Women in Channel Awards winning two awards for the first time.

Goal 12 – Responsible Consumption and Production

The group recognises that as an important part of the supply, it has a duty to monitor its suppliers' compliance with sustainable production and is committed to ensuring Westcoast's suppliers report on their sustainability initiatives.

The group itself is committed to becoming a Net Zero adder of greenhouse gas and carbon to products in the supply chain by 2035 and has published an Environmental Policy on its website. Whilst ensuring it meets its legal environmental obligations (eg Waste Electrical and Electronic Equipment, Waste Packaging, Restriction of Hazardous Substances), it takes further measures to improve the environmental footprint of the business. The group promotes its suppliers environmental credentials as well as assisting customers with their requirements for promoting sustainability when delivering technology.

The group were awarded the Transformation Company of the Year in the inaugural IT industry's Tech Impact Awards for its work on the UN Global Goals.

Westcoast Group Holdings Limited

Strategic Report for the year ended 31 December 2021 (continued)

Stakeholder Engagement (Section 172) (continued)

UN Global Goals (continues)

Finally, as part of their Westcoast commitment, employees have picked a charity to support. This year it was the NSPCC and Westcoast staff have raised over £30,000 with events and fundraising activities backed by the company and the Board. In addition, the group made £100,000 charitable donation to the local NHS Trust, the Royal Berkshire Hospital supporting two children's wards.


Our stakeholders

Our customers and suppliers are at the heart of everything we do and because of this, we work hard to build and foster strong and long-lasting relationships with them. We seek to entangle ourselves with our key business partners by face-to-face interactions, industry events, workshops and roadshows, promotional activity and open days. By continually focussing on the strength of these relationships we further cement our ability to grow our business and explore the many commercial opportunities in front of us.

Our employees are our most valuable assets. Without our staff, we're unable to develop the strong relationships with our key business partners and deliver the products and services that make our business a success. They make an enormous difference to our business and our investment in them protects and strengthens our common goals. We share with them our strategy and decision making through key communications throughout the year.

We actively engage with employees on significant decisions that may impact them.

This report was approved by the board and signed by its order.



E Garvey
Company Secretary
08 April 2022

Westcoast Group Holdings Limited

Directors' report for the year ended 31 December 2021

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2021.

Westcoast Group Holdings Limited was incorporated on 28 January 2021. On 30 April 2021 Westcoast Group Holdings Limited issued 1,344,000 ordinary shares in exchange for 1,344,000 shares in Westcoast (Holdings) Limited. As a common controlled transaction, Westcoast Group Holdings Limited has applied merger accounting and these financial statements include the consolidated results of the group for the year ended 31 December 2021 with comparatives for the year-ended 31 December 2020. Further details on merger accounting are outlined in note 2 and 29.

Future Developments

Through further investment in our people and systems we strive to expand our business in related markets. Notwithstanding the Covid-19 crisis, 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 procedure manual that sets out specific guidance to manage credit risk, that requires appropriate credit checks on potential customers are carried out 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 company has an asset-based lending facility with Lloyds Bank 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 a large exposure is identified. No hedge accounting is applied.

Interest rate cash flow risk

The Group has interest bearing liabilities. Interest bearing liabilities include the overdraft facility. 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 £26,412,000 (2020: £25,772,000).

The directors recommended and paid a dividend of £10,570,001. Additionally, the Group disposed of its subsidiary, XMA Limited, by way of a distribution in specie. Refer to note 22 for details.

Westcoast Group Holdings Limited

Directors' report for the year ended 31 December 2021 (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 (appointed 28 January 2022)
L Hemani (appointed 28 January 2022)
S Madhani (appointed 28 January 2022)

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 and briefing groups. During the year, the Westcoast Group encouraged the involvement of employees in the group's performance through an employee bonus scheme. Further information regarding employee engagement is included in the Strategic Report.

Environment

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

Streamlined Energy and Carbon Reporting

Data Completeness

The electricity and gas invoices of qualifying subsidiaries of Westcoast Group Holdings Limited have been entered into a fully managed energy database up to 31st December 2021, and data quality checks have been carried out for data completeness and accuracy. All transport information has also been entered into the energy database up to 31st December 2021.

Scope 1 and 2 consumption and CO₂e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for reporting year.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Westcoast Limited and XMA Limited were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 6% of reported consumption. Intensity metrics have been calculated utilising the 2021 reportable figures for total turnover (£m), and tCO₂e (tonnes of carbon dioxide equivalent) for both individual sources and total emissions were then divided by this figure to determine the tCO₂e per metric

Westcoast Group Holdings Limited

Directors' report for the year ended 31 December 2021 (continued)

Streamlined Energy and Carbon Reporting (continued)

Consumption (kWh) and Greenhouse Gas emissions (tCO₂e)

The following figures make up the baseline reporting for Westcoast Group Holdings Limited, this incorporates four months of XMA Limited due to the demerger on the 30 April 2022.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets, and grey fleet.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

The total consumption (kWh) figures for energy supplies reportable by Westcoast Group Holdings Limited are as follows:

Utility and Scope	2021 UK Consumption (kWh)	2020 UK Consumption (kWh)
Grid-Supplied Electricity (Scope 2)	1,762,086	4,030,010
Gaseous and other fuels (Scope 1)	2,454,596	3,563,268
Transportation (Scope 1)	928,748	1,950,702
Total	5,145,430	9,543,980

The total emission (tCO₂e) figures for energy supplies reportable by Westcoast Group Holdings Limited are as follows:

Utility and Scope	2021 UK Consumption (tCO ₂ e)	2020 UK Consumption (tCO ₂ e)
Grid-Supplied Electricity (Scope 2)	374	940
Gaseous and other fuels (Scope 1)	449	655
Transportation (Scope 1)	217	460
Total	1,040	2,055

Intensity Metric

An intensity metric of tCO₂e per £m turnover has been applied for the annual total emissions of Westcoast Group Holdings Limited. An intensity metric of tCO₂e per £m has been applied to the annual total emissions of Westcoast Limited and four months of XMA Limited individually.

Intensity Metric	2021 UK Intensity Metric	2020 UK Intensity Metric
tCO ₂ e / £m	0.40	0.63
Westcoast Limited - tCO ₂ e / £m	0.29	0.45
XMA Limited - tCO ₂ e / £m	0.43	1.88

Energy Efficiency Improvements

Westcoast Group Holdings Limited are committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to Westcoast Group Holdings Limited has been compiled, with a view to implementing these measures in the next 5 years.

Westcoast Group Holdings Limited

Directors' report for the year ended 31 December 2021 (continued)

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, 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 for that period. In preparing the financial statements, the directors are required to:

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

The directors are 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.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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.

Directors' confirmations

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's 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's 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.

On behalf of the Board



S Madhani
Director
08 April 2022

Westcoast Group Holdings Limited

Independent auditors' report to the members of Westcoast Group Holdings Limited

Report on the audit of the group financial statements

Opinion

In our opinion, Westcoast Group Holdings Limited's group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2021 and of its 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 column of the Group and Company balance sheets as at 31 December 2021; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated 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

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

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

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

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

Westcoast Group Holdings Limited

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 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 its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Westcoast Group Holdings Limited

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

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates or judgements to manipulate results. Audit procedures performed by the engagement team included:

- Enquiry of management, those charged with governance and the entity's in-house legal counsel around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.
- We have read internal audit reports
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

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

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

Use of this report

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

Westcoast Group Holdings Limited

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

Other required reporting

Companies Act 2006 exception reporting

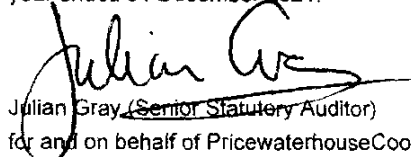
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of Westcoast Group Holdings Limited for the year ended 31 December 2021.



Julian Gray (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

08 April 2022

Westcoast Group Holdings Limited

Independent auditors' report to the members of Westcoast Group Holdings Limited

Report on the audit of the company financial statements

Opinion

In our opinion, Westcoast Group Holdings Limited's company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021;
- 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 Company column of the Group and Company balance sheets as at 31 December 2021; the Company Statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

Westcoast Group Holdings Limited

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Westcoast Group Holdings Limited

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

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates or judgements to manipulate results. Audit procedures performed by the engagement team included:

- Enquiry of management, those charged with governance and the entity's in-house legal counsel around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and,
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

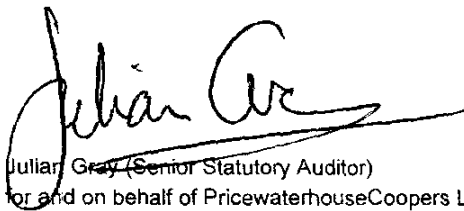
We have no exceptions to report arising from this responsibility.

Westcoast Group Holdings Limited

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

Other matter

We have reported separately on the group financial statements of Westcoast Group Holdings Limited for the period ended 31 December 2021.

A handwritten signature in black ink, appearing to read 'Julian Gray', with a long horizontal flourish extending to the right.

Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
08 April 2022

Westcoast Group Holdings Limited

Consolidated statement of comprehensive income for the year ended 31 December 2021

	Note	2021 Continuing operations £'000	2021 Discontinued operations £'000	2021 Total £'000	2020 Continuing operations £'000	2020 Discontinued operations £'000	2020 Total £'000
Turnover	4	3,469,708	180,722	3,650,430	3,125,391	399,172	3,524,563
Cost of sales		(3,346,255)	(161,269)	(3,507,524)	(3,020,358)	(353,732)	(3,374,090)
Gross profit		123,453	19,453	142,906	105,033	45,440	150,473
Administrative expenses		(88,353)	(13,632)	(101,985)	(82,134)	(34,456)	(116,640)
Other operating income		35	-	35	1,393	306	1,699
Group Operating profit		35,135	5,821	40,956	24,242	11,290	35,532
Income from other fixed asset investments		13	-	13	84	-	84
Share of operating profit and loss in joint ventures	13	13	-	13	18	-	18
Impairment in trade investment	13	(1,250)	-	(1,250)	-	-	-
Impairment of loanstock	15	(2,250)	-	(2,250)	-	-	-
Impairment of equity accounted investment	13	-	(250)	(250)	(1,003)	-	(1,003)
Profit before interest and taxation		31,661	5,571	37,232	23,341	11,290	34,631
Interest receivable and similar income	7	137	6	143	250	122	372
Interest payable and similar expenses	7	(2,746)	(61)	(2,807)	(2,492)	(130)	(2,622)
Profit before taxation	8	29,052	5,516	34,568	21,099	11,282	32,381
Tax on profit	9	(6,642)	(1,514)	(8,156)	(4,416)	(2,193)	(6,609)
Profit for the financial year		22,410	4,002	26,412	16,683	9,089	25,772
Other comprehensive (loss)/income							
Currency translation differences on foreign currency net investments		-	-	(241)	-	-	187
Other comprehensive (loss)/income for the year, net of tax		-	-	(241)	-	-	187
Total comprehensive income for the year		-	-	26,171	-	-	25,959

Westcoast Group Holdings Limited

Group and Company balance sheets as at 31 December 2021

	Note	Group 2021 £'000	2020 £'000	Company 2021 £'000
Fixed assets				
Intangible assets	11	20,257	23,800	-
Tangible assets	12	8,303	9,227	-
Investments	13	-	1,250	1,344
Interests in associated undertakings	13	45	32	-
		28,605	34,309	1,344
Current assets				
Inventories	14	333,735	281,138	-
Debtors	15	485,609	395,594	-
Cash and cash equivalents		-	50,130	-
		819,344	726,862	-
Current liabilities				
Creditors: amounts falling due within one year	16	(741,754)	(644,348)	-
Net current assets		77,590	82,514	-
Total assets less current liabilities		106,195	116,823	1,344
Creditors: amounts falling due after more than one year	17	-	(4,839)	-
Provisions for liabilities	19	(4,740)	(6,184)	-
Net assets		101,455	105,800	1,344
Equity				
Called up share capital	21	1,344	1,344	1,344
Share premium account		-	646	-
Retained earnings		100,111	103,810	-
Total equity		101,455	105,800	1,344

The company's profit for the year was £10,570,001.

The notes on pages 25 to 55 are an integral part of these financial statements.

The financial statements on pages 21 to 55 were approved by the board of directors on 8 April 2022 and were signed on its behalf by:



S Madhani
Director
Westcoast Group Holdings Limited
Registered number 13165860

Westcoast Group Holdings Limited

Consolidated statement of changes in equity for the year ended 31 December 2021

	Note	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2020		1,344	646	88,101	90,091
Profit for the year		-	-	25,772	25,772
Other comprehensive income		-	-	187	187
Total comprehensive income for the year		-	-	25,959	25,959
Dividend paid	22	-	-	(10,250)	(10,250)
Total transactions with owners, recognised directly in equity		-	-	(10,250)	(10,250)
Balance as at 31 December 2020		1,344	646	103,810	105,800
Profit for the year		-	-	26,412	26,412
Other comprehensive loss		-	-	(241)	(241)
Total comprehensive income for the year		-	-	26,171	26,171
Distribution of subsidiary	22	-	(646)	(19,300)	(19,946)
Dividend paid	22	-	-	(10,570)	(10,570)
Total transactions with owners, recognised directly in equity		-	(646)	(29,870)	(30,516)
Balance as at 31 December 2021		1,344	-	100,111	101,455

Company statement of changes in equity for the period ended 31 December 2021

	Note	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance as at 28 January 2021		-	-	-	-
Issue of share capital		1,344	-	-	1,344
Profit for the year		-	-	10,570	10,570
Other comprehensive income		-	-	92,000	92,000
Total comprehensive income for the year		-	-	102,570	102,570
Distribution of subsidiary	22	-	-	(92,000)	(92,000)
Dividend paid	22	-	-	(10,570)	(10,570)
Total transactions with owners, recognised directly in equity		-	-	-	-
Balance as at 31 December 2021		1,344	-	-	1,344

Westcoast Group Holdings Limited

Consolidated statement of cash flows for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities	23	(67,990)	145,809
Taxation paid		(6,000)	(7,775)
Net cash (outflow)/inflow from operating activities		(73,990)	138,034
Cash flow from investing activities			
Dividend received from investments		13	84
Interest received	7	143	372
Purchase of intangible assets	11	(1,853)	-
Purchase of tangible assets	12	(2,088)	(2,435)
Investment in joint venture	13	(250)	(2,253)
Investment in convertible loan notes	15	(2,750)	-
Acquisitions (net of cash and overdrafts acquired)		-	(8)
Net cash used in investing activities		(6,785)	(4,240)
Cash flow from financing activities			
Repayment of bank overdraft		2,036	-
Creditors subject to supplier financing	18	-	(15,232)
Interest paid	7	(2,807)	(2,622)
Dividends paid to owners of the parent	22	(10,570)	(10,250)
Net cash used in financing activities		(11,341)	(28,104)
Net (decrease)/increase in cash and cash equivalents		(92,116)	105,690
Cash and cash equivalents at the beginning of the year		50,130	(53,536)
Exchange gain/(loss) on cash and cash equivalents		1,969	(2,024)
Cash and cash equivalents at the end of the year		(40,017)	50,130
Cash and cash equivalents consists of:			
Cash at bank and in hand		-	50,130
Overdraft facility		(40,017)	-
Cash and cash equivalents		(40,017)	50,130

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended

31 December 2021

1 General Information

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

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.

Group reconstruction and merger accounting

Westcoast Group Holdings Limited was incorporated on 28 January 2021. On 30 April 2021 Westcoast Group Holdings Limited became the 100% shareholder of Westcoast (Holdings) Limited. This transaction is considered to be a group reconstruction under FRS 102, since this involved the transfer of equity holdings in one or more subsidiaries of a group to a new entity that is not a group entity but whose equity holders are the same as those of the group's parent. Westcoast Group Holdings Limited has applied merger accounting to the transaction and the consolidated financial statements include the assets and liabilities of the Westcoast (Holdings) Limited group at their pre-combination carrying values without any fair value uplift. No new goodwill is recorded and the difference between the cost and carrying value of the net assets acquired is recorded in equity. The Westcoast Group Holdings Limited consolidated financial statements for the year ended 31 December 2021 include the full-year results of the Westcoast (Holdings) Limited group (including comparatives). A capital reorganisation is an override of Company Law. Merger accounting has been applied since acquisition accounting, (that is, attributing fair values to the assets and liabilities of the existing entity and reflecting only the post-combination results within the financial statements), would not give a true and fair view of the group's results and financial position.

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended

31 December 2021

2 Accounting policies (continued)

Dividend income

On 30 April 2021, Westcoast (Holdings) Limited transferred the shares of XMA limited to Westcoast Group Holdings Limited by way of a dividend in specie. The dividend income is recorded at fair value of the investment received in the financial statements of Westcoast Group Holdings Limited since the transfer of XMA Limited was achieved by means of a dividend between companies under common control. The dividend income is recognised in other comprehensive income since XMA Limited is unquoted and the shares are not readily convertible to cash.

Dividend in specie and discontinued operations

On 30 April 2021, Westcoast Group Holdings Limited carried out a share capital reduction and a return of capital in which its shares in XMA Limited were transferred to XMA Holdings Limited. The XMA Limited disposal is part of a single coordinated plan to dispose of a separate major line of business. Accordingly, the results of XMA Limited have been presented as a discontinued operation in these financial statements. Westcoast Group Holdings Limited has chosen to record the distribution of XMA Limited in the consolidated financial statements at the carrying value of the assets and liabilities being distributed, with a corresponding debit to retained earnings.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Group and Company will be able to meet all its obligations as and when they fall due for the foreseeable future.

The Group meets its day-to-day working capital requirements through its bank facilities and supplier financing arrangements. The invoice discounting facility was renegotiated on 6th February 2020 and is secured until 28th April 2024. The group is in the process of increasing the facility £360m from £300m which provides additional working capital required to support the growth objectives of the group.

The economic outlook continues to be uncertain due to matters such as the coronavirus pandemic, inflationary pressures, geopolitical instability, product supply shortages and a risk of softening of customer demand. At the time of approval of this report, the group continues to trade in line with initial expectations as the demand for IT products and services remain high. The Board is confident that the Group remains in a strong position because of the importance of IT, the agility of the IT Channel and of Westcoast group in particular. Having modelled a number of potential downside scenarios the Board are confident that the Group will continue to operate as a going concern and is well placed at this uncertain time.

After making appropriate enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider it is appropriate to adopt the going concern basis in preparing the financial statements.

Exemptions for qualifying entities under FRS 102

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12(b) of FRS 102 not to present the company statement of cash flows. 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.

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended

31 December 2021

2 Accounting policies (continued)

Basis of consolidation

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.

i) 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 Group 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.

ii) 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.

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended

31 December 2021

2 Accounting policies (continued)

Basis of consolidation (continued)

iii) Equity method of accounting (continued)

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, cash and bank balances and amounts owed by group undertakings 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.

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.

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.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended

31 December 2021

2 Accounting policies (continued)

Financial Instruments (continued)

(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 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 generally included in Cost of Sales where they offset the benefit of the early settlement discounts obtained. However, costs associated with creditors subject to supplier financing arrangements are included in interest as is appropriate for a financing transaction. 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.

(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

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended

31 December 2021

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 |
| ▪ Brand names and trademarks | - 20% straight-line method |
| ▪ Software development | -25% 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 Group Holdings Limited

Notes to the financial statements for the year ended

31 December 2021

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 income'.

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 immediately 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 Group Holdings Limited
Notes to the financial statements for the year ended
31 December 2021

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 Group Holdings Limited

Notes to the financial statements for the year ended

31 December 2021

2 Accounting policies (continued)

Government grants

Government grants are recognised when there is reasonable assurance that all conditions are met and the grants will be received. Government grants are recognised in line with performance of the grant conditions and are presented as Other Operating Income in the Statement of comprehensive income. The amount received in the year was £35,000 (2020: £1,699,000).

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.

(ii) Sale of cloud software subscriptions or similar

The group sells licences via Westcoast Cloud. Revenue is recognised for perpetual licences when the licence is available. Revenue for cloud licences is recognised over time based on total usage of the license by the customer. Transactions are settled by direct debit.

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2021

2 Accounting policies (continued)

Revenue (continued)

(iii) Fulfilment, Storage and Configuration Services

The group provides storage, pick process and dispatch services and where requested configuration services. This is recognised when the benefits have been transferred and acknowledged by the customer.

In situations where Westcoast group provides fulfilment and storage and retains control of inventory after the initial sale, revenue is recognised only, when the following criteria are met:

- It is probable that delivery will be made
- The item is on hand, identified and ready for delivery to the buyer
- The buyer acknowledges the deferred delivery instructions, and
- The usual payment terms apply

Provision is made for credit notes based on the expected level of returns which is based on the historical experience of returns.

(iv) Rendering of services

Turnover from a contract to provide services is recognised in the period to which the services are provided when the amount of turnover can be reliably measured, and it is probable the company will receive the consideration due under the contract. The revenue from this revenue stream is not material to the group.

The Group's systems are configured to recognise revenue upon notification of dispatch and the production of an invoice, which in instances, may not be aligned to when control has been transferred to the customer and the performance obligation has been met by the company. Management performs an exercise which requires management to apply some assumptions, which management believes are reasonable, in order to identify sale of goods that fit the criteria for deferral, which have been dispatched but not yet delivered in the financial year. Separately, management reviews individual large transactions on a case-by-case basis, which reduces the opportunity for error. In order to estimate the proportion of sales and cost of sales which should be deferred delivery documents are inspected for all sales above a threshold. A deferral rate is calculated based on these transactions and is applied to the unchecked population.

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 Group Holdings Limited

Notes to the financial statements for the year ended

31 December 2021

2 Accounting policies (continued)

Taxation

(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 12 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 accruals in the current liabilities 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.

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.

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
31 December 2021

2 Accounting policies (continued)

Foreign currency translation(continued)

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 comprehensive (loss)/income for the year, net of tax'.

(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.

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.

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended

31 December 2021

3 Critical accounting estimates and assumptions

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 estimates, judgements and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Critical judgements in applying the Group's accounting policies

Supplier finance arrangements

The group utilises short-term supplier finance providers to settle liabilities early in order to benefit from early settlement discounts. Assessing whether or not 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 and creditors subject to supplier financing arrangements are separately disclosed in note 16.

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.

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 and likelihood of vendor support. The carrying value of the inventory provision for the group as at 31 December was £11,346,000 (2020: £6,607,000) on a gross inventory balance of £333,735,000 (2020: £281,128,000).

Revenue Cut-Off

The Group's systems are configured to recognise revenue upon notification of dispatch and the production of an invoice, which in instances, may not be aligned to when control has been transferred to the customer and the performance obligation has been met by the Group. Management performs an exercise which requires management to apply some assumptions, which management believes are reasonable, in order to identify sale of goods that fit the criteria for deferral, which have been dispatched but not yet delivered in the financial year. Separately, management reviews individual large transactions on a case-by-case basis, which reduces the opportunity for error.

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2021

3 Critical accounting estimates and assumptions (continued)

Key accounting estimates and assumptions(continued)

In order to estimate the proportion of sales and cost of sales which should be deferred delivery documents are inspected for all sales above a threshold. A deferral rate is calculated based on these transactions and is applied to the unchecked population.

Vendor programs

The group partakes in various vendor programs under which the vendor may provide incentives for advertising allowances, early payment terms and rebates. The incentive agreements are negotiated on a quarterly, annual or on an ad-hoc basis, but all agreed upfront with the vendor. Rebates and early payment discounts are recorded when they are earned as a reduction of inventory and as a reduction of cost of goods sold as the related inventory is sold. Incentives for advertising allowances are recorded when earned as a reduction of cost of goods sold or selling, general and administrative expenses, depending on the nature of the funding.

We provide reserves for receivables on vendor programs where amounts may not be fully collectable and additional allowances for further liabilities that may fall due in relation to these arrangements. Should amounts settled exceed or fall short of the reserves provided, this would have an impact on the financial results.

4 Group turnover

An analysis of turnover by category:

	2021 £'000	2020 £'000
Supply of goods	3,639,113	3,520,735
Supply of services	11,317	3,828
	3,650,430	3,524,563

Analysis of turnover by country of destination:

	2021 £'000	2020 £'000
United Kingdom	3,011,544	2,815,877
Rest of Europe	614,161	681,128
Rest of World	24,725	27,558
	3,650,430	3,524,563

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
31 December 2021

5 Directors' emoluments

	2021	2020
	£'000	£'000
Aggregate emoluments	31,340	19,699
Pension	3	2

The above details of directors' emoluments relate to three (2021: three) of the directors. The directors are paid by the subsidiary company Westcoast (Holdings) Limited.

	2021	2020
	£'000	£'000
Highest paid director		
Aggregate emoluments	17,159	10,126
Pension	-	-

Retirement benefits are accruing to no directors (2020: 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:

Group	2021 Number	2020 Number
By activity		
Management	19	22
Sales & Distribution	494	584
Administration and central functions	737	930
	1,250	1,536

Group	2021 £'000	2020 £'000
Staff costs (for the above persons):		
Wages and salaries	81,788	93,518
Social security costs	9,340	9,917
Other pension costs (note 25)	899	1,356
	92,027	104,791

The company has no direct employees (2020: none).

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
31 December 2021

7 Net Interest expense

	2021	2020
	£'000	£'000
Interest receivable and similar income		
Interest receivable	143	372
	143	372
	2021	2020
	£'000	£'000
Interest payable and similar expenses		
Bank charges and fees	642	902
Interest expense on revolving facility	2,164	1,572
Interest payable on creditors subject to supplier financing	-	138
Interest expense other	1	10
	2,807	2,622
	2021	2020
	£'000	£'000
Net interest expense		
Interest receivable and similar income	143	372
Interest payable and similar expenses	(2,807)	(2,622)
	(2,664)	(2,250)

8 Profit before taxation

	2021	2020
	£'000	£'000
Profit before taxation is stated after charging:		
Loss on disposal of fixed assets	88	19
Inventory recognised as an expense	3,329,865	3,032,067
Foreign exchange loss	804	308
Operating lease rentals	6,025	6,143
(Income)/Impairment of trade receivables	(2,317)	1,045
Impairment of inventory	418	1,661
Impairment in investment	250	1,003
Impairment in trade investment	1,250	-
Impairment in convertible loan note	2,250	1,003

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
31 December 2021

8 Profit before taxation (continued)

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 their associates:

	2021	2020
	£'000	£'000
Fees payable to Company auditors and their associates for the audit of parent company and consolidated financial statements	94	58
Fees payable to the Company's auditors and their associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	244	445
Tax services	125	323
	463	826

Administrative expenses

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

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
31 December 2021

9 Tax on profit

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax on profits of the year	7,837	6,604
Adjustments in respect of prior years	42	(42)
Total current tax	7,879	6,562
Deferred tax (note 20):		
Origination and reversal of timing differences	232	48
Adjustments in respect of prior years	45	(1)
Total deferred tax	277	47
Tax on profit	8,156	6,609

Reconciliation of tax charge

Tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before taxation	34,568	32,381
Profit before taxation multiplied by standard rate in the UK of 19% (2020: 19%)	6,568	6,153
Effects of:		
Expenses not deductible for tax purposes	1,444	469
Difference arising due to overseas tax rates	-	39
Changes in tax laws and rates	57	(9)
Adjustments to tax charge in respect of previous years	87	(43)
Tax charge for the year	8,156	6,609

Tax rate changes

The Finance Act 2021 introduced legislation to increase the main rate of corporation tax in the UK from 19% to 25% from 1 April 2023. The legislation was substantively enacted in 2021 and has resulted in an additional current year tax charge of £57,000 arising from the impact of the change in tax rate on net deferred tax liabilities.

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
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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 £10,570,001.

11 Intangible assets

Group	Goodwill	Brand names & Trademarks	Customer Relationships	Software Development	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2021	81,019	1,620	5,601	-	88,240
Additions	-	-	-	1,853	1,853
Disposals	(28,001)	(1,470)	(3,348)	-	(32,819)
At 31 December 2021	53,018	150	2,253	1,853	57,274
Accumulated amortisation					
At 1 January 2021	58,600	1,620	4,220	-	64,440
Charge for the year	2,792	-	300	379	3,471
Disposals for the year	(26,522)	(1,470)	(2,902)	-	(30,894)
At 31 December 2021	34,870	150	1,618	379	37,017
Net book amount					
At 31 December 2021	18,148	-	635	1,474	20,257
At 31 December 2020	22,419	-	1,381	-	23,800

On 30 April 2021 Westcoast Group Holdings Limited carried out a share capital reduction and a return in which its shares in XMA Limited were transferred to XMA Holdings Limited, an entity held outside the group, resulting in the disposal of Goodwill and Intangibles in the table above.

The goodwill arising on the acquisition of Clarity Computer (Distribution) Limited, Art Systems Holdings Limited, Data Select Limited and Data Select Network Services 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.

The software development is amortised over a 4-year period.

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

The Company has no intangible assets.

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
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12 Tangible assets

Group	Freehold buildings	Leasehold improvements	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2021	163	5,274	7,682	2,689	320	16,128
Translation differences	-	(19)	(21)	(35)	(7)	(82)
Additions	-	380	662	1,036	10	2,088
Disposal arising from transfer of subsidiary	(163)	(158)	(2,495)	(348)	(212)	(3,376)
Disposals	-	(12)	(1,007)	(344)	(24)	(1,387)
At 31 December 2021	-	5,465	4,821	2,998	87	13,371
Accumulated depreciation						
At 1 January 2021	163	805	4,354	1,309	270	6,901
Translation differences	-	(11)	(10)	(31)	(11)	(63)
Charge for the year	-	400	1,071	541	18	2,030
Disposal arising from transfer of subsidiary	(163)	(158)	(1,772)	(229)	(179)	(2,501)
Disposals for the year	-	(2)	(1,007)	(266)	(24)	(1,299)
At 31 December 2021	-	1,034	2,636	1,324	74	5,068
Net book amount						
At 31 December 2021	-	4,431	2,185	1,674	13	8,303
At 31 December 2020	-	4,469	3,328	1,380	50	9,227

Leasehold Improvements include £3,812,000 for a dilapidation provision on the Warehouse facilities and will be amortised over the period of the leases

The company has no tangible fixed assets.

13 Investments

Group		
Trade investment	2021	2020
	£'000	£'000
Cost		
As at 1 January	1,760	510
Additions	-	1,250
As at 31 December	1,760	1,760
Provision for impairment		
As at 1 January	510	510
Charge for the year	1,250	-
As at 31 December	1,760	510
Net book amount		
As at 31 December	-	1,250

Westcoast Group Holdings Limited
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13 Investments (continued)

Joint ventures	2021	2020
	£'000	£'000
Cost		
As at 1 January	1,035	14
Additions	250	1,003
Share of profits and losses	13	18
As at 31 December	1,298	1,035
Accumulated amortisation		
As at 1 January	1,003	-
Impairments	250	1,003
As at 31 December	1,253	1,003
Net book amount		
Net assets	45	32
As at 31 December	45	32

Company	Shares in subsidiary undertakings and Joint ventures	Total
	£'000	£'000
Cost		
At 1 January 2021	-	-
Additions	1,344	1,344
At 31 December 2021	1,344	1,344
Provision for impairment		
At 1 January 2021	-	-
Charge for the year	-	-
At 31 December 2021	-	-
Net book amount		
At 31 December 2021	1,344	1,344
At 31 December 2020	-	-

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
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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 (Holdings) 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 indirectly owned
Westcoast Limited	Wholesale distribution of computer peripheral equipment and related services	Arrowhead Park, Arrowhead Road Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned
Art Systems Holdings Limited	Holding Company	Units 10 11 & 12 Glaisdale Point, Glaisdale Parkway, Nottingham, NG8 4GP	100% ordinary shares indirectly 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 indirectly owned
Westcoast Peripherals Limited	Reseller of printers and print services	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned
Colourgen Limited	Wholesale trade	Bray House, 4 Westacott Way, Maidenhead, Berkshire, England, SL6 3QH	100% ordinary shares indirectly owned
Data Select Network Solutions Limited	Wireless telecommunications	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned
Data Select Limited	Telecommunications	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares indirectly owned

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2021

13 Investments (continued)

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 2021 have been taken by companies stated below:

Name of subsidiary undertaking	Company Registration Number
Westcoast (Holdings) Limited	03359843
Colourgen Limited	01929652
Art Systems Limited	03079342
Art Systems Holdings Limited	06888769
Data Select Limited	03662640
Data Select Network Solutions Limited	05616365

As required Westcoast Group 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 Group Holdings Limited by any person to whom the subsidiary companies listed above is liable in respect of those liabilities.

Joint ventures as at 31 December 2021:

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
Westcoast Digital Services Limited	Motion picture distributor	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	50% ordinary shares directly owned

Trade investments as at 31 December 2021:

Name	Nature of business	Country of incorporation	Type of shares held
Supplies Service Partner B.V	Retail distribution of IT equipment	Grote Esch 1175 2841 MJ Moordrecht Netherlands	50% ordinary shares directly owned
Mailock Limited	Business support service activities	Fareham Hampshire, England	10% ordinary shares directly owned

Westcoast Group Holdings Limited
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14 Inventories

Group

	Group	
	2021	2020
	£'000	£'000
Finished goods held for resale	333,735	281,138

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

The Company has no inventory.

15 Debtors

	Group		Company
	2021	2020	2021
	£'000	£'000	£'000
Amounts falling due within one year			
Trade debtors	464,865	384,346	-
Convertible loan note	500	-	-
Other debtors	15,315	6,304	-
Corporation tax asset	223	-	-
Prepayments and accrued income	4,706	4,944	-
	485,609	395,594	-

The group had a commitment to subscribe to convertible loan stock to the value of £2.75m in the year on an existing trade investment, the group has impaired the convertible loan stock by £2.25m as the carrying value was not supported by its assessed recoverable amount.

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
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16 Creditors: amounts falling due within one year

	Group		Company
	2021	2020	2021
	£'000	£'000	£'000
Overdraft facility (note 18)	40,017	-	-
Trade creditors subject to supplier financing	134,851	79,404	-
Trade creditors	480,267	457,136	-
Taxation and social security	23,231	53,140	-
Other creditors	12,823	-	-
Accruals and deferred income	50,565	54,668	-
	741,754	644,348	-

The Group is financed by an overdraft 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.

Trade creditors subject to supplier financing relates to unsecured supplier finance working capital facilities. Interest payable on supplier finance during the year was £3.3 million (2020: £1.6 million) which is included within cost of sales.

17 Creditors: amounts falling due after more than one year

	Group		Company
	2021	2020	2021
	£'000	£'000	£'000
Deferred income – between 1 and 2 years	-	751	-
Deferred income – between 2 and 5 years	-	338	-
Contingent consideration	-	3,750	-
	-	4,839	-

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
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18 Loans and other borrowings

	Group		Company
	2021	2020	2021
	£'000	£'000	£'000
Overdraft facility	40,017	-	-
	40,017	-	-
	Group		Company
	2021	2020	2021
	£'000	£'000	£'000
Maturity of debt – bank overdraft			
In one year or less, or on demand	40,017	-	-
	40,017	-	-

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.

On 6th February 2020 the group renewed its asset-based lending facility agreement with Lloyds Bank Commercial Finance Limited, the lead bank in the syndicated facility. The group is in the process of increasing the facility to £360m from £300m. The facility is in place until 28th April 2024.

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

19 Provisions for liabilities

The Company has no provisions for liabilities.

Group

	Deferred Tax £'000	Dilapidations provisions £'000	Warranty provision £'000	Onerous leases £'000	Other provisions £'000	Total £'000
At 1 January 2021	(37)	5,184	20	700	317	6,184
Disposals arising from transfer of subsidiary	(194)	(601)	(20)	(700)	(14)	(1,529)
Adjustments in respect of prior years	45	-	-	-	-	45
Utilised during the year	232	-	-	-	-	232
Unused amounts reversed to comprehensive income	-	(247)	-	-	55	(192)
At 31 December 2021	46	4,336	-	-	358	4,740

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
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19 Provisions for liabilities (continued)

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 obligations is recognised upfront and capitalised as a tangible asset. See note 12.

Onerous lease

The onerous lease provision relates to the closure of the St Albans warehouse facility to reflect the redundancy of the facility which is being actively marketed. The provision has been utilised within the year due to transfer of XMA Limited.

Other provisions

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

20 Deferred Taxation

The Company has no recognised or unrecognised deferred tax.

	Deferred tax asset £'000
At 1 January 2021	37
Adjustment in respect of prior years	(45)
Disposals arising from transfer of subsidiary	194
Credited to the statement of comprehensive income	(232)
At 31 December 2021	(46)

Deferred taxation recognised in the financial statements is as follows:

Group	2021 Amount recognised £'000	2020 Amount recognised £'000
Accelerated capital allowances	(79)	26
Other timing differences	33	11
	(46)	37

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
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21 Called up share capital

	Group 2021 £'000	2020 £'000
Issued and fully paid:		
1,344,000 (2020: 240,000) 'A' ordinary shares of £1 each	1,344	240
1 (2020: 520,000) 'B' ordinary shares of £1 each	-	520
nil (2020: 584,000) 'C' ordinary shares of £1 each		584
Total	1,344	1,344

	Company 2021 £'000
Issued and fully paid:	
1,344,000 'A' ordinary shares of £1 each	1,344
1 'B' ordinary shares of £1 each	-
Total	1,344

	Company £'000
At 1 January 2021	-
Issue of share capital	1,344
At 31 December 2021	1,344

Westcoast Group Holdings Limited was incorporated on 28 January 2021 with the issue of 1 £1 ordinary share.

On 30 April 2021 Westcoast Group Holdings Limited issued 1,344,000 further ordinary shares in exchange for 1,344,000 shares in Westcoast (Holdings) Limited.

On 30 April 2021 Westcoast Group Holdings Limited reorganised its share capital into two classes (1,344,000 £1 'A' ordinary shares and 1 £1 'B' share).

On 30 April 2021 Westcoast Group Holdings Limited carried out a reduction and return of capital of its 'B' ordinary share class. In compensation for the value owed in respect of the 'B' share, Westcoast Group Holdings Limited transferred its shares in XMA Limited.

As a common controlled transaction, Westcoast Group Holdings Limited has applied merger accounting and these financial statements include the consolidated results of the group for the year ended 31 December 2021 with comparatives for the year-ended 31 December 2020. Accordingly, the Group comparatives reflect the share capital of the previous top company, Westcoast (Holdings) Limited.

Westcoast Group Holdings Limited
Notes to the financial statements for the year ended
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22 Dividends

	Group	
	2021	2020
	£'000	£'000
Equity – Ordinary		
Distribution of investment in XMA Limited	19,300	-
Final paid £7.86 (2020: £21.35) per £1.00 (2020: £0.50) 'A' ordinary share	10,570	10,250
At 31 December 2021	29,870	10,250

	Company
	2021
	£'000
Equity – Ordinary	
Distribution of investment in XMA Limited	92,000
Final paid £7.86 per £1.00 'A' ordinary share	10,570
At 31 December 2021	92,570

The dividend has been paid in full during the year.

On 30 April 2021 Westcoast Group Holdings Limited carried out a return of capital of its 'B' ordinary share class and distribution in specie of its shares in XMA Limited, refer to notes 2 and 29 for details.

23 Reconciliation of operating profit to cash flows from operating activities

	2021	2020
	£'000	£'000
Operating profit	40,956	35,532
Depreciation on Tangible assets	2,030	2,389
Amortisation of goodwill	2,792	3,767
Amortisation of intangible assets	679	449
Loss on disposal of fixed assets	88	19
Increase in inventory	(74,027)	(11,062)
Increase in receivables	(131,990)	(4,375)
Increase in payables	92,993	118,781
(Decrease)/Increase in provisions net of dilapidations	(1,511)	309
Cash flows from operating activities	(67,990)	145,809

Westcoast Group Holdings Limited
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23 Reconciliation of operating profit to cash flows from operating activities (continued)

Analysis of changes in net cash /(debt)

	At 1 January 2021 £'000	Cashflow £'000	Disposal £'000	Translation gain £'000	At 31 December 2021 £'000
Cash at bank and in hand	50,130	(50,063)	(2,036)	1,969	-
Overdraft facility	-	(40,017)	-	-	(40,017)
Net cash /(debt)	50,130	(90,080)	(2,036)	1,969	(40,017)

24 Capital commitments

The Group and Company had no capital commitments at 31 December 2021 (Group 2020: £nil).

25 Pension contributions

Pension contributions of £899,782 (2020: £1,356,541) were paid during the year. Contributions of £2,579 (2020: £52,702) 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 £16,514,984 as included in turnover (2020: £15,943,245) and management charge included in administrative expenses of £512,150 (2020: £325,539). At 31 December 2021 £1,471,643 was included in debtors (2020: £52,361) and £nil (2020: £nil) was included in payables in respect of these transactions.

During the year under review the Group entered into transactions with XMA Limited, an entity with common control. The total value of the transactions in respect of XMA Limited was £149,933,207 (2020: £nil) included in turnover, £7,429,072 (2020: nil) in cost of sales and management charge included in administrative expenses of £3,993,333 (2020: £nil). At 31 December 2021 £2,976,133 was included in debtors (2020: £nil) and £42,000 (2020: £nil) was included in payables in respect of these transactions.

During the year under review the Group entered into transactions with Supplies Service Partner B.V, a non-controlling joint venture of its ultimate parent company, Westcoast Group Holdings Limited. The total value of the transactions in respect of Supplies Service Partner B.V was £11,099,518 as included in turnover (2020: £11,538,692). At 31 December 2021 £3,932 was included in debtors (2020: £525,093).

During the year under review the Group loaned Westcoast Digital Services Limited a value of £810,495 (2020: £97,871). At 31 December 2021 £nil was included in debtors (2020: £97,871).

During the year under review the Group paid rent to Hemani Investment Limited of £nil (2020: £264,900) and paid rent to Trustees of the Hemani Children's Settlement of £96,200 (2020: £96,200) in respect of leased properties. Hemani Investment Limited is a company owned by Mr A Hemani and Trustees of the Hemani Children's Settlement is set up for the beneficiary of Mr A Hemani dependants. Refer note 25 for details of pension contributions paid during the year.

Westcoast Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2021

26 Related party transactions (continued)

See note 5 for disclosure of the directors' remuneration and key management compensation. Additionally, the group incurred aggregate transactions of £3,836,671 (2020: £2,085,000) with parties related via key management of the Company.

27 Financial commitments

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

	2021	2020
	£'000	£'000
Within one year	4,643	5,636
In more than one year, but not more than five years	16,077	20,474
After five years	32,698	36,107
	53,418	62,217

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.

29 Discontinued operations

Group

Disposal of XMA Limited

As part of the group's strategy to concentrate resources the group disposed of its investment in XMA Limited, by way of a distribution in specie. On 30 April 2021 Westcoast Group Holdings Limited carried out a share capital reduction and return of capital in which shares of its wholly owned subsidiary, XMA Limited, were transferred to XMA Holdings Limited. During the year XMA Limited contributed profit for the financial period of £4,252,000 (2020: £9,089,000) presented as discontinued operations in these financial statements. The net assets at the date of disposal were £18,105,000 and a distribution of shares in the subsidiary of £19,300,000 has been recorded in the statement of changes in equity.