Registered Number 1816587

Westcoast Limited
Annual report
for the year ended 31 December 2007

Westcoast Limited

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for the year ended 31 December 2007

Contents

Directors and advisers

Executive directors

A Hemani
D Forsyth
A Hunt
A Newberry
S Madhani
C Irwin

Secretary and registered office

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
9 Greyfriars Road
Reading
Berkshire
RG1 1JG

Solicitors

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

Bankers

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

Lloyds TSB Bank Plc
Market Place
Reading
Berkshire
RG1 2PQ

Directors' report for the year ended 31 December 2007

The dırectors present theır report and the audıted financıal statements of the company for the year ended 31 December 2007

Prıncıpal actıvıty

The prıncıpal actıvıty of the company contınues to be the wholesale dıstrıbutıon of computer perıpheral equıpment and related servıces

Revıew of the business and future developments

2007 has demonstrated Westcoast's contınued abılıty to delıver profitable growth ın a challengıng envıronment

Wıthın an aggressıvely expandıng group the Company's unrelentıng focus on operatıonal efficıencıes and cost base has ensured an ındustry leadıng level of operatıng expense of 2 4%

The Dırectors remaın confident that Westcoast contınues to be well placed to compete and take advantage of new opportunıtıes as they arıse

Fınancıal rısk management

The company's operatıons expose ıt to a varıety of financıal rısks that ınclude the effects of credıt rısk and lıquıdıty rısk Gıven the sıze of the company, the dırectors have not delegated the responsıbılıty of monıtorıng financıal rısk management to a sub-commıttee of the board The polıcıes set by the board of dırectors are ımplemented by the company's finance department

Credıt rısk

The department has a polıcy and procedures manual that sets out specıfic guıdance to manage credıt rısk where polıcıes have been ımplemented that requıre approprıate credıt checks on potentıal customers before sales are made Addıtıonally the company has a debt ınsurance polıcy ın place

Lıquıdıty rısk

Lıquıdıty rısk ıs managed through an assessment of workıng capıtal requırements to ensure the company has suffıcıent funds avaılable for operatıons and planned expansıons

Results and dıvıdends

The company's profit for the financıal year ıs £2,628,000 (2006 £4,110,000)

The dırectors do not recommend a payment of a dıvıdend (2006 £nıl)

Directors' report for the year ended 31 December 2007 (continued)

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below

A Hemani
D Forsyth
A Hunt
A Newberry
S Madhani
C Irwin
A Dow (resigned 30 November 2007)

Charitable donations

Donations for charitable purposes amounted to £5,512 (2006 £11,310)

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 company continues and the appropriate training is arranged It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

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

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

Directors' report for the year ended 31 December 2007 (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board

C Batchelor
Company Secretary
31 March 2008

Independent auditors' report to the members of Westcoast Limited

We have audited the financial statements of Westcoast Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, 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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and,
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading
31 March 2008

Profit and loss account for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	2	**575,139**	554,082
Cost of sales		**(554,588)**	(531,202)
Gross profit		**20,551**	22,880
Net operating expenses	2	**(13,800)**	(14,752)
Operating profit		**6,751**	8,128
Interest receivable and similar income	5	**918**	1,122
Interest payable and similar charges	5	**(4,917)**	(4,110)
Profit on ordinary activities before taxation	6	**2,752**	5,140
Tax on profit on ordinary activities	7	**(124)**	(1,030)
Retained profit for the financial year	17	**2,628**	4,110

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

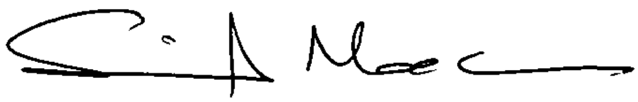
The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents

Balance sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Intangible assets	8	**2,105**	2,382
Tangible assets	9	**1,273**	1,597
		3,378	3,979
Current assets			
Stock	10	**29,689**	21,346
Debtors	11	**87,816**	88,861
		117,505	110,207
Creditors – Amounts falling due within one year	12	**(75,869)**	(83,890)
Net current assets		**41,636**	26,317
Total assets less current liabilities		**45,014**	30,296
Creditors – Amount falling due after more than one year	13	**(16,275)**	(4,185)
Net assets		**28,739**	26,111
Capital and reserves			
Called up share capital	16	**10**	10
Profit and loss account	17	**28,729**	26,101
Total shareholders' funds	18	**28,739**	26,111

The financial statements on pages 6 to 17 were approved by the board of directors on 31 March 2008 and signed on its behalf by



S Madhani
Director

Notes to the financial statements for the year ended 31 December 2007

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

Cash flow transactions and related party disclosure

The company is a wholly owned subsidiary of Westcoast (Holdings) Limited and is included in the consolidated financial statements of Kelido Limited, its ultimate parent undertaking, which are publicly available Consequently the company has taken advantage of the exemption from preparing a cashflow statement under the terms of FRS 1 (revised 1996) "Cash flow statement" The company is also exempt under the terms of FRS 8 "Related party disclosure" from disclosing related party transactions with entities that are part of the Kelido Limited group or investees of the Kelido Limited group

Exemption from preparation of consolidated financial statements

Westcoast Limited is the intermediate holding company to a number of the Kelido Limited group companies None of these companies significantly affect the Westcoast Limited group A list of all subsidiaries of Westcoast Limited will be attached to the company's next annual return The company has taken advantage of the exemption under section 228 of the Companies Act 1985 not to prepare consolidated financial statements as its ultimate parent undertaking Kelido Limited is a UK company that prepares consolidated financial statements which are publicly available

Intangible assets - goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities acquired Purchased goodwill is eliminated by amortisation through the profit and loss account over its expected useful economic life, to a maximum of twenty years

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over their expected useful economic lives, or lease term if shorter Freehold land is not depreciated

The principal annual rates used to depreciate all other tangible fixed assets are

Freehold buildings	2 %
Leasehold improvements	20 %
Computer equipment	25 %
Fixtures and fittings	20 %
Motor vehicles	25 %

Stock

Stock is valued at the lower of cost and net realisable amount In general cost is determined on a first in first out basis Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for selling costs Provision is made where necessary for obsolete, slow moving and defective stocks

Notes to the financial statements for the year ended 31 December 2007 (continued)

1 Accounting policies (continued)

Turnover

Turnover, which excludes value added tax, trade discounts and returns, is recognised on sales when title to product passes which is generally upon delivery

Taxation

UK Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Pension costs

The company operates a defined contribution pension scheme which is held in a separately administered fund Contributions payable are charged to the profit and loss account as they accrue

Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date Trading transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange gains or losses are included in the profit and loss account in the year in which they arise

Operating leases

The costs of operating leases are charged to the profit and loss account on a straight line basis over the lease term

Finance leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease" The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter Future installments under such leases, net of finance charges, are included within creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future installments

Notes to the financial statements for the year ended 31 December 2007 (continued)

2 Turnover and net operating expenses

(i) Turnover

Turnover arose from the company's principal activity, which comprises a single business segment, located in the United Kingdom

	2007 £'000	2006 £'000
Turnover by destination		
United Kingdom	**565,982**	549,572
Rest of Europe	**8,446**	3,844
Rest of World	**711**	666
	575,139	554,082

(ii) Net operating expenses

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

3 Directors' emoluments

	2007 £'000	2006 £'000
Aggregate emoluments	**772**	850
Company contributions to money purchase pension schemes	**15**	15

Highest paid director	2007 £'000	2006 £'000
Aggregate emoluments	**151**	175
Company contributions to money purchase pension scheme	**15**	15

Retirement benefits are accruing to one director (2006 one) under the company's money purchase pension scheme

Notes to the financial statements for the year ended 31 December 2007 (continued)

4 Employee information

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

	2007 Number	2006 Number
By activity		
Management	**7**	7
Selling and distribution	**434**	438
	441	445

	2007 £'000	2006 £'000
Staff costs (for the persons above)		
Wages and salaries	**11,623**	11,197
Social security costs	**1,189**	1,137
Pension costs (note 20)	**65**	85
	12,877	12,419

5 Interest

Interest receivable and similar income	2007 £'000	2006 £'000
Amounts receivable from group undertakings	**892**	1,092
Other interest receivable	**26**	30
	918	1,122

Interest payable and similar charges	2007 £'000	2006 £'000
Interest payable on bank loans and overdrafts	**4,841**	4,022
Amounts payable to group undertakings	**53**	40
Finance lease interest	**23**	48
	4,917	4,110

Notes to the financial statements for the year ended 31 December 2007 (continued)

6 Profit on ordinary activities before taxation

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets		
- Owned assets	**555**	488
- Held under finance leases and hire purchase contracts	**223**	220
Amortisation of goodwill	**277**	277
Services provided by the company's auditor		
- Fees payable for the audit	**95**	95
- Fees payable for other services – tax compliance	**31**	12
Operating lease rental – other assets	**1,622**	1,530

7 Tax on profit on ordinary activities

	2007 £'000	2006 £'000
Current tax		
UK corporation tax on profits of the period	**232**	1,219
Adjustments in respect of previous periods	**(84)**	(94)
Total current tax	**148**	1,125
Deferred tax:		
Origination and reversal of timing differences	**(24)**	(95)
Tax on profit on ordinary activities	**124**	1,030

The tax assessed for the year is lower (2006 lower) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	**2,752**	5,140
Profit on ordinary activities multiplied by standard rate in the UK of 30% (2006 30%)	**826**	1,542
Effects of		
Accelerated capital allowances and other timing differences	**(39)**	71
Group relief received not paid for	**(660)**	(487)
Expenses not deductible for tax purposes	**105**	93
Adjustments to tax charge in respect of previous period	**(84)**	(94)
Current tax charge for the year	**148**	1,125

Notes to the financial statements for the year ended 31 December 2007 (continued)

8 Intangible assets

	2007 £'000
Cost	
As at 1 January 2007 and 31 December 2007	**2,773**
Accumulated amortisation	
As at 1 January 2007	391
Charge for the year	277
At 31 December 2007	**668**
Net book amount	
At 31 December 2007	**2,105**
At 31 December 2006	2,382

The goodwill arising on the acquisition of the trade and estimated assets and liabilities of Orion Media Marketing Limited is being amortised on a straight-line basis over its useful economic life of 10 years

9 Tangible assets

	Freehold land & buildings £'000	Leasehold improvements £'000	Computer equipment £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2007	377	364	2,317	664	52	3,774
Additions	-	-	407	47	-	454
At 31 December 2007	**377**	**364**	**2,724**	**711**	**52**	**4,228**
Accumulated depreciation						
At 1 January 2007	78	206	1,445	439	9	2,177
Charge for the year	8	73	578	94	25	778
At 31 December 2007	**86**	**279**	**2,023**	**533**	**34**	**2,955**
Net book amount						
At 31 December 2007	**291**	**85**	**701**	**178**	**18**	**1,273**
At 31 December 2006	299	158	872	225	43	1,597

Assets held under finance leases are capitalised within leasehold improvements, computer equipment and fixtures & fittings

	2007 £'000	2006 £'000
Cost	**963**	963
Aggregate depreciation	**(869)**	(646)
Net book amount	**94**	317

Notes to the financial statements for the year ended 31 December 2007 (continued)

10 Stock

	2007 £'000	2006 £'000
Finished goods held for resale	**29,689**	21,346

The directors believe that the estimated replacement cost of stocks is not materially different from their balance sheet value

11 Debtors

	2007 £'000	2006 £'000
Amounts falling due within one year		
Trade debtors	**69,808**	74,194
Amount owed by group undertakings	**16,353**	12,198
Other debtors	**341**	836
Corporation tax	**308**	-
Deferred taxation (note 15)	**172**	148
Prepayments and accrued income	**834**	1,485
	87,816	88,861

Amounts owed by group undertaking are unsecured Included within this balance is £10,387,000 (2006 £12,198,000) which carries interest at LIBOR plus 1 1% (2006 LIBOR plus 1 1%) and is repayable on demand Other amounts are interest free and repayable on demand

12 Creditors - Amounts falling due within one year

	2007 £'000	2006 £'000
Bank overdraft (secured)	**5,741**	22,681
Bank loan (note 14)	**10,534**	6,721
Loans from group undertakings (note 14)	**1,100**	-
Trade creditors	**50,207**	45,964
Amounts due to group undertakings	**2,509**	-
Finance leases (note 14)	**207**	240
Corporation tax payable	**-**	920
Other taxation and social security	**4,486**	5,848
Accruals and deferred income	**1,085**	1,516
	75,869	83,890

The bank overdraft, which is repayable on demand, is secured by an all asset debenture and a fixed and floating charge over the undertaking and all property and assets present and future

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

Notes to the financial statements for the year ended 31 December 2007 (continued)

13 Creditors - Amounts falling due after more than one year

	2007	2006
	£'000	£'000
Finance leases (note 14)	-	207
Bank loan (note 14)	12,975	2,978
Loans from group undertakings (note 14)	3,300	1,000
	16,275	4,185

14 Bank loans and other borrowings

	2007	2006
	£'000	£'000
Bank loans	23,509	9,699
Finance leases	207	447
Loans from group undertakings	4,400	1,000
	28,116	11,146

	2007	2006
	£'000	£'000
Maturity of debt		
In one year or less, or on demand	11,841	6,961
In more than one year, but not more than two years	2,825	1,710
In more than two years, but not more than five years	13,450	2,475
	28,116	11,146

The long term bank loans comprise amounts repayable as follows (a) twenty six monthly instalments from 31 July 2007 carrying interest at LIBOR plus 1 1%, (b) thirty-six monthly instalments from 1 November 2006 carrying interest at 7%, secured on specified tangible assets The loans from group undertakings are repayable in four annual instalments from 31 December 2008 and carry interest at LIBOR plus 2% The short term loans comprise amounts repayable as follows (a) repayable in February 2008 carrying interest at the rate of 9 3% , (b) repayable in March 2008 carrying interest at the rate of 8% The long term bank loans are secured by an all asset debenture and a fixed and floating charge over the undertaking and all property and assets present and future

Finance leases

Future minimum payments under finance leases are as follows

	2007	2006
	£'000	£'000
Within one year	212	263
In more than one year, but not more than five years	-	212
Total gross payments	212	475
Less finance charges included above	(5)	(28)
	207	447

Notes to the financial statements for the year ended 31 December 2007 (continued)

15 Deferred tax asset

Deferred taxation recognised in the financial statements and the amount unrecognised of the total potential deferred tax asset, are as follows

	Amount recognised		Amount unrecognised	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Accelerated capital allowances	**115**	86	**-**	-
Other timing differences	**57**	62	**-**	-
	172	148	**-**	-

16 Called up share capital

	2007	2006
	£'000	£'000
Authorised		
150,000 (2006 150,000) Ordinary shares of 10p each	**15**	15
Allotted, called up and fully paid		
100,000 (2006 100,000) Ordinary shares of 10p each	**10**	10

17 Profit and loss account

	£'000
At 1 January 2007	26,101
Retained profit for the financial year	2,628
At 31 December 2007	**28,729**

18 Reconciliation of movements in equity shareholders' funds

	2007	2006
	£'000	£'000
At 1 January 2007	**26,111**	22,001
Retained profit for the year	**2,628**	4,110
At 31 December 2007	**28,739**	26,111

Notes to the financial statements for the year ended 31 December 2007 (continued)

19 Operating lease commitments

The company has annual commitments under non-cancellable operating leases on land and buildings expiring as follows

	2007	2006
	£'000	£'000
Within one year	**167**	121
In more than one year, but not more than five years	**1,618**	1,200
	1,785	1,321

20 Pension contributions

Pension contributions of £65,420 were paid during the year (2006 £85,290) As at 31 December 2007 £9,590 was owed to the pension scheme (2006 £nil)

21 Related party transactions

During the year the company entered into transactions, at arms lengths and under its normal terms and conditions of trade with Direct-IT Distribution Limited The son of Mr A Hemani, a director of Westcoast Limited, holds a controlling interest in the shares of Direct-IT Distribution Limited The total value of transactions for the year was £3,769,391 (2006 £4,024,834) which is included in turnover The balance outstanding at the end of the year was £94,514 (2006 £609,214) and is included within trade debtors

22 Ultimate parent company and controlling party

The immediate and ultimate parent companies are Westcoast (Holdings) Limited and Kelido Limited respectively Both companies are registered in the United Kingdom A copy of the consolidated financial statements of Kelido Limited, which is the smallest and largest company in which Westcoast Limited is consolidated, will be available from the Company Secretary, Arrowhead Park, Arrowhead Road, Theale, Berkshire RG7 4AH The directors regard Mr A Hemani as the ultimate controlling party by virtue of his interest in the share capital of Kelido Limited